

## LAST WEEK SUMMARY

US markets had a relatively stable week with moderate volatility. The S&P 500 closed the week on a positive note, up **+0.94%**, ahead of the Nasdaq, which rose **+0.81%**, but behind the Dow Jones Industrial Average and the Russell 2000, which rose **+1.74%** and **+3.07%**, respectively.

The dominant narrative of the week focused on inflation developments and their implications for Federal Reserve policy. Tuesday's better-than-expected inflation data sparked a significant rally, with both the S&P 500 and Nasdaq closing at record highs. The consumer price index rose 2.7% year-over-year in July, unchanged from June and below the 2.8% estimate, marking the lowest annual inflation rate since February 2021. This data intensified expectations for a September rate cut, with futures markets pricing in a 96.2% probability. Optimism continued on Wednesday, as markets reached new record highs, driven by near-100% expectations for a September interest rate cut. However, stronger-than-expected producer price index data tempered enthusiasm for aggressive easing and reminded investors that the inflation trajectory remains uneven. The Federal Reserve maintained its data-driven stance, leaving rates at 4.25%-4.50% since July. Apple stood out for its excellent performance, recording its best week.

since July 2020, following CEO Tim Cook's meeting at the White House, where the company pledged to invest \$600 billion in the United States over four years.

Shares rose 13.2% for the week.

Friday's session highlighted sector rotation, with UnitedHealth Group soaring after Warren Buffett's Berkshire Hathaway revealed the purchase of nearly 5 million shares, contributing more than 167 points to the Dow's rally. Uncertainties related to tariffs continued to influence market dynamics, albeit with a muted impact compared to previous weeks. Companies such as Deere & Company and Tapestry pointed to tensions stemming from US tariffs, while semiconductor stocks were pressured by China-related trade concerns.

Applied Materials tumbled on concerns about China, contributing to the Nasdaq's slide on Friday. Economic indicators painted a complex picture. July retail sales rose 0.5% monthly and 3.9% annually, demonstrating consumer resilience. However, the Empire State Manufacturing Survey came in below expectations, at 11.9% versus the 16.0% forecast. Wholesale inflation showed a continued slowing trend, falling to -0.58% versus -0.13% in June. The week ended

I demonstrate the sensitivity of the markets to data inflation and Federal Reserve expectations, with investors positioning for a possible easing in September, but remaining cautious in the face of persistent price pressures and geopolitical uncertainties.

# FLUCTUATIONS AND MACROECONOMIC DATA

## IMPORTANT DATES OF THE LAST WEEK

### August 12th Year-on-year CPI

Actual 2.70% vs. expected 2.80%

### August 14th IPP Final year-on-year demand

Real 3.30% vs. the survey's 2.50%

### August 15th Monthly retail sales

Real 0.50% vs. survey 0.60%

### Monthly industrial production

Real -0.10% vs. 0.0% in the survey

### University of Michigan Confidence Index

Real 58.6 vs. survey 62.0

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,174.56	1.19% $\bar{y}$ 2.68%	12.59%
MSCI EM	1,272.43	1.49% $\bar{y}$ 1.84%	18.31%
MSCI EM LATIN AMERICA	2,342.52	0.72% $\bar{y}$ 4.12%	26.45%
MSCI AC ASIA x JAPAN	832.33	1.79% $\bar{y}$ 1.68%	18.21%
<b>USA</b>			
S&P 500 INDEX	6,449.80	0.94% $\bar{y}$ 2.43%	9.66%
NASDAQ COMPOSITE	21,622.98	0.81% $\bar{y}$ 3.48%	11.97%
DOW JONES INDUS. AVG	44,946.12	1.74% $\bar{y}$ 1.36%	5.65%
RUSSELL 2000 INDEX	2,286.52	3.07% $\bar{y}$ 2.08%	2.53%
<b>EUROPE</b>			
STXE 600 (EUR) Pr	553.56	1.18% $\bar{y}$ 1.20%	9.05%
Euro Stoxx 50 Pr	5,448.61	1.89% $\bar{y}$ 1.67%	11.29%
DAX INDEX	24,359.30	0.81% $\bar{y}$ 0.29%	22.35%
CAC 40 INDEX	7,923.45	2.33% $\bar{y}$ 1.29%	7.35%
FTSE MIB INDEX	42,653.97	2.47% $\bar{y}$ 5.81%	24.77%
IBEX 35 INDEX	15,277.20	3.05% $\bar{y}$ 9.21%	31.76%
SWISS MARKET INDEX	12,074.33	1.75% $\bar{y}$ 0.76%	4.08%
FTSE 100 INDEX	9,138.90	0.47% $\bar{y}$ 1.63%	11.82% EM Bonds Spread
<b>ASIA</b>			
NIKKEI 225	43,378.31	5.65% $\bar{y}$ 8.94%	8.73%
HANG SENG INDEX	25,270.07	1.65% $\bar{y}$ 1.79%	25.97%
CSI 300 INDEX	4,202.35	2.37% $\bar{y}$ 3.54%	6.80%
SENSEX	80,597.66	-0.03% $\bar{y}$ -1.42%	3.15%
<b>LATAM</b>			
S&P/BMV IPC	58,320.48	0.43% $\bar{y}$ 3.64%	17.79% EM Local Currency
BRAZIL IBOVESPA INDEX	136,340.77	0.31% $\bar{y}$ 2.22%	13.35%
MSCI COLCAP INDEX	1,856.83	3.00% $\bar{y}$ 7.11%	34.59%
S&P/CLX IPSA (CLP) TR	8,739.42	4.53% $\bar{y}$ 6.78%	30.24%

