SUMMARY OF LAST WEEK

Stocks reached a critical turning point as prices grappled with the resolution of the longest government shutdown in U.S. history, deteriorating consumer confidence, and an increasingly hawkish Federal Reserve that threatened to derail year-end expectations. President Trump signed a law late on November 12 ending the record 43-day government shutdown, which had furloughed 900,000 federal workers and suspended the release of critical economic data, though the Council of Economic Advisers estimated the shutdown cost the economy roughly $15 billion per week, totaling $92 billion, and would reduce fourth-quarter GDP by 1.5 percentage points. The most alarming news came from the University of Michigan's consumer confidence index, which plummeted to 50.3 in November, down 6.2% from October and nearly 30% from a year earlier, marking its lowest reading since June 2022. Consumers expressed deep concern about personal finances and the business situation amid the prolonged shutdown. Overall, despite the volatility, markets closed the week positively.

between flat and negative, with the S&P 500 at **+0.08%,** the Dow Jones at **+0.34%,** the Nasdaq Composite at **-0.67%** and the Russell 2000 at **-1.83%.**

Stock markets extended the previous week's technology sell-off, with the Nasdaq recovering modestly on Friday after suffering three straight days of declines. The sharp drop in the technology sector continued to put pressure on AI-related valuations established the previous week, with growing concerns about whether the high capital expenditure would translate into significant returns. The week's volatility intensified as a number of Federal Reserve officials adopted increasingly hawkish tones, with Kansas City Fed President Jeffrey Schmid, Boston Fed President Susan Collins, Cleveland Fed President Beth Hammack, and others expressing skepticism about the need for a December rate cut, causing market implied probabilities to plummet from 95% the previous month to about 50% by week's end. This shift from a dovish to an aggressive stance reflected concerns that inflation, at 3%, had stubbornly remained above the Fed's 2% target for more than four years, with Fed officials indicating that they were essentially "driving on."

The fog was thick without complete government economic data. Gold briefly recovered to $4,200 as investors sought safe havens, while Bitcoin slipped below the psychologically significant $100,000 level, trading below $95,000 on Friday. The convergence of the lockdown resolution, abysmal consumer confidence, and the Fed's hawkish tone created a toxic mix that shattered the year-end rally narrative.

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MACROECONOMIC FLUCTUATIONS AND DATA

KEY DATES OF THE LAST WEEK

November 13th

year-on-year CPI for October
NO DATA compared to 3.0% in the survey

Federal budget balance
NO DATA in the survey:
-$102.5 billion

November 14th

Advance retail sale
intermonthly
NO DATA vs. survey -0.2%

Final year-on-year PPI demand
NO DATA compared to survey: -

GLOBAL EQUITY INDICES	Last	5 Days	1 Month	YTD
MSCI WORLD	4,343.64	**0.43%**	ÿ 1.10%	17.15%
MSCI EM	1,385.61	**0.29%**	ÿ 1.76%	28.84%
MSCI EM LATIN AMERICA	2,681.68	**1.71%**	ÿ 8.14%	44.75%
MSCI AC ASIA x JAPAN	904.72	**0.12%**	ÿ 1.85%	28.49%
USA				
S&P 500 INDEX	6,734.11	**0.08%**	ÿ 1.05%	14.49%
NASDAQ COMPOSITE	22,900.59	**-0.67%**	ÿ 0.97%	18.59%
DOW JONES INDUS. AVG	47,147.48	**0.34%**	ÿ 2.07%	10.82%
RUSSELL 2000 INDEX	2,388.23	**-1.83%**	ÿ -2.61%	7.09%
EUROPE				
STXE 600 (EUR) Pr	574.81	**1.77%**	ÿ 1.51%	13.24%
Euro Stoxx 50 Pr	5,693.77	**2.29%**	ÿ 1.54%	16.29%
DAX INDEX	23,876.55	**1.30%**	ÿ 0.19%	19.93%
CAC 40 INDEX	8,170.09	**2.77%**	ÿ -0.05%	10.69%
FTSE MIB INDEX	43,994.69	**2.51%**	ÿ 5.36%	28.69%
IBEX 35 INDEX	16,345.90	**2.80%**	ÿ 4.77%	40.97%
SWISS MARKET INDEX	12,634.30	**2.73%**	ÿ -0.08%	8.91%
FTSE 100 INDEX	9,698.37	**0.16%**	ÿ 3.68%	18.66%
ASIA				
NIKKEI 225	50,376.53	**0.20%**	ÿ 5.87%	26.27%
HANG SENG INDEX	26,572.46	**1.26%**	ÿ 5.25%	32.47%
CSI 300 INDEX	4,628.14	**-1.08%**	ÿ 2.52%	17.62%
SENSEX	84,562.78	**1.62%**	ÿ 0.73%	8.22%
LATAM				
S&P/BMV IPC	62,328.63	**-1.65%**	ÿ 0.95%	25.88%
BRAZIL IBOVESPA INDEX	157,738.69	**2.39%**	ÿ 10.00%	31.14%
MSCI COLCAP INDEX	2,071.23	**-0.48%**	ÿ 7.64%	50.13%
S&P/CLX IPSA (CLP) TR	9,603.02	**-0.02%**	ÿ 5.18%	43.11%

