LAST WEEK SUMMARY

The week began with modest gains but ended with a significant market decline on Friday, August 1. Overall, markets closed with sharp losses last week, with the S&P 500 falling **-2.36** %, the Nasdaq falling **-2.17% ,** and the Dow Jones **falling -2.92** %. This dramatic reversal transformed what had appeared to be a stable week into a reminder of market volatility.

Wednesday's Federal Reserve meeting proved decisive, as the central bank kept rates at 4.25%-4.50% despite strong economic data. Chairman Jerome Powell's cautious stance on rate cuts, citing the potential inflationary effects of tariffs, disappointed investors. Two Fed governors, Waller and Bowman, disagreed and advocated for a 25 basis point cut, highlighting internal divisions. Market expectations for a September rate cut fell below 50% and shifted to October. The week was marked by conflicting economic signals. Strong second-quarter GDP growth of 3% and the creation of 104,000 jobs in July initially supported markets. However, Friday's weak nonfarm payrolls data, with just 74,000 jobs created, completely reversed sentiment and raised concerns about stagflation (a combination of economic stagnation and persistent inflation).

These data led markets to actively price in a shift toward more dovish policy by the Fed.

The application of new tariffs dominated market psychology. The trade agreement between the US and China

The US-EU agreement, which imposes 15% tariffs on European products, went into effect on August 1.

More significantly, President Trump unveiled across-the-board tariffs, including a global floor of 10% and tariffs of 15% or higher for countries with trade surpluses. These measures sparked significant concerns about the impact on growth and inflation, with 84% of consumers expressing concern about tariffs in July surveys. The effects of the tariffs became increasingly visible across all sectors. Consumer goods are facing significant price increases, with footwear up 40% and apparel up 38%. The steel industry benefited from import protections, while lumber prices are expected to rise due to restrictions on Canadian sawmills. Technology stocks struggled as tariff concerns overshadowed AI-driven optimism.

Friday's session saw significant movements in various assets. The US dollar entered "sell-off mode" after a week of strength, yields on the Treasury bonds plummeted as investors priced in future rate cuts, and gold rallied sharply to near $3,350. The MSCI All Country World Index fell for six consecutive days, the longest streak since September 2023. The week highlighted markets' sensitivity to Federal Reserve policy and economic data surprises, while highlighting growing concerns about the risks of tariff-induced stagflation that could reshape investment strategies going forward .

Source: Sentosa & Co

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES OF THE LAST WEEK

July 30th

Annualized quarterly GDP

Actual 3.0% vs. 2.6% forecast

FOMC Interest Rate Decision

Real 4.50% vs. survey 4.50%

July 31st

Year-on-year PCE price index

Real 2.60% vs. survey 2.50%

August 1st

Change in non-farm payrolls

Real 73,000 vs. survey 104,000

Unemployment rate

Real 4.20% vs. survey 4.20%

ISM Manufacturing Index

Real 48.0 vs. survey 49.50

University of Cambridge Confidence Index

Michigan

Real 61.7 vs. survey 62.0

GLOBAL EQUITY INDICES	Last	5 Days	1 Month	YTD
MSCI WORLD	4,022.70	**-2.54%**	ÿ -0.95%	8.49%
MSCI EM	1,226.18	**-2.51%**	ÿ -0.44%	14.01%
MSCI EM LATIN AMERICA	2,224.92	**-1.81%**	ÿ -6.92%	20.10%
MSCI AC ASIA x JAPAN	801.87	**-2.77%**	ÿ 0.21%	13.89%
USA				
S&P 500 INDEX	6,238.01	**-2.36%**	ÿ -0.66%	6.06%
NASDAQ COMPOSITE	20,650.13	**-2.17%**	ÿ 0.24%	6.94%
DOW JONES INDUS. AVG	43,588.58	**-2.92%**	ÿ -2.77%	2.45%
RUSSELL 2000 INDEX	2,166.78	**-4.17%**	ÿ -3.66%	-2.84%
EUROPE				
STXE 600 (EUR) Pr	535.79	**-2.57%**	ÿ -0.99%	5.55%
Euro Stoxx 50 Pr	5,165.60	**-3.49%**	ÿ -2.33%	5.51%
DAX INDEX	23,425.97	**-3.27%**	ÿ -1.52%	17.66%
CAC 40 INDEX	7,546.16	**-3.68%**	ÿ -1.95%	2.24%
FTSE MIB INDEX	39,942.82	**-1.92%**	ÿ 0.81%	16.84%
IBEX 35 INDEX	14,126.70	**-0.78%**	ÿ 1.10%	21.83%
SWISS MARKET INDEX	11,836.00	**-1.74%**	ÿ -1.14%	2.03%
FTSE 100 INDEX	9,068.58	**-0.57%**	ÿ 2.78%	10.96%
ASIA				
NIKKEI 225	40,799.60	**-1.58%**	ÿ 2.48%	2.27%
HANG SENG INDEX	24,507.81	**-3.47%**	ÿ 2.47%	22.17%
CSI 300 INDEX	4,054.93	**-1.75%**	ÿ 1.83%	3.05%
SENSEX	80,599.91	**-1.06%**	ÿ -3.40%	3.15%
LATAM				
S&P/BMV IPC	56,900.07	**-0.74%**	ÿ -1.86%	14.92%
BRAZIL IBOVESPA INDEX	132,437.39	**-0.81%**	ÿ -6.25%	10.10%
MSCI COLCAP INDEX	1,751.56	**2.48%**	ÿ 3.83%	26.96%
S&P/CLX IPSA (CLP) TR	8,161.33	**-0.74%**	ÿ -1.50%	21.63%

