

SUMMARY OF LAST WEEK

US stock markets posted mixed results, with the S&P 500 and Nasdaq Composite reaching new record highs at the close midweek before retreating; the S&P 500 rose **0.55%**, the Nasdaq advanced **1.50%**, and the Dow Jones fell **0.44%**. Geopolitical developments dominated investor sentiment as President Trump extended the US-Iran ceasefire, claiming the government in Tehran was “gravely fractured,” initially prompting relief rallies in stock markets. However, the diplomatic optimism proved short-lived, as Iran seized two container ships attempting to cross the Strait of Hormuz “without authorization” shortly after the extension, while both countries maintained naval blockades that kept the vital waterway effectively closed despite earlier announcements of its reopening. Oil prices surged throughout the week, with Brent crude climbing back above \$101 a barrel and finally reaching \$107.38 on Friday, while WTI advanced towards \$93, as investors acknowledged that the ceasefire extension would not restore the economic stability of the country.

The shutdown immediately impacted Middle Eastern oil exports, and IEA Director Fatih Birol warned that it represented “the greatest threat to energy security in history.” The software sector suffered a catastrophic setback, with ServiceNow plummeting 18%—its worst day ever—despite beating earnings estimates, as it revealed delays in deals related to the Middle East conflict and pressure on margins stemming from its acquisition of Armis. IBM, meanwhile, fell 8% after maintaining its full-year guidance instead of revising it upward. The broader iShares Expanded Tech-Software (IGV) ETF plunged roughly 6% in its worst session in over a year, with Salesforce sinking 8.7%, Workday falling 9.4%, Adobe dropping 7%, and Oracle retreating 6%, as fears resurfaced that AI tools from Anthropic and OpenAI would displace traditional cloud subscription models, reversing the sector's two-week rally. Industrial earnings provided a bright note, with Boeing surging more than 4% after reporting first-quarter revenue of \$22.22 billion versus the expected \$21.78 billion, with a smaller-than-expected adjusted loss of 20 cents per share, while GE Vernova climbed 7% after beating estimates.

Income. President Trump announced that Israel and Lebanon had agreed to extend their ceasefire for three weeks following meetings at the White House, though the VIX remained elevated near 20, despite the S&P 500 hitting record highs—an unusual divergence that signals investor skepticism about the sustainability of the rally amid persistent geopolitical and oil-related risks. Markets closed the week celebrating new stock market highs, while grappling with renewed concerns about energy inflation and growing uncertainty about the impact of AI on enterprise software business models. The macroeconomic data released offered a mixed picture, as March retail sales surged 1.7% month-on-month to \$752.1 billion and increased 4.0% year-on-year, demonstrating consumer resilience despite geopolitical uncertainty, according to the U.S. Census Bureau, while S&P Global's preliminary composite PMI for April climbed to 52.0, the highest level in three months.

MACROECONOMIC FLUCTUATIONS AND DATA

KEY DATES OF THE LAST WEEK

April 21st

Preliminary retail sales intermonthly

Actual data: 1.7% compared to the forecast of 1.4%

Pending home sales (monthly)

Actual 1.5% vs. the survey 0.5%

April 23rd

S&P Global Manufacturing PMI

Actual 54.0 versus the poll of 52.50

S&P Global Services PMI

Actual 51.3 vs. the poll 50.10

April 24th

University of Michigan Confidence Index

Actual 49.80 vs. the poll 48.40

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,632.83	-0.38% \bar{y} 10.81%	4.57%
MSCI EM	1,610.00	0.81% \bar{y} 12.02%	14.64%
MSCI EM LATIN AMERICA	3,234.79	-3.35% \bar{y} 8.17%	19.40%
MSCI AC ASIA x JAPAN	1,049.09	1.80% \bar{y} 12.30%	14.85%
USA			
S&P 500 INDEX	7,165.08	0.55% \bar{y} 12.50%	4.67%
NASDAQ COMPOSITE	24,836.60	1.50% \bar{y} 18.56%	6.86%
DOW JONES INDUS. AVG	49,230.71	-0.44% \bar{y} 9.00%	2.43%
RUSSELL 2000 INDEX	2,787.00	0.36% \bar{y} 13.77%	12.29%
EUROPE			
STXE 600 (EUR) Pr	610.65	-2.54% \bar{y} 6.14%	3.12%
Euro Stoxx 50 Pr	5,883.48	-2.88% \bar{y} 6.86%	1.59%
DAX INDEX	24,128.98	-2.32% \bar{y} 8.20%	-1.48%
CAC 40 INDEX	8,157.82	-3.17% \bar{y} 5.92%	0.10%
FTSE MIB INDEX	47,656.11	-2.48% \bar{y} 9.86%	6.03%
IBEX 35 INDEX	17,691.30	-4.29% \bar{y} 5.29%	2.22%
SWISS MARKET INDEX	13,169.70	-1.91% \bar{y} 4.77%	-0.74%
FTSE 100 INDEX	10,379.08	-2.70% \bar{y} 4.13%	4.51%
ASIA			
NIKKEI 225	59,716.18	2.12% \bar{y} 11.88%	18.63%
HANG SENG INDEX	25,978.07	-0.70% \bar{y} 4.11%	1.36%
CSI 300 INDEX	4,769.37	0.86% \bar{y} 5.93%	3.01%
SENSEX	76,664.21	-2.33% \bar{y} 4.19%	-10.04%
LATAM			
S&P/BMV IPC	69,230.56	-0.85% \bar{y} 3.82%	7.65%
BRAZIL IBOVESPA INDEX	190,745.02	-3.09% \bar{y} 5.06%	18.38%
MSCI COLCAP INDEX	2,232.90	-3.00% \bar{y} 0.92%	7.97%
S&P/CLX IPSA (CLP) TR	11,173.51	-2.24% \bar{y} 7.26%	6.60%

