

## SUMMARY OF LAST WEEK

US stock markets closed out their best month since 2020, with the S&P 500 reaching a new all-time closing high of 7,230.12 points, up **0.91%**, while the Nasdaq advanced **1.12%** and the Dow Jones gained **0.55%**. The week's highlight came on Wednesday, when the Federal Reserve kept its benchmark interest rate unchanged, between 3.5% and 3.75%, at Chairman Jerome Powell's final meeting at the helm of the institution. This marked the first time since October 1992 that four members of the FOMC disagreed: three voted against the accommodative guidance in the statement, while Stephen Miran, a Trump appointee, advocated for an immediate 25- basis-point cut. Powell announced he would remain on the Fed's Board of Governors until 2028, even though his chairmanship ends on May 15, stating that "the events of the last three months have left me no choice but to stay until they are resolved," referring to the Trump administration's legal attacks that threaten the central bank's independence. Meanwhile, the Senate Banking Committee approved Kevin Warsh's nomination to succeed Powell. The results of the "Magnificent Seven"

They dominated the week, as Meta plunged 8.55% on Thursday despite posting exceptional first-quarter results, with revenue soaring 33% year-over-year to \$56.3 billion and adjusted earnings per share of \$7.31, beating the estimate of \$6.82. Meanwhile, the company raised its 2026 capital expenditure guidance from \$115-135 billion to \$125-145 billion—the second upward revision in three months—while quarterly capital expenditure of \$19.84 billion fell short of the estimate of \$27.57 billion and user growth disappointed due to "internet outages in Iran," triggering concerns that AI infrastructure spending was spiraling out of control without clear visibility into the return on investment. JPMorgan downgraded the stock to "Neutral," arguing that "competition in full-stack AI is intensifying, and Meta faces a more difficult path to profitability on its high AI spending beyond advertising." Revenue from Alphabet's Google Cloud surged 63% year-over-year, while Amazon's AWS cloud business grew at its fastest pace in 15 quarters, and Apple shares rose.

Apple shares rose more than 3% on Friday after the company posted fiscal second-quarter results that beat expectations, with better-than-expected revenue prospects despite iPhone revenue missing estimates for the second consecutive quarter. Geopolitical tensions escalated when President Trump abruptly canceled plans on Saturday to send envoys Steve Witkoff and Jared Kushner to Pakistan for the second round of peace talks with Iran, citing "enormous infighting and confusion" within Tehran's leadership, even though Iran proposed a new agreement through Pakistani mediators, offering to reopen the Strait of Hormuz in exchange for postponing nuclear negotiations. Manufacturing data

These factors reinforced inflationary pressures, as the ISM manufacturing PMI remained steady at 52.7 in April, while the prices paid index surged to 84.6 — the highest since April 2022 — driven by rising energy costs and supply chain disruptions stemming from the Iran trade war, with the employment index falling further into contraction territory to 46.4, while the S&P Global manufacturing PMI was revised upward to 54.5.