EQUITY SECTORS	Last	5 Days	1 Month	YTD
MSCI WORLD/UTILITY	191.84	**0.50%**	ÿ 2.19%	17.14%
MSCI WRLD/COMM SVC	144.29	**-0.44%**	ÿ 0.80%	13.36%
MSCI WORLD/ENERGY	253.36	**-1.12%**	ÿ -0.95%	4.09%
MSCI WORLD/CON STPL	295.50	**-1.58%**	ÿ -3.14%	5.81%
MSCI WORLD/INF TECH	872.66	**-1.68%**	ÿ 0.62%	10.20%
MSCI WORLD BANK INDEX	156.20	**-3.13%**	ÿ -1.06%	22.35%
MSCI WORLD/FINANCEVAL	162.44	**-3.15%**	ÿ -1.46%	15.90%
MSCI WORLD/INDUSTRY	474.17	**-3.16%**	ÿ 0.12%	17.09%
PHILA GOLD & SILVER INDX	206.50	**-3.41%**	ÿ -1.99%	50.53%
MSCI WORLD/HLTH CARE	343.08	**-3.98%**	ÿ -3.27%	-2.77%
MSCI WORLD/CONS DIS	455.40	**-4.43%**	ÿ -2.65%	-2.71%
MSCI WORLD/MATERIAL	344.63	**-4.82%**	ÿ -3.92%	7.25%

US RATES	Last	5 Days Close		12M Close	
2 And	3.68	3.92	-0.24	4.15	-0.47
5 And	3.76	3.96	-0.20	3.83	-0.08
10Y	4.22	4.39	-0.17	3.98	0.24

BONDS CREDIT SPREAD		5 Days Close		12M Close	
EM Bonds Spread	286.17	277.1	9.1	358.25	-72.1
HY Bonds Spread	289.00	264.0	25.0	365.00	-76.0
BBB 10yr Spread	182.41	172.2	10.2	181.30	1.1
CoCos Spread	#N/A Invalid Security	#N/A Invalid Security	#####	#N/A Invalid Security	#VALUE!

FIXED INCOME		5 Days	1 Month	YTD
US High Yield	2,814.66	-0.16%	ÿ 0.11%	4.90%
EM Bonds USD	1,324.07	0.58%	ÿ 0.86%	6.08%
EM Local Currency	145.73	-1.09%	ÿ -1.52%	11.05%
CoCos USD	146.15	-0.23%	ÿ -0.19%	10.03%
IG BBB 3-5yr USD	382.92	0.79%	ÿ 0.93%	4.37%
IG AA Corp USD	280.49	0.86%	ÿ 0.85%	5.11%

COMMODITIES	Last	5 Days	1 Months	YTD
CRB INDEX	295.28	-2.31%	ÿ -1.55%	-0.49%
WTI	67.33	3.33%	ÿ 2.87%	-6.12%
Brent	71.39	2.87%	ÿ 3.97%	-3.66%
US Natural Gas	3.08	-0.87%	ÿ -9.72%	-15.14%
S&P GSCI Precious Metal	**4,383.26**	**-0.11%**	ÿ **1.53%**	**28.54%**
Gold	3,363.48	0.78%	ÿ 0.74%	28.16%
Silver	37.04	-2.94%	ÿ 2.78%	28.15%
Platinum	1,320.38	-6.10%	ÿ -2.90%	45.49%
Palladium	1,212.57	-0.99%	ÿ 9.48%	32.87%
S&P GSCI Industrial Metal Index	**455.14**	**-2.23%**	ÿ **-2.72%**	**3.92%**
Aluminum	2,566.00	-2.64%	ÿ -1.25%	0.57%
Copper	9,581.25	-1.39%	ÿ -4.67%	10.73%
Nickel	14,794.21	-2.12%	ÿ -1.45%	-2.10%
S&P GSCI Agriculture	**339.38**	**-2.72%**	ÿ **-4.80%**	**-11.37%**

CURRENCIES	Last	5 Days	1 Month	YTD
CHF vs. USD	0.8040	-1.07%	ÿ -1.60%	12.86%
JPY vs. USD	147.4000	0.20%	ÿ -2.70%	6.65%
CAD vs. USD	1.3786	-0.60%	ÿ -1.02%	4.34%
EUR vs. USD	1.1587	-1.32%	ÿ -1.86%	11.91%
GBP vs. USD	1.3279	-1.18%	ÿ -3.40%	6.10%
AUD vs. USD	0.6474	-1.40%	ÿ -1.66%	4.62%
BRL vs. USD	5.5421	0.40%	ÿ -1.50%	11.46%
MXN vs. USD	18.8595	-1.66%	ÿ -0.64%	10.43%
COP vs. USD	4,127.20	0.32%	ÿ -2.42%	6.75%
CNY vs. USD	7.1933	-0.33%	ÿ -0.38%	1.47%
EUR vs. CHF	0.9316	0.21%	ÿ 0.27%	0.91%
DOLLAR INDEX	99.1410	1.53%	ÿ 2.40%	-8.61%
BITCOIN	113,590.95	-3.77%	ÿ 4.01%	21.21%

KEY DATES OF THE NEXT WEEK

August 4th

Durable goods orders

Survey: -9.30%

August 5th

Trade balance

Survey 61.3 billion dollars

US Services PMI from S&P Global

Survey 55.10

US Global Composite PMI

Survey -

Source: Sentosa & Co

SECOND QUARTER 2025: FINANCIAL RESULTS

Earnings Growth	Positive	Inline	Negative	%
S&P 500	**223**	**5**	**100**	**8.50%**
Materials	7	1	9	-8.24%
Industrials	40	0	18	4.53%
Consumer Staples	11	1	11	-0.10%
Energy	6	0	6	-20.74%
Technology	25	0	3	17.82%
Consumer Discretionary	17	0	16	2.76%
Communications	11	0	3	18.61%
Financials	55	1	7	20.01%
HealthCare	24	0	12	-6.22%
Utilities	11	1	7	3.05%
Real Estate	16	1	8	-0.49%