EQUITIES SECTORS	Last	5 Days	1 Month YTD
MSCI WORLD/ENERGY	340.21	3.14% \bar{y} -7.23%	27.28%
MSCI WORLD/INF TECH	1,052.69	2.90% \bar{y} 21.68%	8.12%
MSCI WORLD/CON STPL	313.34	0.45% \bar{y} 2.28%	5.41%
MSCI WORLD/UTILITY	219.72	0.23% \bar{y} 3.04%	10.25%
MSCI WRLD/COMM SVC	173.90	-0.65% \bar{y} 16.85%	4.35%
MSCI WORLD/REAL EST	1,134.11	-1.47% \bar{y} 8.73%	7.61%
MSCI WORLD/CONS DIS	491.87	-1.55% \bar{y} 12.45%	-2.18%
MSCI WORLD/INDUSTRIAL	550.81	-1.63% \bar{y} 8.50%	10.27%
MSCI WORLD/MATERIAL	451.04	-2.24% \bar{y} 8.50%	13.77%
MSCI WORLD/FINANCEVAL	184.05	-2.75% \bar{y} 8.13%	-0.87%
MSCI WORLD BANK INDEX	190.59	-3.74% \bar{y} 8.68%	1.59%
MSCI WORLD/HIGH CARE	374.20	-3.85% \bar{y} 0.57%	-6.32%
PHILA GOLD & SILVER INDX	382.68	-6.87% \bar{y} 8.35%	11.80%

US RATES	Last	5 Days Close	12M Close
2Y	3.78	3.71	0.07 3.80
5Y	3.91	3.85	0.07 3.94
10Y	4.30	4.25	0.05 4.31

BONDS CREDIT SPREAD	5 Days Close	12M Close
EM Bonds Spread	224.30	220.7
HY Bonds Spread	260.00	250.0
BBB 10yr Spread	171.93	178.2

FIXED INCOME	5 Days	1 Month YTD
US High Yield	2,951.72	-0.19% \bar{y} 2.60%
EM Bonds USD	1,400.99	-0.27% \bar{y} 2.71%
EM Local Currency	153.75	-1.32% \bar{y} 3.57%
CoCos USD	151.87	-0.62% \bar{y} 2.81%
IG BBB 3-5yr USD	396.04	-0.22% \bar{y} 2.06%
IG AA Corp USD	287.23	-0.38% \bar{y} 1.86%

COMMODITIES	Last	5 Days	1 Month YTD
CRB INDEX	379.06	4.49% \bar{y} 2.75%	26.87%
WTI	94.40	12.58% \bar{y} 2.22%	64.40%
Brent	112.92	14.12% \bar{y} 2.26%	80.82%
US Natural Gas	2.52	-5.65% \bar{y} -14.27%	-31.55%
S&P GSCI Precious Metal	6,352.83	-3.30% \bar{y} 5.39%	9.18%
Gold	4,709.50	-2.50% \bar{y} 5.23%	9.03%
Silver	75.73	-6.38% \bar{y} 6.34%	5.67%
Platinum	2,017.27	-4.54% \bar{y} 4.46%	-2.10%
Palladium	1,495.00	-4.36% \bar{y} 3.73%	-7.72%
S&P GSCI Industrial Metal Index	620.50	0.78% \bar{y} 9.25%	12.33%
Aluminum	3,591.00	0.74% \bar{y} 10.14%	19.88%
Copper	13,246.81	-0.26% \bar{y} 10.31%	6.37%
Nickel	18,826.95	5.13% \bar{y} 12.37%	14.10%
S&P GSCI Agriculture	372.83	1.79% \bar{y} 1.09%	5.80%
CURRENCIES	Last	5 Days	1 Month YTD
CHF vs USD	0.7850	-0.42% \bar{y} 0.41%	0.97%
JPY vs USD	159.3800	-0.46% \bar{y} -0.43%	-1.68%
CAD vs USD	1.3668	0.17% \bar{y} 0.70%	0.41%
EUR vs USD	1.1722	-0.37% \bar{y} 0.98%	-0.20%
GBP vs USD	1.3532	0.12% \bar{y} 0.90%	0.42%
AUD vs USD	0.7152	-0.31% \bar{y} 2.23%	7.18%
BRL vs USD	4.9813	-0.06% \bar{y} 5.04%	9.91%
MXN vs USD	17.3787	-0.39% \bar{y} 2.11%	3.62%
COP vs USD	3,556.45	0.84% \bar{y} 3.49%	6.22%
CNY vs USD	6.8320	-0.20% \bar{y} 0.90%	2.28%
EUR vs CHF	0.9200	-0.03% \bar{y} -0.56%	1.16%
DOLLAR INDEX	98.5330	0.44% \bar{y} -0.91%	0.21%
BITCOIN	77,528.52	1.59% \bar{y} 9.22%	-11.55%