EQUITIES SECTORS	Last	5 Days	1 Month	YTD
PHILA GOLD & SILVER INDX	294.43	**5.71%**	ÿ -3.78%	114.63%
MSCI WORLD/HIGH CARE	391.13	**3.93%**	ÿ 4.42%	10.85%
MSCI WORLD/ENERGY	272.31	**2.52%**	ÿ 6.65%	11.88%
MSCI WORLD/MATERIAL	372.30	**2.21%**	ÿ -0.78%	15.86%
MSCI WORLD/FINANCEVAL	174.91	**0.71%**	ÿ 3.89%	24.81%
MSCI WORLD/CON STPL	295.40	**0.70%**	ÿ -2.48%	5.77%
MSCI WORLD BANK INDEX	172.82	**0.52%**	ÿ 4.54%	35.37%
MSCI WORLD/INF TECH	981.23	**0.26%**	ÿ 1.46%	23.91%
MSCI WORLD/UTILITY	202.94	**-0.07%**	ÿ -0.88%	23.92%
MSCI WORLD/INDUSTRIAL	489.32	**-0.29%**	ÿ 0.35%	20.84%
MSCI WORLD/REAL EST	1,061.33	**-0.41%**	ÿ -1.93%	4.47%
MSCI WRLD/COMM SVC	157.16	**-0.87%**	ÿ -1.66%	23.48%
MSCI WORLD/CONS DIS	493.34	**-1.33%**	ÿ 0.59%	5.39%

US RATES	Last	5 Days Close		12M Close	
2 and	3.61	3.56	0.04	4.34	-0.74
5 and	3.73	3.68	0.05	4.32	-0.59
10Y	4.15	4.10	0.05	4.44	-0.29

BONDS CREDIT SPREAD		5 Days Close		12M Close	
EM Bonds Spread	238.70	244.3	-5.6	292.32	-53.6
HY Bonds Spread	275.00	280.0	-5.0	273.00	2.0
BBB 10yr Spread	173.17	172.3	0.8	139.09	34.1

FIXED INCOME		5 Days	1 Month	YTD
US High Yield	2,874.38	-0.01%	ÿ 0.07%	7.13%
EM Bonds USD	1,375.28	0.04%	ÿ 0.87%	10.19%
EM Local Currency	150.72	0.59%	ÿ 0.17%	14.85%
CoCos USD	149.14	0.04%	ÿ -0.46%	12.29%
IG BBB 3-5yr USD	389.95	-0.37%	ÿ -0.90%	5.99%
IG AA Corp USD	284.83	-0.43%	ÿ -1.21%	7.04%