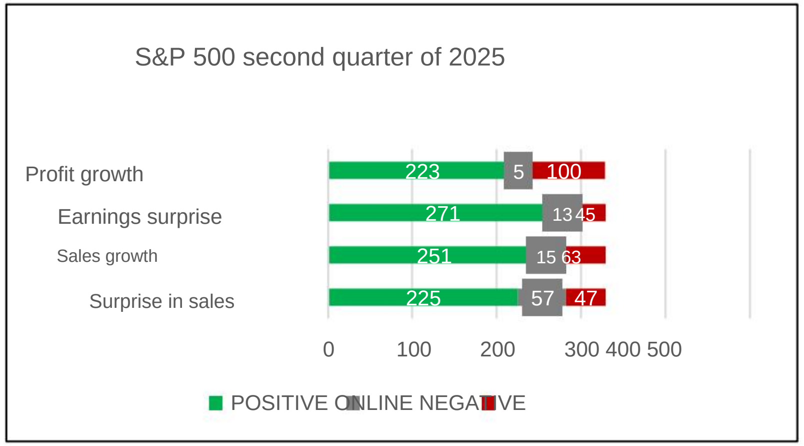
Earnings Surprise	Positive	Inline	Negative	%
S&P 500	**271**	**13**	**45**	**8.19%**
Materials	8	2	8	-1.79%
Industrials	50	3	5	6.58%
Consumer Staples	20	0	3	4.80%
Energy	9	1	2	7.34%
Technology	27	0	1	7.28%
Consumer Discretionary	24	3	6	16.23%
Communications	13	0	1	9.09%
Financials	57	0	6	10.25%
HealthCare	30	0	6	6.45%
Utilities	13	1	5	5.04%
Real Estate	20	3	2	1.22%

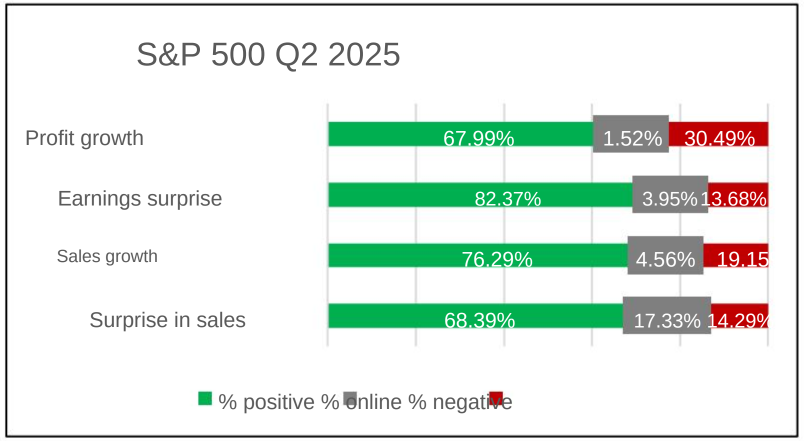
Sales Growth	Positive	Inline	Negative	%
S&P 500	**251**	**15**	**63**	**5.88%**
Materials	11	0	7	5.84%
Industrials	41	5	12	5.10%
Consumer Staples	13	4	6	1.86%
Energy	5	0	7	-9.61%
Technology	24	1	3	12.12%
Consumer Discretionary	21	2	10	4.86%
Communications	13	0	1	9.84%
Financials	54	2	7	6.13%
HealthCare	33	0	3	10.46%
Utilities	17	0	2	7.76%
Real Estate	19	1	5	5.93%

Sales Surprise	Positive	Inline	Negative	%
S&P 500	**225**	**57**	**47**	**2.53%**
Materials	7	6	5	0.86%
Industrials	37	9	12	1.84%
Consumer Staples	14	4	5	1.15%
Energy	11	0	1	2.48%
Technology	26	2	0	3.98%
Consumer Discretionary	21	8	4	2.85%
Communications	9	5	0	2.43%
Financials	37	14	12	1.74%
HealthCare	32	2	2	3.54%
Utilities	14	0	5	2.44%
Real Estate	17	7	1	1.65%