EQUITY SECTORS	Last	5 Days	1 Month YTD
MSCI WORLD/HLTH CARE	356.32	4.33% $\bar{y}$ 3.14%	0.99%
MSCI WORLD/CONS DIS	483.14	2.62% $\bar{y}$ 3.24%	3.22%
MSCI WRLD/COMM SVC	152.89	2.46% $\bar{y}$ 7.62%	20.12%
MSCI WORLD BANK INDEX	164.33	2.45% $\bar{y}$ 4.51%	28.71%
MSCI WORLD/FINANCEVAL	169.37	2.08% $\bar{y}$ 3.17%	20.85%
MSCI WORLD/MATERIAL	363.53	1.50% $\bar{y}$ 2.94%	13.13%
MSCI WORLD/ENERGY	254.54	0.52% $\bar{y}$ 0.36%	4.57%
PHILA GOLD & SILVER INDX	231.43	0.49% $\bar{y}$ 13.04%	68.70%
MSCI WORLD/INDUSTRY	482.46	0.36% $\bar{y}$ 0.76%	19.14%
MSCI WORLD/UTILITY	192.93	-0.05% $\bar{y}$ 1.94%	17.81%
MSCI WORLD/INF TECH	907.38	-0.22% $\bar{y}$ 2.66%	14.59%
MSCI WORLD/CON STPL	302.75	-0.33% $\bar{y}$ 0.93%	8.40%
<b>US RATES</b>			
	Last	5 Days Close	12M Close
2 And	3.75	3.76	-0.01 4.09
5 And	3.84	3.83	0.00 3.79
10Y	4.32	4.28	0.03 3.91
<b>BONDS CREDIT SPREAD</b>			
		5 Days Close	12M Close
HY Bonds Spread	263.00	271.0	-11.6 351.61
BBB 10yr Spread	168.40	168.7	-0.3 167.22
CoCos Spread	#N/A Invalid Security	#N/A Invalid Security	##### #N/A Invalid Security
<b>FIXED INCOME</b>			
		5 Days	1 Month YTD
US High Yield	2,833.19	0.27% $\bar{y}$ 0.85%	5.59%
EM Bonds USD	1,336.94	0.51% $\bar{y}$ 2.12%	7.12%
CoCos USD	147.85	0.52% $\bar{y}$ 1.58%	11.31%
IG BBB 3-5yr USD	383.60	0.24% $\bar{y}$ 1.51%	4.35%
IG AA Corp USD	280.42	0.10% $\bar{y}$ 1.49%	5.30%