KEY DATES OF THE NEXT WEEK

April 28th

Consumer confidence index of the Conference Board

Survey: 89

April 29th

Survey

Survey 1,390,000

Start of construction

Survey 1,400,000

Orders for durable goods

Survey 0.5%

Decision on interest rates of the FOMC

Survey 3.75%

April 30th

Year-on-year PCE price index

Survey 3.5%

Annualized GDP 1st quarter A – interquarter

Survey 2.2%

May 1st

S&P Global US Manufacturing PMI

Survey 54.0%

ISM Manufacturing Index

Survey 53.1%

FIRST QUARTER OF 2026 – FINANCIAL RESULTS

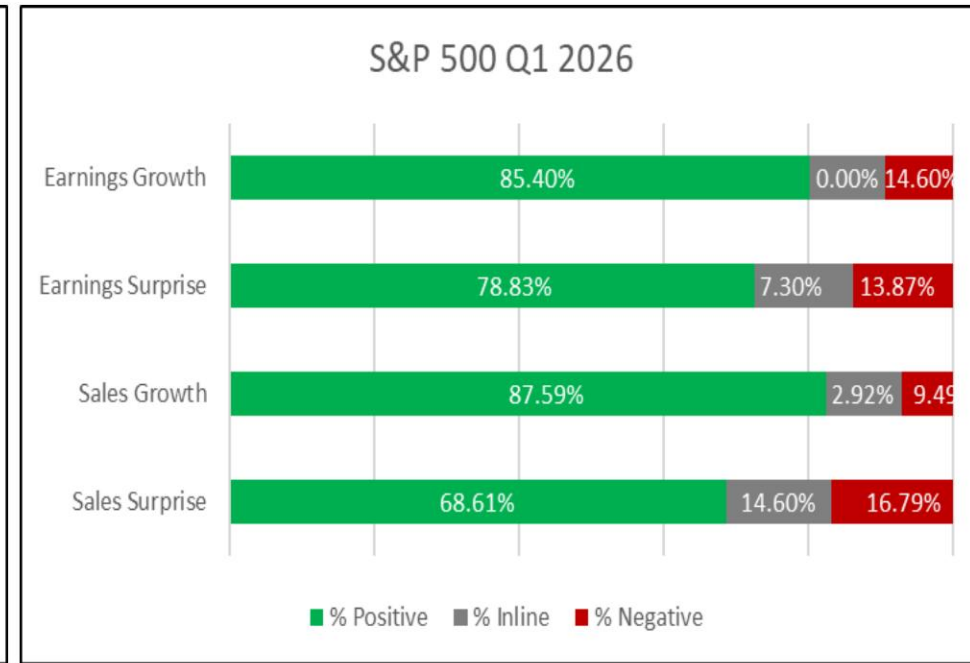
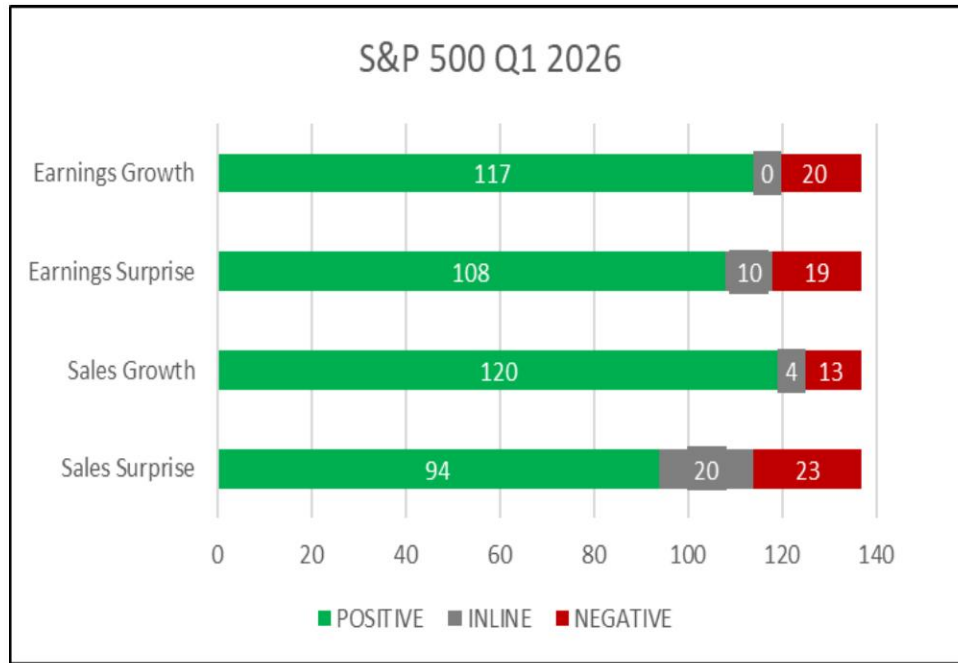
Earnings Growth				
	Positive	Inline Negative % 20		
S&P 500	117	0		25.32%
Materials	4	0	1	103.87%
Industrials	24	0	4	17.46%
Consumer Staples	4	0	4	2.36%
Energy	3	0	2	25.20%
Technology	12	0	0	97.14%
Consumer Discretionary	7	0	6	-1.07%
Communications	4	0	1	12.63%
Financials	42	0	0	24.70%
HealthCare	11	0	1	3.19%
Utilities	3	0	0	15.31%
Real Estate	3	0	1	12.90%

Earnings Surprise				
	Positive	Inline Negative %		
S&P 500	108	10	19	10.19%
Materials	4	0	1	29.06%
Industrials	20	3	5	8.60%
Consumer Staples	6	0	2	3.39%
Energy	4	1	0	12.79%
Technology	11	1	0	22.27%
Consumer Discretionary	8	1	4	9.48%
Communications	4	0	1	20.36%
Financials	34	2	6	6.84%
HealthCare	11	1	0	5.72%
Utilities	2	1	0	5.48%
Real Estate	4	0	0	7.20%

Sales Growth				
	Positive	Inline Negative % 13		
S&P 500	120	4		9.77%
Materials	4	0	1	11.66%
Industrials	25	2	1	9.24%
Consumer Staples	5	0	3	6.02%
Energy	4	1	0	9.89%
Technology	12	0	0	29.52%
Consumer Discretionary	8	1	4	3.72%
Communications	4	0	1	4.75%
Financials	40	0	2	11.85%
HealthCare	12	0	0	3.88%
Utilities	3	0	0	9.29%
Real Estate	3	0	1	14.44%

Sales Surprise				
	Positive	Inline Negative %		
S&P 500	94	20	23	2.01%
Materials	4	0	1	4.02%
Industrials	18	6	4	1.65%
Consumer Staples	7	1	0	2.71%
Energy	5	0	0	3.06%
Technology	12	0	0	6.19%
Consumer Discretionary	6	3	4	0.19%
Communications	3	2	0	1.70%
Financials	23	7	12	0.97%
HealthCare	10	1	1	2.17%
Utilities	2	0	1	-0.89%
Real Estate	4	0	0	2.87%