COMMODITIES	Last	5 Days	1 Month	YTD
CRB INDEX	302.35	0.49%	ÿ 3.07%	1.90%
WTI	60.09	0.57%	ÿ 2.37%	-16.22%
Brent	63.74	-0.07%	ÿ 2.04%	-13.99%
US Natural Gas	4.57	5.82%	ÿ 50.79%	25.68%
S&P GSCI Precious Metal	**5,385.29**	**3.12%**	ÿ **-1.61%**	**57.93%**
Gold	4,084.06	2.07%	ÿ -1.42%	55.61%
Silver	50.58	4.68%	ÿ -1.65%	75.02%
Platinum	1,545.45	-0.04%	ÿ -5.47%	70.29%
Palladium	1,400.95	1.31%	ÿ -8.27%	53.51%
S&P GSCI Industrial Metal Index	**505.05**	**0.61%**	ÿ **2.43%**	**15.31%**
Aluminum	2,858.50	0.37%	ÿ 4.42%	12.03%
Copper	10,855.88	1.47%	ÿ 2.10%	25.46%
Nickel	14,696.87	-1.16%	ÿ -1.54%	-2.74%
S&P GSCI Agriculture	**363.60**	**0.52%**	ÿ **3.18%**	**-5.04%**

CURRENCIES	Last	5 Days	1 Month	YTD
CHF vs USD	0.7940	1.41%	ÿ 0.88%	14.28%
JPY vs. USD	154.5500	-0.73%	ÿ -1.75%	1.71%
CAD vs. USD	1.4023	0.15%	ÿ 0.16%	2.57%
EUR vs. USD	1.1621	0.48%	ÿ 0.12%	12.24%
GBP vs. USD	1.3171	0.07%	ÿ -1.12%	5.23%
AUD vs. USD	0.6538	0.69%	ÿ 0.80%	5.66%
BRL vs. USD	5.2974	0.69%	ÿ 3.52%	16.61%
MXN vs. USD	18.3040	0.79%	ÿ 1.08%	13.79%
COP vs. USD	3,755.13	0.76%	ÿ 4.50%	17.33%
CNY vs. USD	7.0993	0.32%	ÿ 0.53%	2.82%
EUR vs. CHF	0.9227	0.89%	ÿ 0.76%	1.88%
DOLLAR INDEX	99.2990	-0.31%	ÿ 0.25%	-8.47%
BITCOIN	95,761.75	-9.32%	ÿ -13.87%	2.19%

KEY DATES OF THE NEXT WEEK

November 17th

Empire Manufacturing
5.8%

Construction spending
Survey -0.1%

Federal budget balance
Survey -$228.8 billion

November 18th

Industrial production
Survey 0.0%

Industrial orders
Survey 1.4%

Orders for durable goods
Survey 2.9%

November 19th

Trade balance
Survey: -$60.3 billion

November 20th

Variation in non-farm payrolls
50k Survey

Unemployment rate
Survey 4.3%

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			

After seven consecutive months of gains, the market is losing momentum and entering a short-term correction. The combination of overvaluations, narrowing growth differentials between the MAG 7 and the broader market, and economic uncertainty stemming from the current government shutdown is shifting investor confidence, moving them from risk-taking to risk-averse. We have downgraded our global equity rating to "underweight," as we believe the market is entering a one- to three-month correction period.

That said, this is more of a tactical than a strategic move, as we see opportunities in some regions and sectors where valuations and future growth remain attractive. Precious metals have also entered a short-term consolidation phase following one of the best annual results on record. We also expect this to be temporary and advise investors to take advantage of this window of opportunity to buy in.

Consumer staples: the best sector in a market correction

For several weeks now, we've been highlighting the fact that the market was entering a short-term correction phase, and our two most recent reports have provided insights into why and how investors might navigate this situation. Having discussed Switzerland as an investment opportunity and safe haven for European investments two weeks ago, this week we're focusing on a sector that is sure to outperform during this period of turbulence: consumer staples.