COMMODITIES	Last	5 Days	1 Months YTD
CRB INDEX	295.54	-0.05% $\bar{y}$ -3.46%	-0.40%
WTI	62.80	-1.69% $\bar{y}$ -5.59%	-12.44%
Brent	67.82	-0.07% $\bar{y}$ -4.76%	-8.48%
US Natural Gas	2.92	-2.47% $\bar{y}$ -17.23%	-19.74%
S&P GSCI Precious Metal	4,377.42	-2.92% $\bar{y}$ -0.85%	28.37%
Gold	3,336.19	-1.81% $\bar{y}$ 0.35%	27.12%
Silver	38.00	-0.90% $\bar{y}$ 0.78%	31.48%
Platinum	1,341.56	0.76% $\bar{y}$ -1.97%	47.82%
Palladium	1,115.61	-1.14% $\bar{y}$ -6.61%	22.24%
S&P GSCI Industrial Metal Index	462.13	-0.12% $\bar{y}$ -0.68%	5.52%
Aluminum	2,607.00	-0.08% $\bar{y}$ 1.03%	2.18%
Copper	9,679.75	-0.13% $\bar{y}$ 0.86%	11.87%
Nickel	14,953.12	-0.02% $\bar{y}$ 0.12%	-1.04%
S&P GSCI Agriculture	354.91	3.24% $\bar{y}$ 0.47%	-7.31%
<b>CURRENCIES</b>			
	Last	5 Days	1 Month YTD
CHF vs. USD	0.8068	0.19% $\bar{y}$ -0.63%	12.47%
JPY vs. USD	147.1900	0.37% $\bar{y}$ 1.15%	6.80%
CAD vs. USD	1.3819	-0.43% $\bar{y}$ -0.69%	4.09%
EUR vs. USD	1.1703	0.53% $\bar{y}$ 0.88%	13.03%
GBP vs. USD	1.3554	0.76% $\bar{y}$ 1.27%	8.29%
BRL vs. USD	0.6507	-0.23% $\bar{y}$ -0.11%	5.16%
MXN vs. USD	5.4011	0.62% $\bar{y}$ 2.88%	14.37%
COP vs. USD	18.7604	-1.00% $\bar{y}$ 0.31%	11.02%
CNY vs. USD	4,014.70	0.88% $\bar{y}$ 0.31%	9.74%
EUR vs. CHF	7.1845	-0.06% $\bar{y}$ -0.03%	1.60%
DOLLAR INDEX	0.9438	-0.30% $\bar{y}$ -1.47%	-0.40%
BITCOIN	97.8520	-0.33% $\bar{y}$ -0.77%	-9.80%
	117,484.45	-1.15% $\bar{y}$ -2.07%	25.36%

## KEY DATES OF THE NEXT WEEK

August 18th  
Real Estate Market Index  
from the NAHB  
Survey 34

August 19th  
Housing start  
Survey 1,300,000

August 20th  
Minutes of the FOMC meeting  
Survey 0.50%

August 21st  
S&P Global US Manufacturing PMI

Survey 49.80

Existing home sales  
Survey 3.92 million

# VISION OF IN ON CAPITAL SA

Asset Class	U	N	O
Renta Fija			
Renta Variable			
Alternativos			
Regions (Equity)			
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			

The market has recovered from the negative performance of two weeks ago and is showing some resilience in the face of the global geopolitical and trade situation. We have decided to adopt a more cyclical strategy during the month of July, upgrading the materials and industrials sectors and downgrading the consumer staples and utilities sectors.

Although we believe the market's current resilience confirms that the trend will remain positive over the next 6 to 12 months, we believe a short-term correction is now in order. After a rise of more than 30% in four months, the market is trading at perfect levels, with some key cyclical sectors, such as semiconductors, remaining overbought.

We recommend adopting a more defensive stance at these levels. For more defensive investors, a solution could be to take profits and reduce exposure. For those wishing to maintain their investments, a rotation from growth sectors to cheap value ones would make sense.