FIRST QUARTER OF 2026 – FINANCIAL RESULTS



LAST WEEK'S RESULTS SEASON

DATE	COMPANY	Value yourself		CURRENT		DIFFERENCE		
		EPS	REV	EPS	REV	EPS	REV	
04/21/2026 (AM)	GENERAL ELECTRIC	\$1.60	\$10.69 B	\$1.86	\$11.61 B	16.2%	\$6.00 B	8.6%
04/21/2026 (AM)	3M CO	\$2.00	\$6.01 B	\$2.14	\$22.08 B	6.9%		0.0%
04/21/2026 (AM)	RTX CORP	\$1.53	\$21.47 B	\$1.78	\$111.72 B	16.5%	10.0%	2.8%
04/21/2026 (AM)	UNITEDHEALTH GRP	\$6.57	\$109.24 B	\$7.23	\$5.95 B	6.3%	\$2.77 B	23%
04/21/2026 (AM)	DANAHER CORP	\$1.94	\$5.99 B	\$2.06	\$15.23 B		\$22.22 B	-0.6%
04/21/2026 (PM)	INTUITIVE SURGIC	\$2.10	\$2.62 B	\$2.50	\$31.51 B	19.3%		5.8%
04/21/2026 (PM)	CAPITAL ONE FINA	\$4.56	\$15.37 B	\$4.42	\$10.15 B	-3.1%		-0.9%
04/22/2026 (AM)	BOEING CO/THE	(\$0.76)	\$21.79 B	(\$0.20)	\$9.34 B	NA		2.0%
04/22/2026 (AM)	AT&T INC	\$0.55	\$31.25 B	\$0.57	\$15.92 B	3.8%		0.8%
04/22/2026 (AM)	PHILIP MORRIS IN	\$1.85	\$9.97 B	\$1.96	\$4.83 B	5.8%		1.8%
04/22/2026 (AM)	GE VERNOVA INC	\$1.81	\$9.11 B	\$0.78	\$3.77 B	-56.9%	2.5%	
04/22/2026 (PM)	IBM	\$1.81	\$15.67 B	\$1.91	\$5.84 B	5.8%		1.6%
04/22/2026 (PM)	TEXAS INSTRUMENT	\$1.38	\$4.52 B	\$1.68	\$18.91 B	22.2%		6.7%
04/22/2026 (PM)	SERVICENOW INC	\$0.97	\$3.74 B	\$0.97	\$11.01 B	-0.2%		0.7%
04/22/2026 (PM)	LAM RESEARCH	\$1.37	\$5.75 B	\$1.47	\$6.20 B	7.7%		1.6%
04/23/2026 (AM)	AMERICAN EXPRESS	\$4.03	\$18.62 B	\$4.28	\$31.46 B	6.2%		1.6%
04/23/2026 (AM)	THERMO FISHER	\$5.24	\$10.85 B	\$5.44	\$6.70 B	3.8%		1.5%
04/23/2026 (AM)	UNION PAC CORP	\$2.86	\$6.23 B	\$2.93	\$22.39 B	23%		-0.5%
04/23/2026 (AM)	COMCAST CORP-A	\$0.72	\$30.35 B	\$0.79		18.8%	9.3%	3.7%
04/23/2026 (AM)	NEXTERA ENERGY	\$1.03	\$7.39 B	\$1.09	\$9.14 B	5.4%		-9.4%
04/23/2026 (AM)	TESLA INC	\$0.35	\$22.25 B	\$0.41	\$18.02 B	-6.4%	-1.2%	0.6%
04/23/2026 (AM)	HONEYWELL INTL	\$2.34	\$9.30 B	\$2.45		4.8%		-1.7%
04/23/2026 (AM)	LOCKHEED MARTIN	\$6.88	\$18.24 B	\$6.44				
04/23/2026 (PM)	INTEL CORP	\$0.01	\$12.36 B	\$0.29	\$13.58 B	2800%	9.9%	
04/24/2026 (AM)	PROCTER & GAMBLE	\$1.56	\$20.50 B	\$1.59	\$21.24 B	3.6%	1.9%	

NEXT WEEK'S RESULTS SEASON

DATE	COMPANY	Value yourself		CURRENT		DIFFERENCE	
		EPS	REV	EPS	REV	EPS	REV
04/27/2026	VERIZON COMMUNIC 04/28/2026	\$1.21	\$34.80 B				
04/28/2026	MONDELEZ INTER A 04/28/2026 COCA-COLA	\$0.61	\$9.77 B				
04/28/2026	CO/THE 04/28/2026 AMERICAN TOWER C	\$0.81	\$12.14 B				
04/28/2026	BOOKING HOLDINGS 04/28/2026	\$2.39	\$2.65 B				
04/28/2026	GENERAL MOTORS C 04/28/2026 VISA INC-	\$1.07	\$5.53 B				
04/28/2026	CLASS A 04/28/2026 STARBUCKS CORP	\$2.60	\$43.40 B				
04/28/2026	UNITED PARCEL-B 04/28/2026 T-	\$3.10	\$10.74 B				
04/29/2026	MOBILE US INC 04/29/2026 AMAZON.COM	\$0.43	\$9.14 B				
04/29/2026	ALPHABET INC-A 04/29/2026	\$1.05	\$20.99 B				
04/29/2026	MICROSOFT CORP 04/29/2026 ABBVIE INC	\$2.06	\$22.98 B				
04/29/2026	META PLATFORMS-A 04/29/2026	\$1.64	\$177.22 B				
04/29/2026	GENERAL DYNAMICS 04/29/2026	\$2.62	\$91.56 B				
04/30/2026	QUALCOMM INC 04/30/2026 CATERPILLAR	\$4.03	\$81.44 B				
04/30/2026	CONOCOPHILLIPS	\$2.60	\$14.73 B				
04/30/2026	MERCK & CO 04/30/2026 SOUTHERN	\$6.64	\$55.51 B				
04/30/2026	ALTRIA GROUP INC 04/30/2026	\$3.69	\$12.70 B				
04/30/2026	BRISTOL-MYER SQB 04/30/2026 AMGEN	\$2.55	\$10.56 B				
04/30/2026	APPLE INC 04/30/2026	\$4.63	\$15.83 B				
04/30/2026	MASTERCARD INC-A 04/30/2026 ELI LILLY	\$1.70	\$15.32 B				
01/05/2026	CHEVRON CORP	(\$1.47)	\$15.83 B				
01/05/2026	EXXON MOBIL CORP	\$1.22	\$7.95 B				
01/05/2026	LINDE PLC 01/05/2026 COLGATE-	\$1.25	\$4.57 B				
	PALMOLIV	\$1.40	\$10.86 B				
		\$4.75	\$8.57 B				
		\$1.96	\$109.66 B				
		\$4.39	\$8.25 B				
		\$6.88	\$17.81 B				
		\$1.10	\$50.61 B				
		\$0.95	\$80.72 B				
		\$4.27	\$8.60 B				
		\$0.95	\$5.21 B				

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			

Despite reaching new highs, the market has been slowing down after a strong and impressive three-week rally of 18%. Markets are now at their highest level of the year in positive territory. Investors quickly shifted from risk aversion to risk appetite amid expectations of a deal with Iran and the fact that the Strait of Hormuz is now accessible. However, the situation remains fragile, and the current recovery rally should be viewed with caution. We remain cautious, as markets are still overvalued in the long term, with high valuations. The economy was already weakening before the conflict with Iran, and tensions surrounding the Strait of Hormuz have added another layer of economic pressure. Ironically, prices are higher than before the conflict with Iran, but in a worse economic environment. Moreover, the consensus appears very optimistic, expecting earnings per share (EPS) growth of 17% over the next 12 months. We believe this euphoria is quite exaggerated and that there is a risk of disappointment.