As we explained in our report last week, not many companies saw their share prices soar between April and October 2025. The main contributor to the rally was the MAG 7 (Chart 1). **Without Alphabet, Tesla, Apple, Amazon, Nvidia, Microsoft, and Meta, the S&P 500 index would have risen much less** (Chart 2). During the bull market rally, a significant stake required a substantial allocation to these seven tech giants. Investors accessed this exposure through direct holdings or passive investment vehicles in which these companies have significant representation in the indices.

Meanwhile, active portfolio managers employing diversified stock selection strategies experienced relatively lower performance due to insufficient concentration in these market-leading names.

Chart 1: Performance 07.04.2025-13.11.2025: MAG 7 (+55%); S&P 493 (+27%)

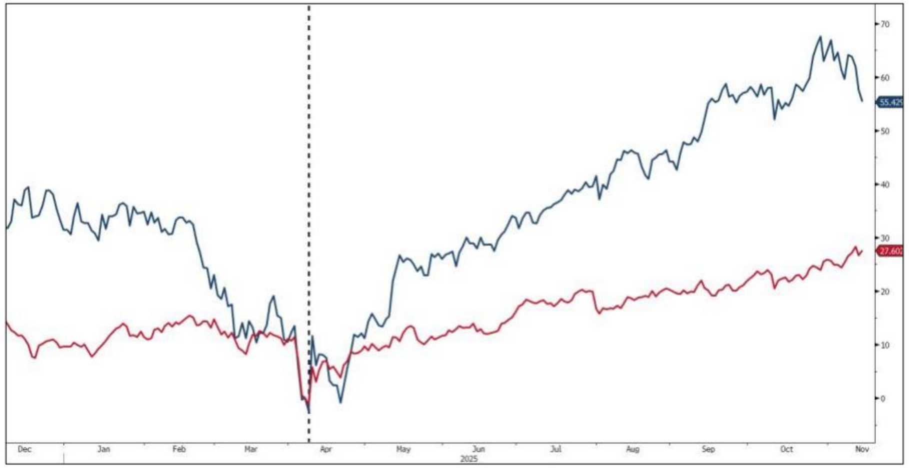

Chart 2: Performance between April 7, 2025 and November 13, 2025: S&P 500 (+33%); S&P 493 (+27%)

Source: Sentosa & Co., Altitude IS

THE TOPIC OF THE WEEK

Given that these seven stocks belong to the three most cyclical sectors, it appears that most of the remaining eight segments have underperformed this year, particularly defensive sectors. **Since the beginning of the year, defensive sectors have underperformed, especially consumer staples, which have risen by only 6.2% compared to the MSCI World's 17.5% gain** (Charts 3 and 4). As a defensive sector, only utilities, which include electricity, gas, and water providers, managed to perform well. These capital-intensive companies benefited from lower interest rates, predictable dividends, and, most importantly, the significant electrification needs of artificial intelligence. **On the other hand, during periods of economic slowdown or even market correction, the consumer staples sector typically performs very well, significantly outperforming other sectors** (Chart 5). In the current environment, investors may be particularly attracted to its defensive characteristics and low valuation.

During periods of economic contraction characterized by high unemployment, strained household balance sheets, and restricted credit availability, consumer spending becomes increasingly defensive. Budget allocations favor non-discretionary categories, primarily food and healthcare, at the expense of discretionary purchases. This consumption dynamic underpins the resilient earnings profile of companies in the defensive sector, whose revenue streams exhibit less cyclical sensitivity. These characteristics translate into relative outperformance compared to the overall stock market throughout the recessionary cycle. **It is no coincidence that, during the last eleven stock market corrections, consumer staples stocks outperformed the MSCI World Index in all but one instance** (Chart 6). This resilience makes them an attractive option for investors seeking to protect their portfolios during periods of uncertainty and shield them from volatility spikes.