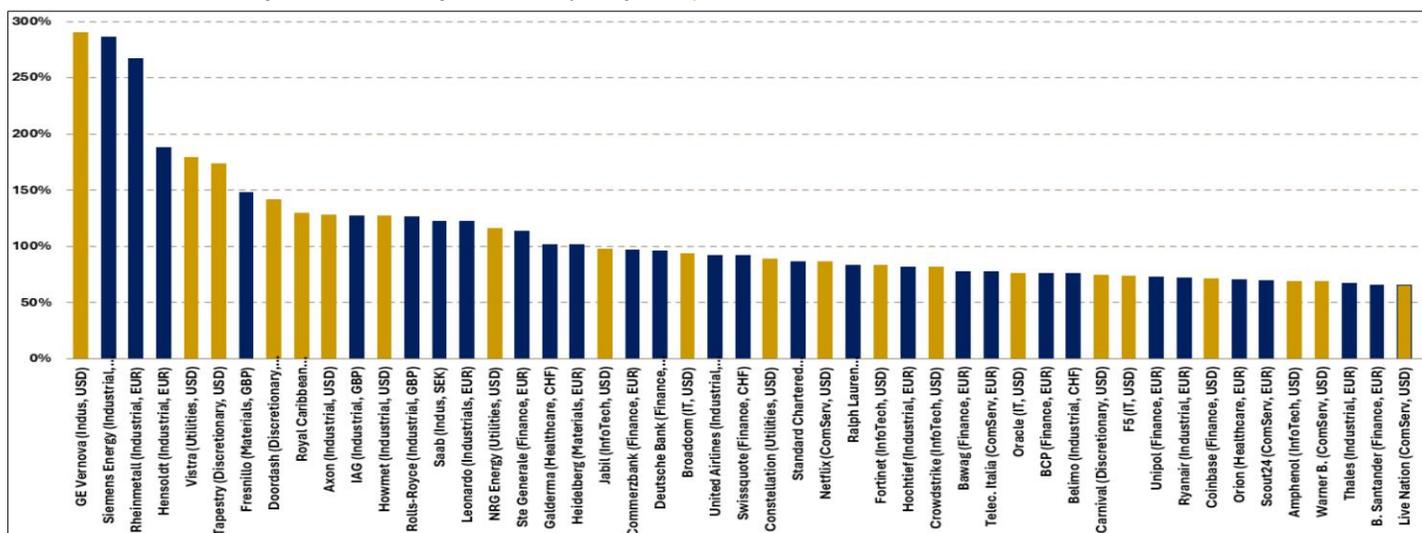
## THE TOPIC OF THE WEEK

### The 50 winners of the last 12 months

Rather than forecasting the sector's future performance over the next year, analyzing the 50 best-performing stocks over the past 12 months allows us to draw meaningful conclusions about emerging patterns and potential new long-term trends that will remain opportunities in the years ahead. Absent significant macroeconomic shocks or external market disruptions, the factors that have driven the market's recent highs have solid foundations for continued outperformance. The 50 best-performing stocks have delivered annual returns of over 65%.

Interestingly, US and European stocks maintain equal representation in this top 50 (Chart 1), which goes some way to explaining the European market's strong performance compared to the US Equal Weighted Index over the past 12 months (Chart 2) and does not truly reflect the 3:1 country ratio of the MSCI World Index. The sector distribution shows an interesting evolution, with the industrial and financial sectors together accounting for half of the results (Chart 3). No MAG 7 company entered the top 50, which explains why the IT and communication services sectors do not lead the pack. Within the MAG 7, only Tesla has flirted with the winners, with a 63% return over the past 12 months (Chart 4). Meanwhile, energy, real estate, and consumer staples remain conspicuous by their absence.

Chart 1: Past 12-month performance: Top 50 stocks (Europe, US)