THE TOPIC OF THE WEEK

The luxury sector: not as immune as in the past

The luxury sector has underperformed the overall market over the past twelve months, while also exhibiting the greatest intra-sector dispersion.

accused for more than a decade. **The situation has worsened since the conflict with Iran, but overall, luxury goods have underperformed.**

The US and European markets by 22% and 10 % respectively (Chart 1), which represents a significant relative drag that, nevertheless, masks an internal rotation extraordinary. **The difference over the last 12 months between the best and worst performing stock in the leading group of publicly traded luxury companies has reached approximately 91 percentage points** (Chart 2):

Burberry has recovered 62% and Kering 41%, both thanks to the optimism generated by the change of course after changes in CEO and aggressive restructuring strategies, while Hermès and Ferrari—the historical multipliers of scarcity that

The stocks that underpinned the sector's optimism have corrected by 29% and 25% respectively, as their previously stratospheric multiples have normalized. LVMH, Richemont, Hugo Boss and Moncler have clustered around flat performance. The story of the last year has therefore been one of mean reversion: capital has rotated from the

Stocks that were trading at extremely high multiples toward those that had been written off. If this rotation has already come to an end—and if the fundamentals

The central question we are trying to answer is whether the underlying factors justify the new prices.

Chart 1: 1-Year Performance: S&P 500 (+29.7%); Stoxx 600 (+17.3%); Amundi Luxury ETF Goods (+7.9%)

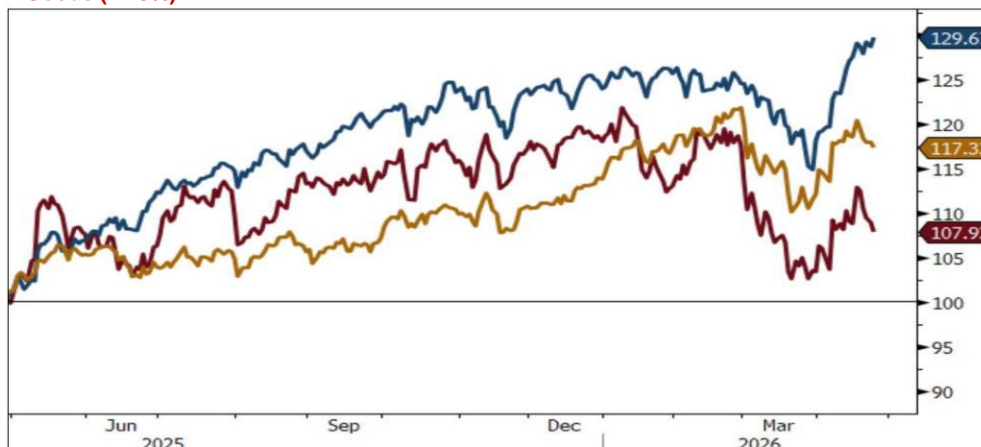
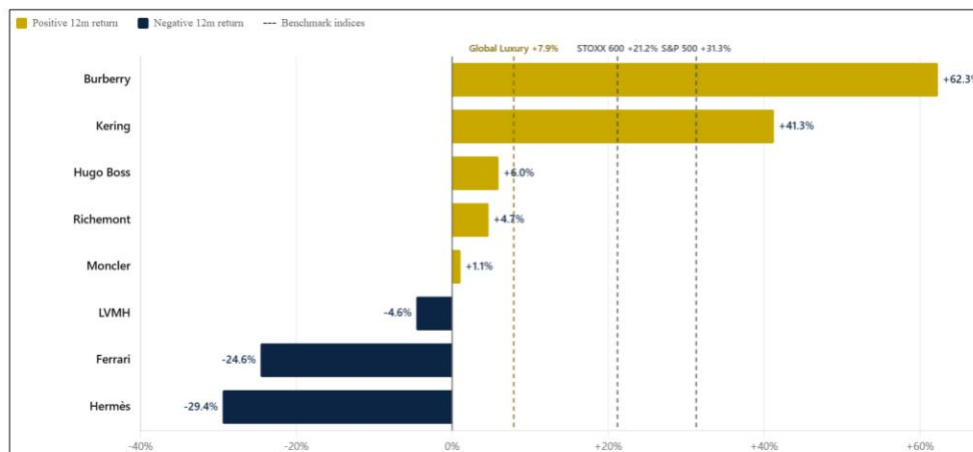


Chart 2: One-year performance of the main components of the luxury sector



THE TOPIC OF THE WEEK

What Does “Luxury” Really Mean in the Listed Equity Universe? Before examining the driving factors, it’s worth determining what investors are actually buying when they seek “luxury sector exposure,” as the answer varies considerably by region and the implications for portfolio construction are greater than most portfolio managers appreciate. **In the United States, the pure, publicly traded luxury sector is virtually nonexistent. Within the S&P 500 consumer discretionary sector, the only significant pure luxury companies are Tapestry and Ralph Lauren, which together represent approximately 1% of the sector** (Chart 3). The S&P consumer discretionary universe is dominated by Amazon and Tesla, which together represent approximately 38% of the sector, followed by Home Depot, McDonald’s, Nike, and Lowe’s. A U.S. investor who invests in the XLY ETF with the idea of gaining exposure to “luxury consumption” effectively gains none. **The global landscape, as reflected by the MSCI World Consumer Discretionary index, is closer to the middle ground. Pure luxury companies—primarily LVMH, Hermès, Richemont, and Ferrari—represent approximately 13% of the global index. A significant proportion, but not dominant** (Chart 3).

The situation is completely different in Europe. **The four pure luxury companies (LVMH 15.7%, Richemont 10.8%, Hermès 7.5%, Ferrari 4.7%) together represent 38.7% of the sector** (Chart 4). If the next tier is added (Kering, Moncler, Hugo Boss, Burberry, Pandora), the figure exceeds 45%. European consumer discretionary ETFs are, in practice, traded as indicators of the luxury sector. This asymmetry is the most important point of reference for the analysis that follows: when commentators speak of the “luxury sector,” in practice they are almost always referring to a small handful of companies listed in Europe whose collective performance determines the sector's profitability. There is no other meaningful way to express this thesis on a larger scale.