Source: Sentosa & Co

SECOND QUARTER 2025: FINANCIAL RESULTS





Source: Sentosa & Co

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LAST WEEK'S RESULTS SEASON

DATE	COMPANY	ESTIMATE EPS	ESTIMATE REV	CURRENT EPS	CURRENT REV	DIFFERENCE EPS	DIFFERENCE REV
07/24/2025 (AM)	DOVER CORP	$2.39	$2.04 B	$2.44	$2.05 B	2.2%	0.5%
07/24/2025 (AM)	L3HARRIS TECHNOL	$2.49	$5.31 B	$2.78	$5.43 B	11.8%	2.1%
07/24/2025 (AM)	CENTERPOINT ENER	$0.30	$1.90 B	$0.29	$1.94 B	-4.6%	2.4%
07/24/2025 (AM)	WEST PHARMACEUT	$1.51	$0.73 B	$1.84	$0.77 B	21.9%	5.6%
07/24/2025 (AM)	TEXTRON INC	$1.45	$3.64 B	$1.55	$3.72 B	7.0%	2.2%
07/24/2025 (AM)	UNION PAC CORP	$2.92	$6.17 B	$3.03	$6.15 B	3.9%	-0.3%
07/24/2025 (AM)	BLACKSTONE INC	$1.10	$2.83 B	$1.21	$3.07 B	10.2%	8.7%
07/24/2025 (AM)	VALERO ENERGY	$1.72	$26.97 B	$2.28	$29.89 B	32.9%	10.8%
07/24/2025 (AM)	LLEGION PLC	$1.99	$1.00 B	$2.04	$1.02 B	2.5%	23%
07/24/2025 (AM)	NASDAQ INC	$0.81	$1.28 B	$0.85	$1.31 B	4.7%	2.2%
07/24/2025 (AM)	POOL CORP	$5.10	$1.78 B	$5.17	$1.78 B	1.4%	0.2%
07/24/2025 (AM)	HONEYWELL INTL	$2.66	$10.07 B	$2.75	$10.35 B	3.5%	2.8%
07/24/2025 (AM)	DOW INC	($0.18)	$10.30 B	($0.42)	$10.10 B	NA	-1.9%
07/24/2025 (PM)	INTEL CORP	$0.01	$11.88 B	($0.10)	$12.86 B	NA	8.2%
07/24/2025 (PM)	NEWMONT CORP	$1.13	$4.85 B	$1.43	$5.32 B	27.1%	9.6%
07/24/2025 (PM)	VERISIGN INC	$2.20	$0.41 B	$2.21	$0.41 B	0.7%	-0.3%
07/24/2025 (PM)	DIGITAL REALTY	$1.75	$1.44 B	$1.87	$1.49 B	6.7%	3.4%
07/25/2025 (AM)	PHILLIPS 66	$1.72	$32.91 B	$2.38	$33.52 B	38.7% $18.61	1.9%
07/25/2025 (AM)	HCA HEALTHCARE I	$6.28	$18.50B	$6.84	B $48.74	8.8%	0.6%
07/25/2025 (AM)	CENTENE CORP	$0.55	$44.27B	($0.16)	B NA 10.1%		
07/28/2025 (PM)	NUCOR CORP	$2.55	$8.48B	$2.60	$8.46 B	1.8%	-0.2%
07/28/2025 (PM)	WASTE MANAGEMENT	$1.88	$6.36B	$1.92	$6.43 B	2.0%	1.1%
07/29/2025 (AM)	BOEING CO/THE	($1.41)	$21.64B	($1.24)	$22.75 B	NA	5.1%
07/29/2025 (AM)	MERCK & CO	$2.02	$15.77B	$2.13	$15.81 B	5.5%	0.2%

Source: Sentosa & Co

LAST WEEK'S RESULTS SEASON

		ESTIMATE		CURRENT		DIFFERENCE	
07/29/2025 (AM)	PROCTER & GAMBLE	$1.42	$20.82 B	$1.48	$20.89B	4.1%	0.3%
07/29/2025 (AM)	ROYAL CARIBBEAN	$4.07	$4.55 B	$4.38	$4.54B	7.7%	-0.2%
07/29/2025 (AM)	NORFOLK SOUTHERN	$3.31	$3.13 B	$3.29	$3.11B	-0.7%	-0.8%
07/29/2025 (AM)	SYSCO CORP	$1.39	$21.04 B	$1.48	$21.14B	6.6%	0.5%
07/29/2025 (AM)	JOHNSON CONTROLS	$1.01	$6.00 B	$1.05	$6.05B	3.8%	0.8%
07/29/2025 (AM)	UNITEDHEALTH GRP	$4.59	$111.58 B	$4.08	$111.62 B	-11.1% 0.0%	
07/29/2025 (AM)	UNITED PARCEL-B	$1.56	$20.86 B	$1.55	$21.20 B	-0.8%	1.6%
07/29/2025 (AM)	AMERICAN TOWER C	$2.43	$2.60 B	$1.63	$2.63 B	-32.8% 1.2%	
07/29/2025 (AM)	DTE ENERGY CO	$1.39	$2.81 B	$1.36	$3.42 B	-2.2%	21.9%
07/29/2025 (AM)	PAYPAL HOLDINGS	$1.30	$8.09 B	$1.40	$8.29 B	7.9%	2.4%
07/29/2025 (PM)	MONDELEZ INTER-A	$0.68	$8.84 B	$0.73	$8.98 B	7.2%	1.6%
07/29/2025 (PM)	ELECTRONIC ARTS	$0.13	$1.25 B	$0.25	$1.30 B	92.3%	4.2%
07/29/2025 (PM)	STARBUCKS CORP	$0.65	$9.29 B	$0.50	$9.46 B	-22.7% 1.8%	
07/29/2025 (PM)	BOOKING HOLDINGS	$50.38	$6.55 B	$55.40	$6.80 B	10.0%	3.7%
07/29/2025 (PM)	VISA INC-CLASS A	$2.85	$9.87 B	$2.98	$10.17 B	4.7%	3.1%
07/29/2025 (PM)	SEAGATE TECHNOLO	$2.45	$2.42 B	$2.59	$2.44 B	5.5%	0.7%
07/30/2025 (AM)	LTRIA GROUP INC	$1.39	$5.20 B	$1.44	$5.29 B	3.7%	1.8%
07/30/2025 (AM)	OLD DOMINION FRT	$1.29	$1.42 B	$1.27	$1.41 B	-1.2%	-0.6%
07/30/2025 (AM)	KRAFT HEINZ CO/T	$0.64	$6.27B	$0.69	$6.35 B	8.2%	1.3%
07/30/2025 (AM)	AMERICAN ELECTRI	$1.27	$4.97B	$1.43	$5.09 B	12.3%	23%
07/30/2025 (AM)	GE HEALTHCARE TE	$0.92	$4.97B	$1.06	$5.01 B 15.4%	$12.77	0.8%
07/30/2025 (AM)	BUNGE GLOBAL SA	$1.11	$12.39B	$1.31	B 18.4% $76	44 B 8.2%	3.0%
07/30/2025 (PM)	MICROSOFT CORP	$3.37	$73.89B	$3.65	$46.94 B 12.8%		3.4%
07/30/2025 (PM)	FORD MOTOR CO	$0.33	$44.14B	$0.37			6.4%