# THE TOPIC OF THE WEEK

Chart 2: Index performance over the past 12 months

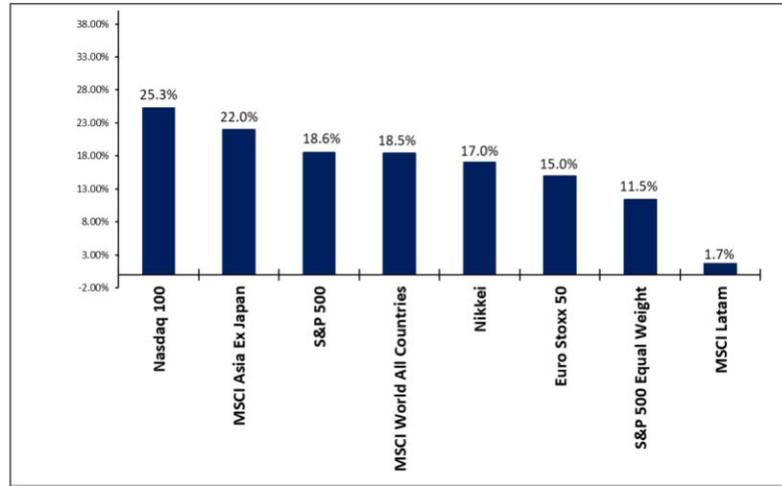


Chart 3: Top 50 Companies by Sector

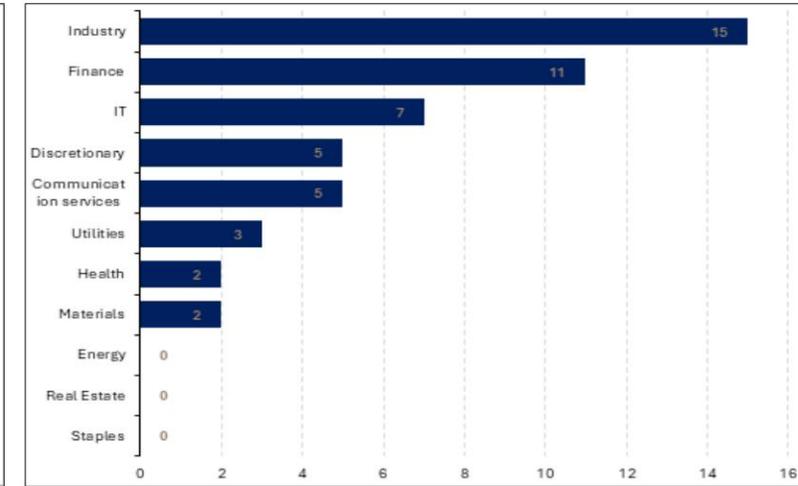
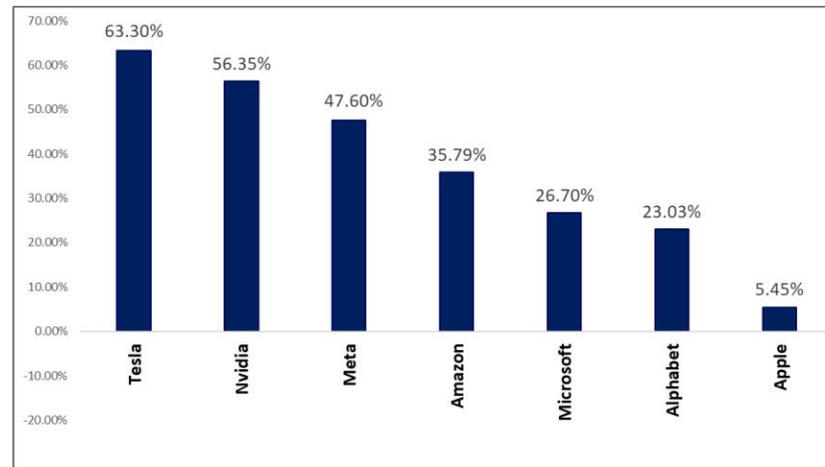


Chart 4: MAG 7 performance over the past 12 months



# THE TOPIC OF THE WEEK

## Trends and economic outlook for the top 50

This stock classification offers valuable insight into underlying trends that have occurred recently. It represents an economy focused on military buildup, investment in both physical and digital infrastructure, accelerated adoption of electrification, supported by strong banking institutions, while the wealthy population seeks premium service offerings.

### 1. ~~European military: need for greater independence and power~~

The war in Ukraine and Russia's aggression have highlighted the need for Europe to strengthen its defense capabilities. In fact, the 50 best-performing actions performance primarily reflects the European industrial focus. Defense and aerospace values, which had been ignored for almost thirty years, have experienced a significant revaluation. Following the Russian invasion of Ukraine, along with the announcements of reduced US involvement in certain conflicts and the With the reduction of NATO's financial contributions, the geopolitical balance has changed radically. **Europe must inevitably increase military spending and implement specific industrial rearmament strategies, as it has relied too heavily on the United States** (Figure 5). European security and the independence of the supply chain Supply chain has once again become important as key financial considerations. Companies in the sector now have order books for several years, Production reduction reduces fixed costs and maximizes operating leverage, while increasing technological complexity. The trajectory of the results of Rheinmetall (+195%), Hensoldt (+144%), Rolls-Royce (+123%), Howmet (+88%), Leonardo (+115%) and Saab (+105%) demonstrate the overall revaluation of the defense sector. This is not a temporary phenomenon or a marketing strategy, but rather a market recognition of a sustainable momentum.