Chart 3: Concentration of the luxury sector in the S&P 500 and the MSCI World Consumer Discretionary index

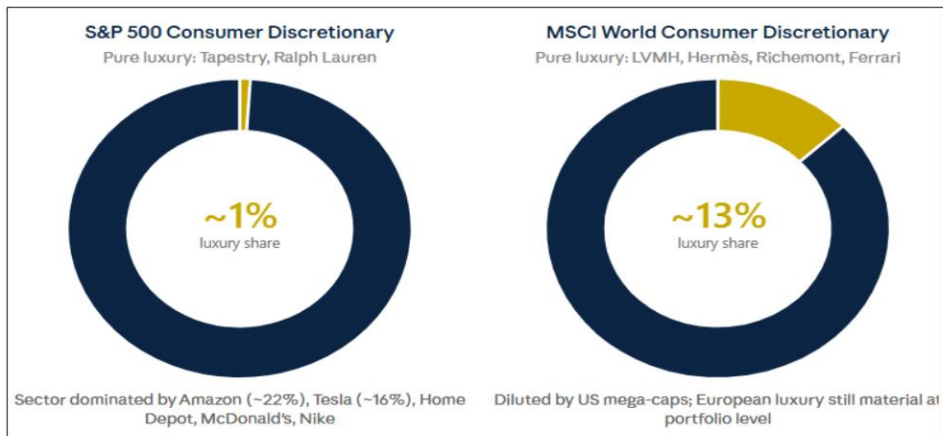
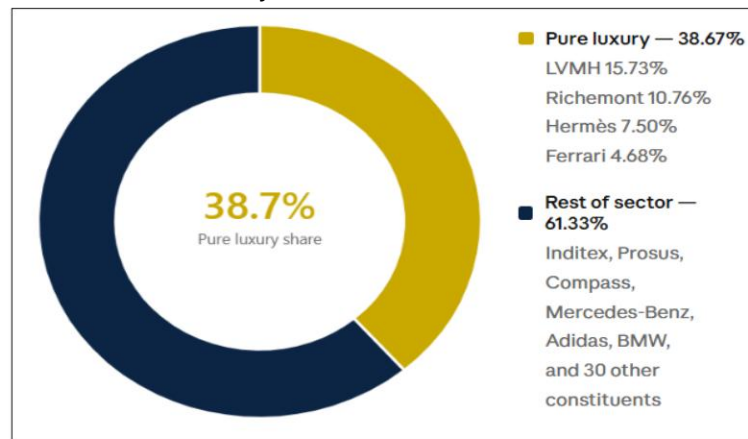


Chart 4: Concentration of the luxury sector in the MSCI Europe Consumer Discretionary



THE TOPIC OF THE WEEK

The sector's slowdown over the past several years: The best way

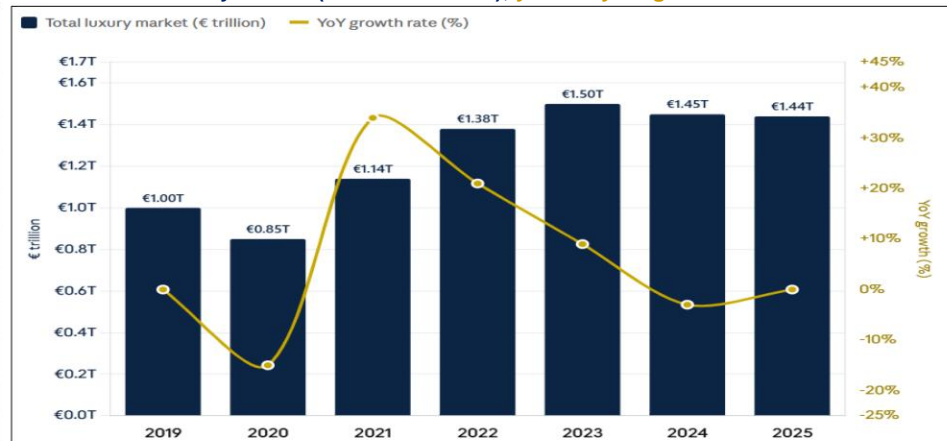
to understand the current slowdown is as the convergence of three forces. First, the Chinese luxury consumer—historically the marginal buyer for the sector globally—has taken a step back: Bain estimates that Chinese spending on luxury goods contracted by 3% to 5% in 2025 at constant exchange rates, exacerbating an already weak 2024. Second, aspirational consumers across the West have been priced out. Following cumulative price increases of approximately 40% on iconic leather goods between 2019 and 2024, the entry-level luxury customer has withdrawn. **Bain's data is striking: the global luxury consumer base has shrunk from 400 million in 2022 to approximately 340 million in 2025** (Chart 5). The sector has lost approximately 60 million customers—equivalent to the entire population of Italy—while continuing to charge its remaining customer base. This explains why brands that rely on consumers with luxury aspirations (Kering's Gucci, Burberry, Hugo Boss) have been the hardest hit, while franchises anchored in the ultra-high-net-worth segment (Hermès, Ferrari, Richemont's high jewelry houses) have proven more operationally resilient—even when their stock prices have not.

Third, tourist flows—historically responsible for more than 30% of sales at European flagship stores—have weakened, impacted by the strong euro and the cooling of inbound Japanese tourist arbitrage that fueled the superior performance of 2024. The post-COVID boom, driven by pent-up demand due to the US wealth effect, faded in 2023; the market has remained flat for two consecutive years. Since 2023, growth has slowed to +9%, as China's reopening fell short of expectations and aspirational Western demand cooled. **The aggregate result: total luxury spending of €1.44 trillion in 2025, stagnating for the second consecutive year and the first multi-year stagnation since the 2009 financial crisis** (Chart 6).