Source: Sentosa & Co

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LAST WEEK'S RESULTS SEASON

	ESTIMATE		CURRENT		DIFFERENCE	
07/30/2025 (PM) QUALCOMM INC	$2.72	$10.33 B	$2.77	$10.37 B	2.0%	0.3%
07/30/2025 (PM) EBAY INC	$1.30	$2.64 B	$1.37	$2.73 B	5.5%	3.3%
07/30/2025 (PM) VICI PROPERTIES	$0.65	$0.99 B	$0.82	$1.00 B	26.0%	1.1%
07/30/2025 (PM) LAM RESEARCH	$1.21	$5.00 B	$1.33	$5.17 B	10.1%	3.4%
07/30/2025 (PM) META PLATFORMS-A	$5.89	$44.83 B	$7.14	$47.52 B 21.3% $2.26		6.0%
07/30/2025 (PM) EQUINIX INC	$3.47	$2.26 B	$3.75	B $15.42	8.0%	-0.1%
07/31/2025 (AM)BBVIE INC	$2.86	$15.00 B	$2.97	B $67.13	3.7%	2.8%
07/31/2025 (AM) THE CIGNA GROUP	$7.15	$62.38 B	$7.20	B $12.27	0.7%	7.6%
07/31/2025 (AM) BRISTOL-MYER SQB	$1.07	$11.38 B	$1.46	B 36.1% $0.53 B $3.76		7.8%
07/31/2025 (AM) KIMCO REALTY	$0.43	$0.52 B	$0.44	B $98.92	3.3%	0.2%
07/31/2025 (AM) S&P GLOBAL INC	$4.22	$3.68 B	$4.43	B 23.7%	5.0%	2.1%
07/31/2025 (AM) CVS HEALTH CORP	$1.46	$94.61 B	$1.81	$5.90 B $6.97 B $30.31		4.6%
07/31/2025 (AM) PG&E CORP	$0.32	$6.40 B	$0.31	B $2.65	-2.2% -7.8%	
07/31/2025 (AM) SOUTHERN CO	$0.88	$6.44 B	$0.92	B $13.51	5.1%	8.3%
07/31/2025 (AM) COMCAST CORP-A	$1.16	$29.80 B	$1.25	B 11.3%	8.0%	1.7%
07/31/2025 (AM) BIOGEN INC	$3.89	$2.32 B	$5.47	-0.5%	40.8% 14.1%	
07/31/2025 (AM) PRUDENTL FINL	$3.22	$13.58 B	$3.58			
07/31/2025 (AM) MASTERCARD INC-A	$4.02	$7.94 B	$4.15	$8.13 B	3.2%	2.4%
07/31/2025 (AM) KKR & CO INC	$1.13	$1.80 B	$1.18	$1.86 B	4.8%	3.4%
07/31/2025 (AM) EXELON CORP	$0.37	$5.14 B	$0.39	$5.43 B	4.8%	5.6%
07/31/2025 (PM) AES CORP	$0.41	$3.12 B	$0.51	$2.86 B	24.4% -8.4%	
07/31/2025 (PM) APPLE INC	$1.43	$89.30 B	$1.57	$94.04 B	9.6%	5.3%
07/31/2025 (PM) AMAZON.COM INC	$1.32	$162.15 B	$1.68	$167.70 B 27.3% $1.10		3.4%
07/31/2025 (PM) FIRST SOLAR INC	$2.66	$1.04 B	$3.18	B $1.50	19.6%	5.6%
07/31/2025 (PM) COINBASE GLOBA-A	$1.30	$1.59 B	$0.12	B $44.82	-90.8% -6.0%	
01/08/2025 (AM) CHEVRON CORP	$1.71	$46.75 B	$1.77	B $81.51	3.8%	-4.1%
01/08/2025 (AM) EXXON MOBIL CORP	$1.56	$80.39 B	$1.64	B $8.50 B	4.9%	1.4%
01/08/2025 (AM) LINDE PLC	$4.02	$8.39 B	$4.09	$5.11 B	1.7%	1.3%
01/08/2025 (AM) COLGATE-PALMOLIV	$0.90	$5.04 B	$0.92	$3.81 B	2.6%	1.4%
01/08/2025 (AM) DOMINION ENERGY	$0.68	$3.66 B	$0.75	$1.72 B	11.1%	4.0%
01/08/2025 (AM) T ROWE PRICE GRP	$2.18	$1.74 B	$2.24	$0.14 B	2.8%	-1.2%
01/08/2025 (AM) MODERN INC	($3.00)	$0.11 B	($2.13)		NA 30.9%	

Source: Sentosa & Co

NEXT WEEK'S RESULTS SEASON

		ESTIMATE		CURRENT		DIFFERENCE	
DATE	COMPANY	EPS	REV	EPS	REV	EPS	REV
04/08/2025	PALANTIR TECHN-A	$0.14	$0.94 B				
04/08/2025	SIMON PROPERTY	$3.05	$1.41 B				
08/05/2025	CATERPILLAR INC	$4.88	$15.62 B				
08/05/2025	PFIZER INC	$0.58	$13.50 B				
08/05/2025	ADV MICRO DEVICE	$0.49	$7.43 B				
08/05/2025	AMGEN INC	$5.26	$8.91 B				
08/05/2025	DUKE ENERGY CORP	$1.18	$7.24 B				
08/06/2025	WALT DISNEY CO/T	$1.47	$23.68 B				
08/06/2025	MCDONALDS CORP	$3.14	$6.70 B				
08/06/2025	AMERICAN INTERNATIONAL	$1.61	$6.79 B				
08/06/2025	METLIFE INC	$2.16	$18.73 B				
08/06/2025	EMERSON ELEC CO	$1.51	$4.59 B				
08/07/2025	CONOCOPHILLIPS	$1.35	$14.86 B				
08/07/2025	GILEAD SCIENCES	$1.96	$6.97 B				
08/07/2025	ELI LILLY & CO	$5.59	$14.70 B				