Chart 5: Military spending within NATO

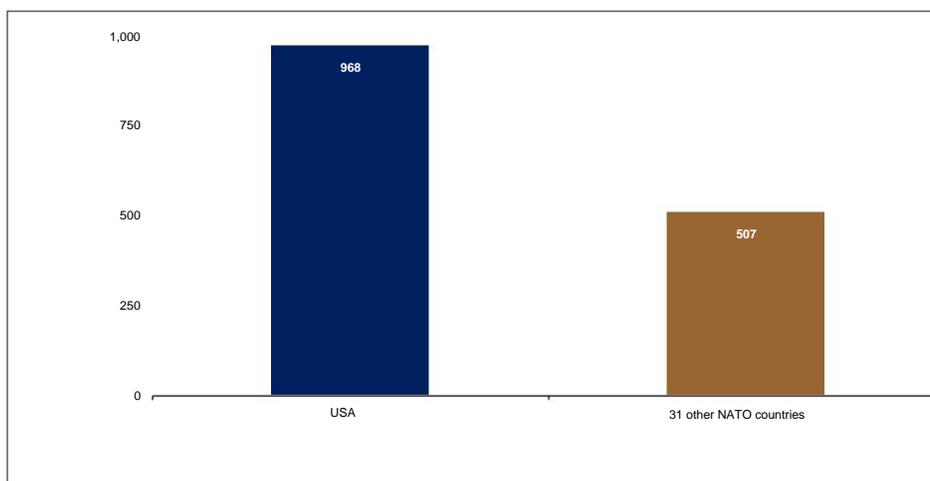
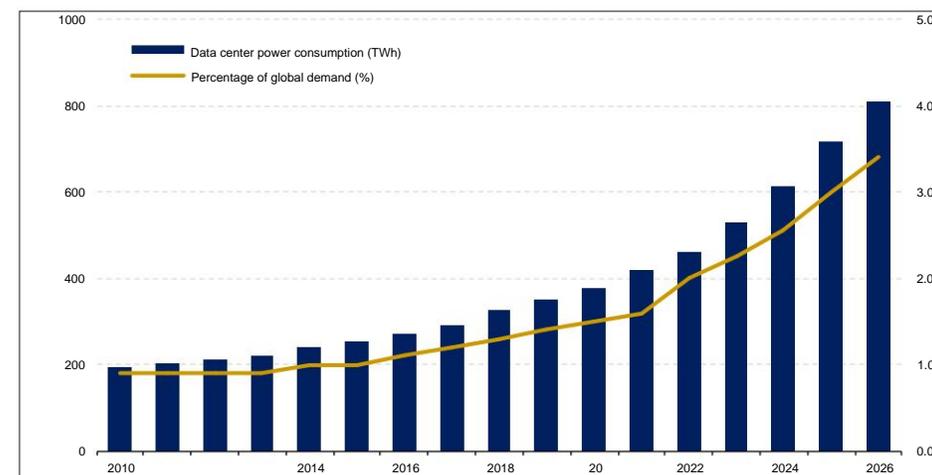


Chart 6: Power consumption of data centers



## THE TOPIC OF THE WEEK

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### 2. Electricity: Kilowatts Gain Strategic Importance Over Barrels of Oil The second

performance driver focuses on electricity. Recognized as strategic infrastructure, demand is expanding alongside the digitalization of the economy, the deployment of heat pumps, the adoption of electric vehicles, and, recently, artificial intelligence applications. **The development of AI is driving the construction of numerous data centers with significant energy needs** (Chart 6). Vistra (+157%), Constellation (+76%), and NRG (+89%) have benefited from this trend. Thanks to their production flexibility, they take advantage of favorable price differentials. They generate terawatt hours (TWh), purchase at discounted wholesale prices, and then sell through long-term contracts with premiums.

In terms of electricity infrastructure, GE Vernova (+245%) and Siemens Energy (+240%) are benefiting from improvements to the electricity transmission system and their grid maintenance and modernization capabilities. The Ten-Year Grid Development Plan (TYNDP) validates the scale of future investment, encompassing the development of cross-border connections, the upgrade of high-voltage lines, and the deployment of storage capacity. This transformation is reflected in grid operators' budgets, connection timelines, and the identification of congestion zones around major consumption centers and data facilities. Investors reward companies that ensure the availability of kilowatt-hours at optimal locations and times, while reducing supply intermittency.