Chart 3: Year-to-date performance of sectors

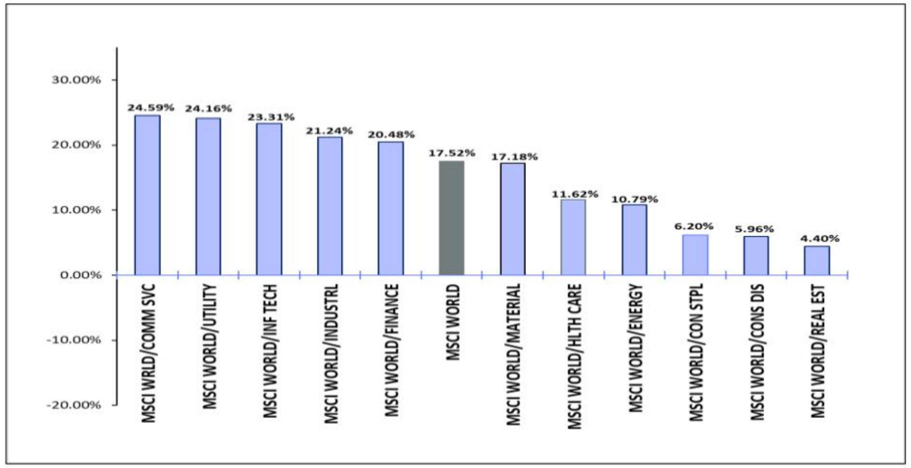

Chart 4: Year-to-date performance: MSCI World (+17.5%); MSCI Consumer Staples (+6.2%)

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Chart 5: Performance of S&P sectors throughout the economic cycle

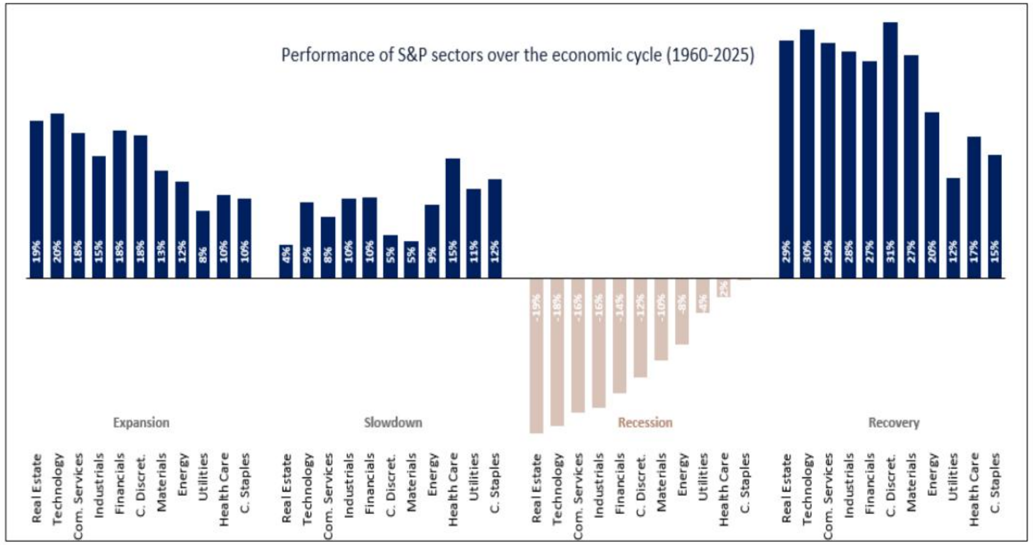

Chart 6: Performance of consumer staples during corrections

	MSCI World	MSCI Staples	Spread
Europen debt crisis	-24.0%	-10.3%	13.7%
US credit rating downgrade	-13.3%	-5.5%	7.8%
Taper tantrum	-8.8%	-7.6%	1.2%
Oil price sell off	-9.3%	-6.1%	3.2%
Chinese stock market decline	-11.2%	-7.2%	4.0%
China growth concerns	-11.5%	-3.3%	8.2%
Volatility spike	-9.0%	-7.8%	1.2%
US-China trade issues	-16.7%	-8.9%	7.8%
Covid-19	-33.8%	-24.3%	9.5%
Ukraine war	-27.4%	-18.0%	9.4%
Higher for longer rates	-11.0%	-11.4%	-0.4%