Source: Sentosa & Co

VISION OF IN ON CAPITAL SA

Asset Class	U	N	O
Renta Fija			
Renta Variable			
Alternativos			

Regions (Equity)	U	N	O
North America			
Europe			
Emerging Markets			
Japan			

Equity Sectors	U	N	O
Consumer Staples			
Health Care			
Telcom Services			
Utilities			
Consumer Disc.			
Energy			
Financials			
Industrials			
Technology			
Real Estate			
Materials			

Markets underwent a dramatic transformation, going from steady gains to a major sell-off on Friday due to weak nonfarm payrolls data, which only reached 74,000 versus the 104,000 expected for July. Somehow, stagflation concerns are now overshadowing AI-driven tech optimism, reshaping the dynamics of the market, which was already overbought after rising more than 30% from its April lows.

New tariffs dominated sentiment when Trump unveiled sweeping measures: minimum global tariffs of 10% and 15% or more for countries with trade surpluses. The US-EU framework imposing 15% tariffs went into effect on August 1. Consumer surveys showed that 84% expressed concern about the tariffs, leading to higher product prices.

The Fed kept rates at 4.25%-4.50% following strong second-quarter GDP growth of 3%. Chairman Powell's cautious stance on rate cuts, citing inflation risks from tariffs, lowered expectations for a September rate cut to below 50%. However, two governors dissented, advocating for immediate cuts.

Source: Sentosa & Co

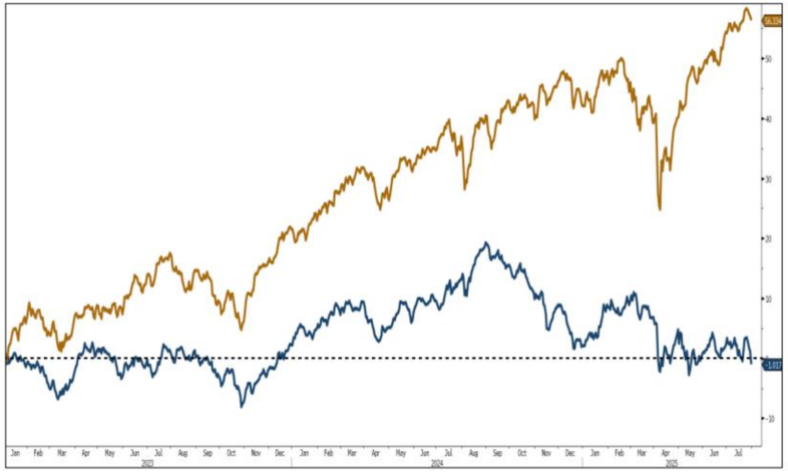
The pharmaceutical sector between threat and opportunity

Healthcare has been the worst-performing sector so far in 2025, returning -3.1%, underperforming the MSCI World by more than 13% (Chart 1). President Trump has consistently pressured healthcare companies to reduce drug costs or even "eliminate" pharmacy benefit managers (PBMs), driving down the stock prices of companies that own large PBMs, such as UnitedHealth, CVS Health, and Cigna. Trump has promised to protect Medicare and Social Security, stating that there will be no changes to these programs. However, his administration has also directed the Department of Health and Human Services to eliminate waste, fraud, and abuse in Medicaid. The Trump administration's proposed changes to the Affordable Care Act (ACA) include increased income verification for beneficiaries, a shorter enrollment period, and a ban on public funding for gender-affirming procedures. These changes are intended to curb fraud, but they may make it more difficult for consumers to purchase insurance.

The reality, however, is that the healthcare sector has been stagnant for thirty months (Chart 2), and July 2025 has brought no respite! Its persistent lethargy is even more striking given the irresistible momentum of the MSCI World Index. **The performance gap is reaching historic lows, comparable to the lows recorded in 2000 and 2008** (Chart 3). Paradoxically, this situation occurs at a time when the global population is aging rapidly and sedentary lifestyles and obesity are increasing.