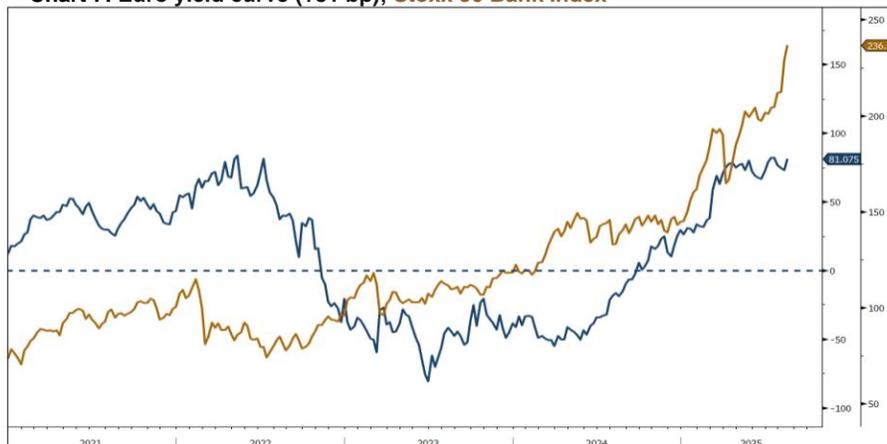
### 3. European Banks: Revaluation through Cash Distribution and Balance Sheet Improvements

European financial institutions represent the third category in the ranking. The sector initially benefited from central bank interest rate cuts and a steepening of the yield curve. **Banks extract interest spreads through long-term loans and short-term borrowings** (Chart 7). Overall, European banks had significantly underperformed since the global financial crisis, due to stricter regulation, followed by the European sovereign crisis. European banks benefit from strong balance sheets and low valuations compared to their US counterparts. Société Générale (+187%), Commerzbank (+207%), Deutsche Bank (+138%), Standard Chartered (+97%), Bawag (+79%), Banco Comercial Portugues (+107%), and Swissquote (+85%) are examples of this beneficial cycle.

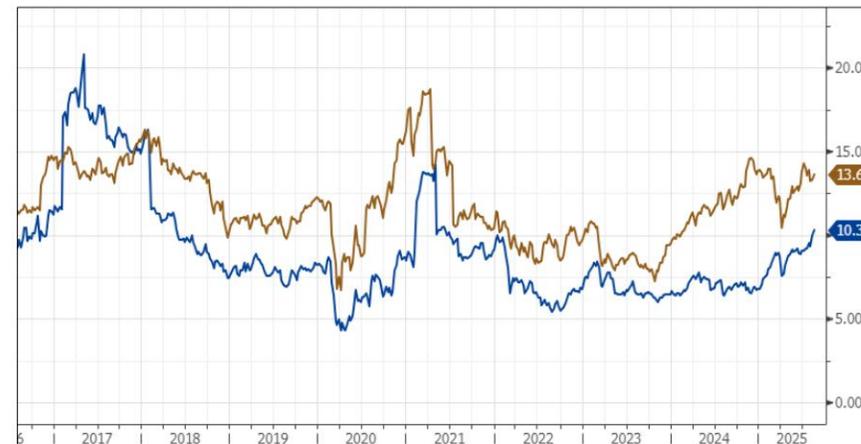
**Historical valuation gaps with their US counterparts have not closed in recent quarters, but have begun to narrow as risk-weighted assets increased and distributions became more predictable** (Chart 8). Investors prefer models that convert balance sheets into cash flow without compromising capital reserves. **Technically speaking, despite European banks' impressive results, up 46% versus 14% for US banks, they are still far from their 2007 peak and are considered to be in a bull market situation** (Chart 9). **The upside potential for European banks remains significant, as they are still 70% below their pre-financial crisis level, while US banks are already 32% above it** (Chart 10).

# THE TOPIC OF THE WEEK

**Chart 7: Euro yield curve (+81 bp); Stoxx 50 Bank Index**



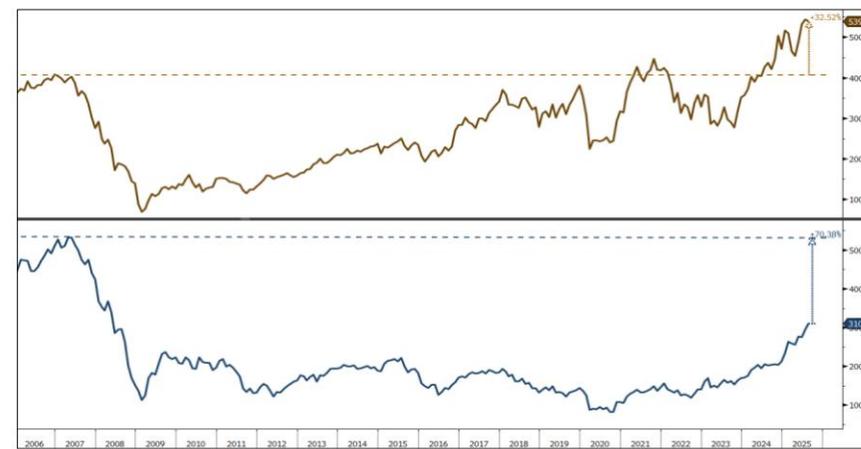
**Chart 8: Current PER: European banks (10.3x); US banks (13.7x)**