Chart 5: Consumer base for luxury goods, 2022-2025



Chart 6: Total luxury market (trillions of euros); year-on-year growth rate



THE TOPIC OF THE WEEK

Divergences in Subsector and Stock Performance Within the sector, the

divergence is profound and largely explains the stock-level rotation (Chart 7). Experiences are outperforming products: luxury hospitality, cruising, and fine dining account for virtually all of the sector's net growth from 2023 onward, with a 5% increase in gastronomy and fine dining by 2025 and 9% growth in the yachting segment. Within the personal luxury goods sector itself, jewelry is the clear winner (+4-6%), supported by sustained pricing power and the "safe haven" narrative as gold prices surged. Eyewear is the other quiet winner, growing by 2-4%. The biggest losers were leather goods and footwear, which contracted by 6%—precisely because of the exposure to this category that caused Kering's 2025 sales to fall by 13% and weighed down LVMH's Fashion and Leather Goods division. Fine art fell by 9%. Luxury cars declined by 6%, with the notable exception of the ultra-high-end sports car niche, where Ferrari's order book remained strong even as the stock corrected due to multiple compression.

If category exposure determined equity returns, equity performance would have closely followed operating results: Richemont—with roughly 75% of its revenue in the only growing personal luxury subcategory—should have led the group, while Burberry and Kering, with 80-95% of their revenue concentrated in the worst-performing leather goods and fashion category, should have been at the bottom. **The situation over the past 12 months has been precisely the opposite** (Chart 8). Burberry, with 95% of its revenue in the worst-performing subcategory, achieved a return of +62%. Kering, with 80% of its revenue concentrated in the same category, achieved a return of +41%. Hermès, with the group's most resilient operating profile, achieved a return of -29%. Ferrari, which posted record EBIT margins in 2025, achieved a return of -25%. The categorical exposure framework is a suitable starting point, but it explains virtually none of the observed dispersion at the stock level over the past year.

Chart 7: Luxury subsectors: growth rates in 2025

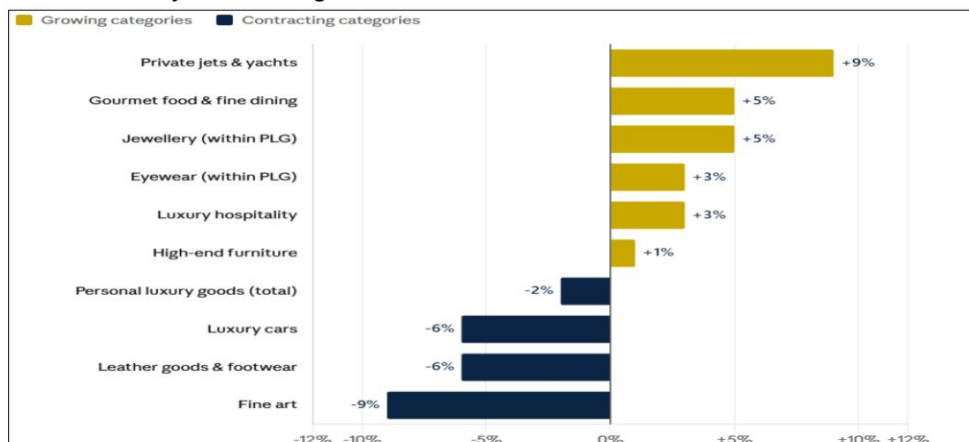
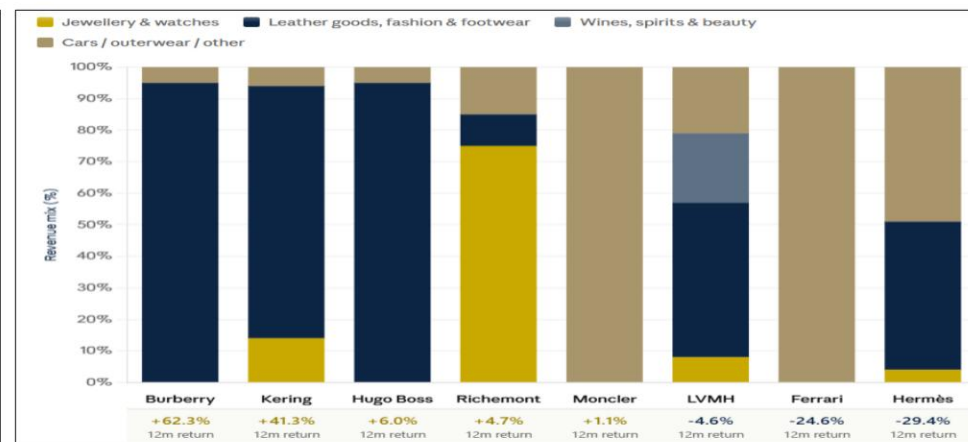


Chart 8: Listed luxury brands: Composition of revenue by category versus 12-month stock market performance

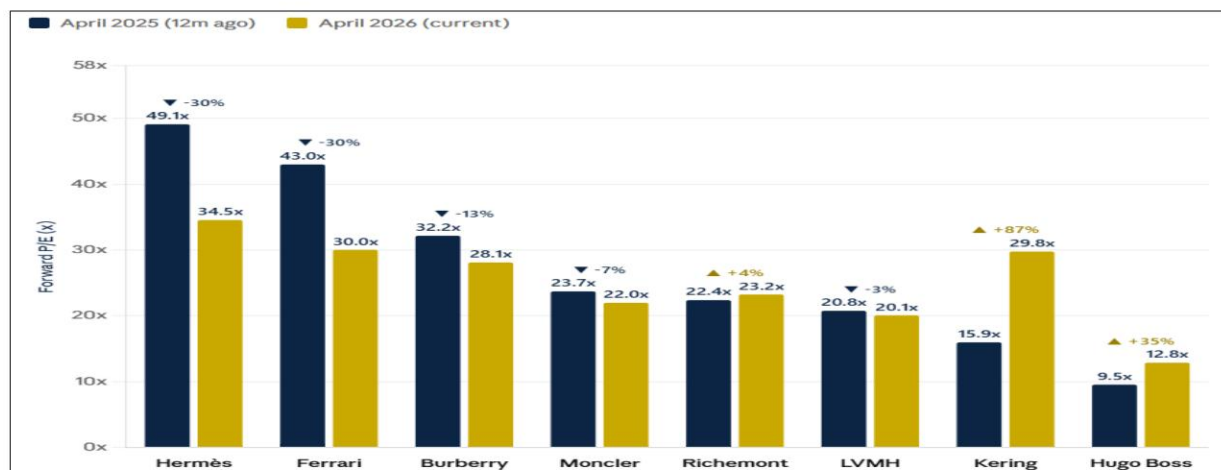


THE TOPIC OF THE WEEK

The explanation lies in the gap between fundamentals and initial valuations. Twelve months ago, the relative price of these companies was extreme: Hermès was trading at approximately 50 times forward earnings, Ferrari at 43 times, both priced to reflect composite perfection. At the other extreme, Burberry was trading at a lower level, 28 times, and Kering in crisis territory, 16 times, with a market that had effectively written off any possibility of a recovery in operational health. When stocks are priced so asymmetrically, the threshold for divergence in profitability is determined by changes in expectations, not changes in operations. Burberry rallied 62% with sales still negative and an EBIT margin still under pressure: the multiple expanded as the market shifted from a “structural decline” to a “stabilizing business,” and that reassessment alone drove the move. Kering’s shares soared 41% following the announcement of Luca de Meo’s appointment as CEO and the credibility his appointment brought to the recovery narrative, long before any operational improvements could be reflected in the figures.