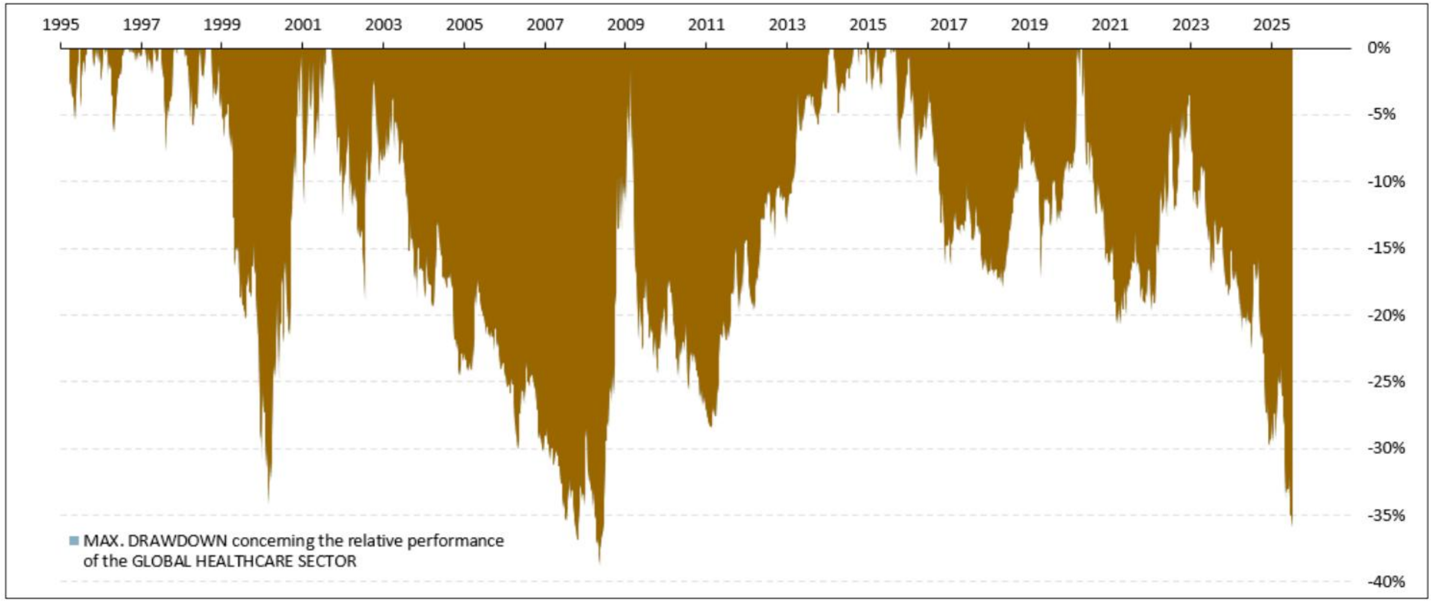
Chart 1: Year-to-date performance: MSCI Health Care (-3.1%); MSCI World (+9.9%)

Chart 2: 30-month performance: MSCI Health Care (-1%); MSCI World (+56%)



THE TOPIC OF THE WEEK

Chart 3: Maximum drop in MSCI Health Care versus MSCI World



Healthcare Sector Growth and Valuation **As we mentioned in our May report, the healthcare sector is currently trading at a significant discount to the broader market, with a forward P/E ratio of 16.8%, well below the global market and its own long-term historical average of 18.3%** (Exhibit 4). This valuation gap is particularly notable considering the sector's historical tendency to trade at multiples above or in line with the broader market.

Ironically, the global healthcare sector is projected to experience a compound annual growth rate (CAGR) of 21.92%, reaching a substantial value of $7.3 trillion by the end of the year. Healthcare spending is also expected to account for 20% of the U.S. economy by 2025. **It's important to remember that, in the first quarter of 2025, 90% of healthcare companies in the S&P 500 reported earnings above consensus estimates, the highest percentage of any sector. Earnings growth was 13.6%, exceeding both the five-year average of 11.3% and the ten-year average of 8.9%** (Exhibit 4). Turning to the second-quarter earnings season, only 60% of healthcare companies have reported results. So far, 83% of them have beaten forecasts.

Source: Sentosa & Co, Altitude IS

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Chart 4: MSCI Health Care fwd P/E (16.8X)

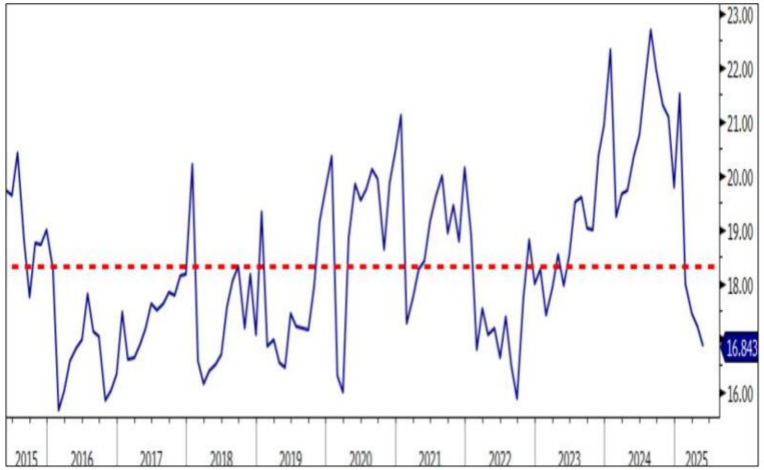
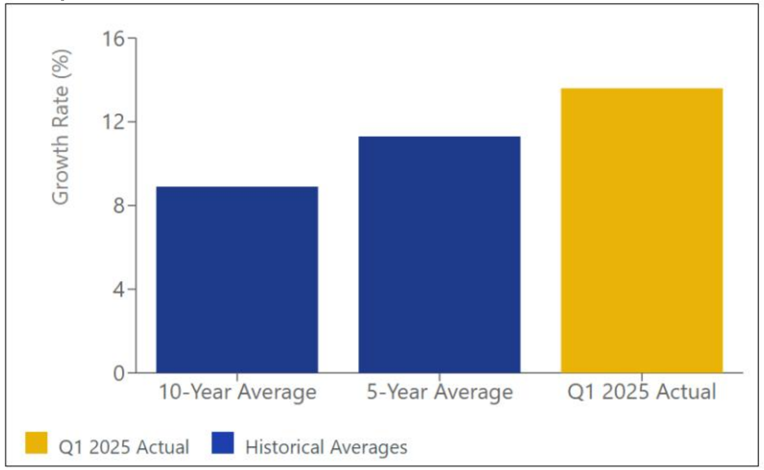


Chart 5: Historical comparison of profit growth for healthcare companies



Despite constant pressure on prices from President Trump, the sector is expected to grow exponentially in the future thanks to the cost reductions that will come with it. Digitalization and the evolution of artificial intelligence (Figure 6). The market for artificial intelligence in the healthcare sector is expected to reach $187.7 billion by 2030, with Applications that will extend to radiology, pathology, virtual healthcare, and the optimization of hospital workflows. Beyond artificial intelligence, other technologies Digital healthcare technologies are transforming the sector. Telemedicine has expanded dramatically, enabling remote treatment and bridging the gap between healthcare urban and rural. The digital health market shows solid growth across all forecasts, with the most cited target for 2030 being approximately $950 billion, which represents a compound annual growth rate of 20-22% compared to current levels (Chart 7).