**Chart 9: STXE 500 Banks Index**



**Chart 10: Distance from 2007 peak: European banks; American banks**



## THE TOPIC OF THE WEEK

### 4. Travel and Entertainment: Excellence in Customer Experience and Pricing Authority

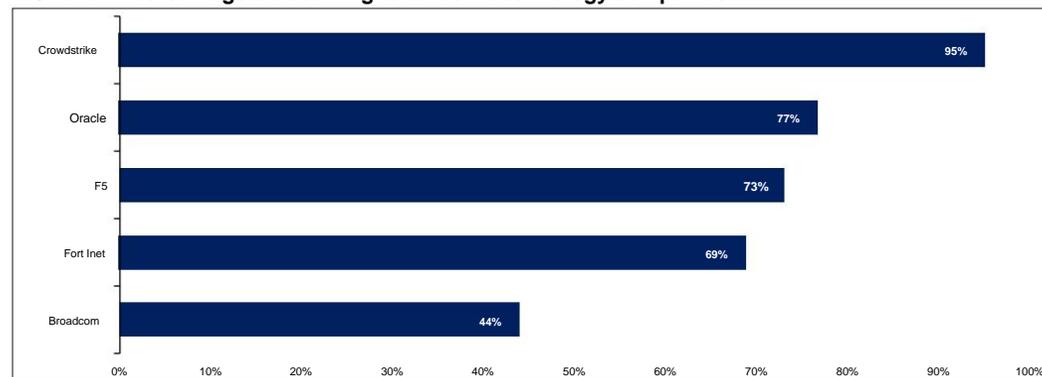
The fourth driver of performance is more surprising. In the aftermath of the pandemic, airlines and leisure companies demonstrated a superior ability to meet the demand, especially in premium consumer segments. This demographic group shows lower price sensitivity, while benefiting from the increase Savings boosted by gains in financial markets. Royal Caribbean (+107%) and Carnival (+105%) took advantage of wealthy customers' willingness to pay higher prices, especially with limited supply and superior quality. United Airlines (+146%) and IAG (+136%) (a combination of British Airways and Iberia) improved their profitability through refined pricing strategies. In both cases, operators reinvested in service excellence and fleet optimization, allowing them to Gaining pricing authority. Within the adjacent consumer discretionary segment, Tapestry (+158%) confirmed the resilience of affordable luxury through a pricing policy and selective location strategies for points of sale. For its part, DoorDash (+95%) demonstrates that large-scale route optimization improves the profitability. For investors, capital leverage remains decisive. Every additional point of margin gained through better performance management or Clearer cost structures have a positive impact on share prices.

### 5. Technological infrastructure: Behind AI innovation are suppliers and security providers

Finally, contrary to expectations, the top fifty performing stocks are not dominated by the Magnificent Seven companies. Within the sectors In technology, we primarily identify infrastructure companies that enable the development of the digital economy and AI. Broadcom (+100%) provides circuits and Network platforms critical to IT infrastructure. Jabil (+111%) and Amphenol (+72%) supply components and assembly services for more Compact and efficient. Oracle (+83%) monetizes databases and cloud services through multi-year agreements. CrowdStrike (+66%) protects workstations, servers and mobile devices. Finally, F5 (+66%) ensures application availability and security by managing traffic and preventing attacks.

**This constellation of digital infrastructure providers can implement contractual price increases while generating recurring revenue (Figure 11).**

Chart 11: Percentage of recurring revenue in technology companies



## THE TOPIC OF THE WEEK

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### CONCLUSION As

we know, historical performance is no guarantee of future success. In this case, the top 50 stocks represent well some strategic trends that could continue in the coming years. Defense, electrification, luxury travel and leisure, European banking, and technology infrastructure providers maintain solid fundamentals and should continue to perform well. Barring technical corrections, these companies have favorable fundamentals and momentum that will allow them to maintain their leadership.

It may not be the best time to enter, given current levels. Investors can choose to wait for a short-term correction or structure a solution with a low strike barrier to enter at better levels in the event of a correction and receive a coupon for this risk, which would be considered an opportunity in this case.

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