Historically, consumer staples stocks have shown an inverse correlation with consumer confidence levels; although it may seem counterintuitive, declining confidence typically catalyzes outperformance in the sector relative to broader market indices. This has not been the case in the last 12 months, which we attribute to the MAG 7 and the IT euphoria (Chart 7). Consumer confidence is currently at historic lows, so we expect this negative relationship to resume soon. However, the current cycle has deviated from this established pattern. Despite persistent weakness in consumer confidence indicators, commodity stocks have languished as equity market flows have overwhelmingly concentrated on AI beneficiaries. Adding to this underperformance is the evolution of consumer preferences, which have favored brands positioned around health and wellness. The proliferation of GLP-1-based obesity treatments has demonstrably reduced demand for high-calorie categories such as snacks, carbonated beverages, and processed food products, relegating the commodity sector to bottom-quartile performance.

The opportunity is further supported by attractive valuations. **The consumer staples sector traditionally trades at a 20% P/E ratio premium to the broader market, reflecting the quality characteristics of its consistent earnings and defensive income profiles. This premium has eroded substantially over the past six months and disappeared entirely in October** (Chart 8). Historically, such valuation distortions foreshadow a reversion to the mean.

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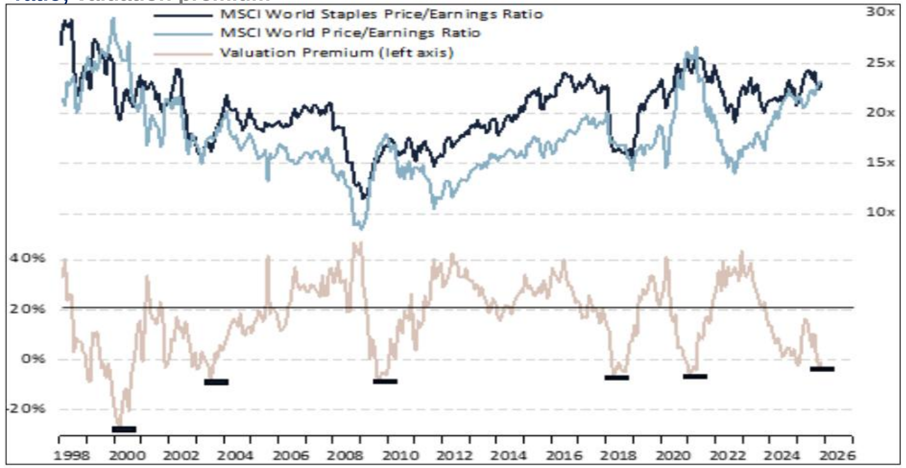
Chart 7: US Consumer Confidence (inverted); Consumer Commodities/S&P 500 Ratio

Chart 8: MSCI World P/E ratio; MSCI Consumer Staples P/E ratio; valuation premium



CONCLUSION

Finally, returning to our last report on Switzerland from two weeks ago and the fact that current levels were considered an opportunity, last week it They announced more good news. The United States and Switzerland have "essentially" reached a trade agreement to reduce tariffs on Swiss products from 39% to 15%. Knowing that the Swiss market is composed of 20% basic consumer goods (mainly Nestlé), this represents an additional catalyst for the Swiss market and, indirectly, for the basic consumer goods sector.

Institutional and retail capital allocation within the consumer staples sector is typically concentrated in established multinational leaders, such as Walmart, Costco, Nestlé, Coca-Cola, PepsiCo, Procter & Gamble, Unilever, L'Oréal, Mondelez, Colgate-Palmolive, and Danone. These traditional companies in the sector also These constitute the main holdings of passive investment vehicles, maintaining dominant weightings in sector-specific exchange-traded funds, such as the Consumer Staples Select Sector SPDR Fund (XLP), the Vanguard Consumer Staples ETF (VDC) and the iShares US Consumer Staples ETF (IYK).

Investors wishing to maintain a neutral strategic asset allocation and remain fully invested should ultimately focus on the sector of Basic consumer goods. After seven months of a bull market, the market is beginning a short-term correction and the economy is slowing down. In this environment, Basic consumer goods should outperform all other sectors.

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