From a technical point of view, the situation has not changed since May.

Since our last report on the healthcare sector in May, the situation has not changed much: prices have recovered and then fallen back to the levels we had at that time. moment. We continue to believe the sector is close to bottoming. On the monthly chart, prices are now near the lower Bollinger Band, which represents two deviations. standard 20-month moving average (Chart 8). The probability of prices remaining at these levels is high. More specifically, prices have returned to an important support represented by several lows recorded in 2023. On the weekly chart, prices are now forming bullish divergences with momentum indicators, providing Positive signs of a bottoming process (Chart 6). Prices still have room to fall toward the lower part of the dotted sideways channel and reach the lows. recorded in 2023, but that would certainly be considered a strong buying opportunity at these levels (Chart 9).

Source: Sentosa & Co, Altitude IS

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Chart 6: Digitalization in US clinical trials

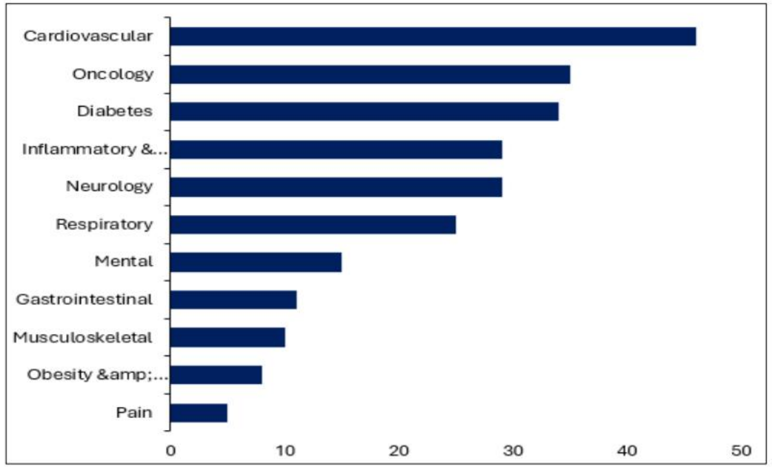

Chart 7: Digital health growth projections for 2030 ($950 billion)

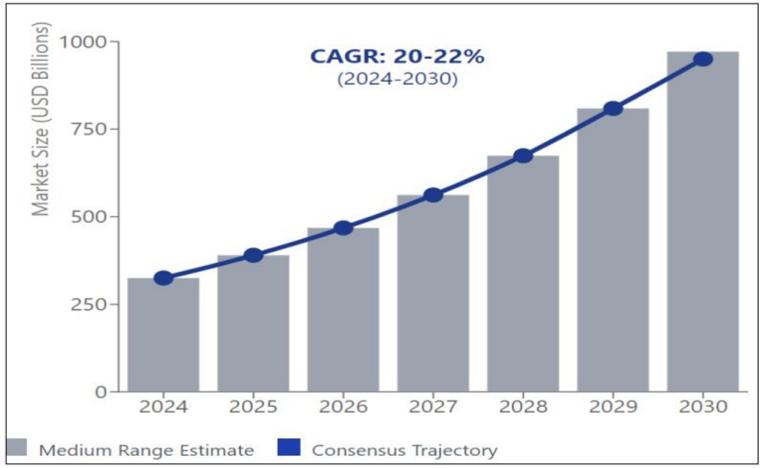

Chart 8: MSCI Health Care Index (341.86) / Monthly Chart

Chart 9: MSCI Health Care Index (341.86) / Weekly Chart

Source: Sentosa & Co, Altitude IS

THE TOPIC OF THE WEEK

Most major pharmaceutical companies have taken significant steps to capitalize on this new digitalization trend. Among the leading pharmaceutical companies, **AstraZeneca** demonstrates exceptional alignment with digital health strategies, currently optimizing its core genomic models through Amazon SageMaker, while improving the visibility, accessibility, interoperability, and reusability of its scientific datasets. **Bayer** has committed over $1.4 billion through 2022 to AI and data science programs, collaborating with leading technology companies to integrate AI across its entire pharmaceutical value chain. **Sanofi** has set the ambitious goal of becoming "the first AI-powered pharmaceutical company at scale" and has revealed its 2024 initiatives, which include the deployment of Benchling's cloud R&D platform to over 1,500 scientists across 30 research teams, complemented by strategic partnerships with OpenAI and Formation Bio to develop AI-enhanced software solutions. **Moderna** continues to expand its collaboration with Benchling to consolidate laboratory data on an AI-optimized platform. Other pharmaceutical giants actively driving digital evolution include **Merck, Pfizer, Novartis, Roche, Johnson & Johnson ,** and **GSK.** These organizations are prioritizing digital modernization through cloud infrastructure, generative AI, and advanced digital solutions, and approximately 60% of their executives intend to scale investments in generative AI across their operations, moving from experimental phases to achieving significant benefits through large- scale technology deployment.

CONCLUSION: The

healthcare sector has underperformed in recent years and faces additional challenges stemming from President Trump's latest policy initiatives. However, the sector appears to have slowly absorbed these negative developments and is now considered attractive, especially given its attractive valuations and encouraging technical indicators.

Digitalization is enabling pharmaceutical companies to reduce costs and gain efficiency, which will indirectly boost margins in the future. After a long period of underperformance, the healthcare sector appears to be close to bottoming out, or at least approaching a phase of relative outperformance... we just need the catalyst.

Source: Sentosa & Co, Altitude IS

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