Hermès and Ferrari, on the other hand, fell due to multiple compression, despite no operational disappointment: when a stock trades at 50 times earnings, a discounted interest rate environment that has persisted longer than expected, combined with a consensus overweight positioning that began to fade, produces a 25-30% drop, even with year-to-date earnings growth. There is also a massive trading dimension worth noting. Hermès and Ferrari were among the most consensus overweighted positions in all-long European equity portfolios at the start of 2025; Burberry and Kering were heavily underweight, often with a zero position. When the rotation was triggered, mechanical forces amplified the movements: forced selling and reversals in quality and momentum factors pushed Hermès and Ferrari higher than fundamentals warranted, while short covering and reluctant reallocation of underweight to neutral positions pushed Burberry and Kering higher than operational data indicated. **The past 12 months have been a valuation rotation, not a fundamental rotation** (Chart 9).

Chart 9: 12-month P/E ratio: April 2025 vs. April 2026



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CONCLUSION We

typically consider the luxury goods segment as the safe or countercyclical part of the consumer discretionary sector, but the reality has been very different since 2023, and the trend does not appear to be improving (Figure 10). In fact, since 2026, cyclical headwinds have been amplified by the geopolitical crisis in the Strait of Hormuz and have been further impacting the segment. Ultimately, there are three transmission mechanisms that represent clear adverse factors for the segment and are currently underway. **First**, the oil crisis has reintroduced the risk of stagflation into Western consumption prospects just as aspirational demand was already faltering: the sustained increase in pump prices disproportionately affects the sub-HNW luxury consumer that the industry has been losing. **Second**, strong pressure from the euro has squeezed margins at flagship stores, while discouraging tourists from the Middle East and the United States, whose spending in Parisian and Milanese boutiques disproportionately contributes to margin growth. **Third**, luxury demand from the Gulf region—identified as the best-performing region globally, at +4-6%—faces a secondary risk if the regional surge damages tourist flows to Dubai and Abu Dhabi, which have been crucial escape valves for brands to offset weakness in China. **The regional pattern is clear: Mainland China -4%, Europe -2%, Japan -1%, Americas +1%, Middle East +5%** (Chart 11).

We maintain an underweight position in the consumer discretionary sector and do not exclude the luxury goods segment as an exception. In any case, for investors interested in entering this sector or building a structured solution, we would recommend Hermès, Richemont, and Ferrari. Hermès is the only luxury brand growing organically during the recession, now 30% cheaper than twelve months ago, with a P/E ratio of 34.6. Richemont offers the clearest exposure to the only personal luxury subcategory that continues to expand (jewelry, +5%), with a net cash balance sheet that provides downside protection. Ferrari has corrected from a P/E ratio of 43 to 30 without any operational impairment.

Chart 10: Amundi Global Luxury ETF vs. MSCIWorld

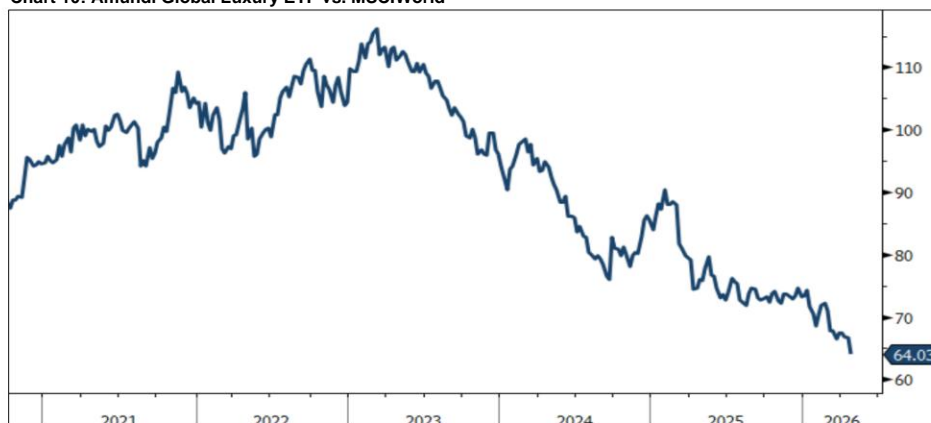
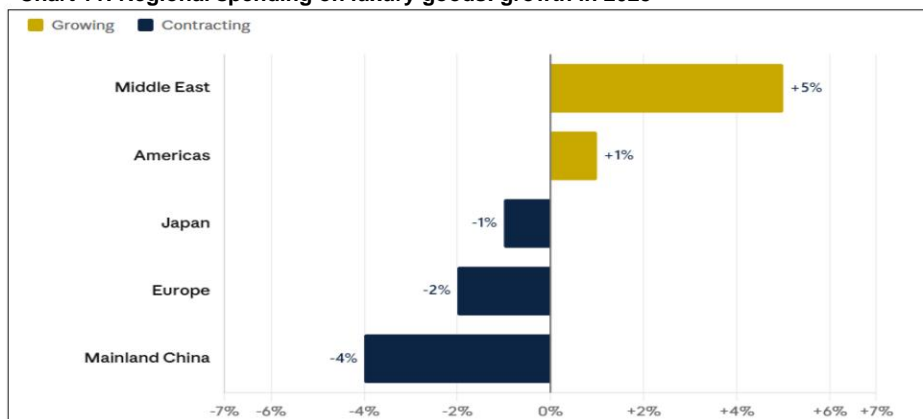


Chart 11: Regional spending on luxury goods: growth in 2025



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