# MACROECONOMIC FLUCTUATIONS AND DATA

## KEY DATES OF THE LAST WEEK

April 28

### Consumer confidence index of the Conference Board

Actual figure: 92.8 vs. survey: 89

April 29

### Building permits

Actual data: 1,538,000 vs. survey: 1,390,000

### Start of housing construction

Actual 1,356,000 vs. survey 1,369,000

### Orders for durable goods

Actual 0.8% vs. the survey 0.5%

### FOMC decision on interest rates of interest

Actual 3.75% vs. the survey 3.75%

April 30

### Year-on-year PCE price index

Actual 3.5% vs. the survey 3.5%

### Annualized GDP 1st quarter A - inter-quarterly

Actual 2.0% vs. the survey 2.3%

May 1st

### S&P Global US Manufacturing PMI

Actual 54.5 vs. poll 54.0

### ISM Manufacturing Index

Actual 52.7% vs. the survey 53.1%

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,674.25	0.89% $\bar{y}$ 8.30%	5.50%
MSCI EM	1,601.42	-0.53% $\bar{y}$ 11.14%	14.03%
MSCI EM LATIN AMERICA	3,193.06	-1.29% $\bar{y}$ 1.70%	17.86%
MSCI AC ASIA x JAPAN	1,045.87	-0.31% $\bar{y}$ 12.48%	14.50%
<b>USA</b>			
S&P 500 INDEX	7,230.12	0.91% $\bar{y}$ 9.84%	5.62%
NASDAQ COMPOSITE	25,114.44	1.12% $\bar{y}$ 14.79%	8.06%
DOW JONES INDUS. AVG	49,499.27	0.55% $\bar{y}$ 6.44%	2.99%
RUSSELL 2000 INDEX	2,812.82	0.93% $\bar{y}$ 11.18%	13.33%
<b>EUROPE</b>			
STXE 600 (EUR) Pr	611.55	0.15% $\bar{y}$ 2.50%	3.27%
Euro Stoxx 50 Pr	5,881.51	-0.03% $\bar{y}$ 3.31%	1.56%
DAX INDEX	24,292.38	0.57% $\bar{y}$ 4.85%	-0.81%
CAC 40 INDEX	8,114.84	-1.37% $\bar{y}$ 1.91%	-0.43%
FTSE MIB INDEX	48,246.12	0.71% $\bar{y}$ 5.75%	7.35%
IBEX 35 INDEX	17,781.00	-0.59% $\bar{y}$ 1.28%	2.73%
SWISS MARKET INDEX	13,136.27	-0.84% $\bar{y}$ 1.19%	-0.99%
FTSE 100 INDEX	10,363.93	-0.15% $\bar{y}$ -0.69%	4.36%
<b>ASIA</b>			
NIKKEI 225	59,513.12	0.63% $\bar{y}$ 11.39%	18.22%
HANG SENG INDEX	25,776.53	-0.54% $\bar{y}$ 2.63%	0.57%
CSI 300 INDEX	4,807.31	0.44% $\bar{y}$ 8.25%	3.83%
SENSEX	76,913.50	-0.97% $\bar{y}$ 4.90%	-9.75%
<b>LATAM</b>			
S&P/BMV IPC	67,858.09	-1.13% $\bar{y}$ -2.65%	5.52%
BRAZIL IBOVESPA INDEX	187,317.64	-2.12% $\bar{y}$ -0.39%	16.26%
MSCI COLCAP INDEX	2,178.00	-3.30% $\bar{y}$ -4.51%	5.32%
S&P/CLX IPSA (CLP) TR	10,908.30	-0.76% $\bar{y}$ 1.58%	4.07%

EQUITIES SECTORS	Last	5 Days	1 Month YTD
MSCI WRLD/COMM SVC	180.23	3.64% $\bar{y}$ 14.67%	8.14%
MSCI WORLD/ENERGY	352.15	3.51% $\bar{y}$ -0.76%	31.75%
MSCI WORLD BANK INDEX	194.47	2.04% $\bar{y}$ 6.79%	3.66%
MSCI WORLD/FINANCEVAL	186.16	1.14% $\bar{y}$ 5.54%	0.27%
MSCI WORLD/CON STPL	316.26	0.93% $\bar{y}$ 2.23%	6.39%
MSCI WORLD/UTILITY	221.75	0.92% $\bar{y}$ 0.76%	11.27%
MSCI WORLD/REAL EST	1,144.16	0.89% $\bar{y}$ 6.04%	8.57%
MSCI WORLD/INDUSTRIL	554.64	0.69% $\bar{y}$ 5.99%	11.03%
MSCI WORLD/HIGH CARE	376.49	0.61% $\bar{y}$ -1.44%	-5.75%
MSCI WORLD/CONS DIS	493.08	0.25% $\bar{y}$ 9.85%	-1.94%
MSCI WORLD/INF TECH	1,054.49	0.17% $\bar{y}$ 16.78%	8.31%
MSCI WORLD/MATERIAL	442.52	-1.89% $\bar{y}$ 2.10%	11.62%
PHILA GOLD & SILVER INDX	353.37	-7.66% $\bar{y}$ -8.73%	3.24%

US RATES	Last	5 Days Close	12M Close
2Y	3.88	3.78	0.10 3.70
5Y	4.01	3.91	0.10 3.80
10Y	4.37	4.30	0.07 4.22

BONDS CREDIT SPREAD	5 Days Close	12M Close
EM Bonds Spread	221.40	224.3
HY Bonds Spread	257.00	260.0
BBB 10yr Spread	173.02	171.9

FIXED INCOME	5 Days	1 Month YTD
US High Yield	2,953.13	0.05% $\bar{y}$ 1.42%
EM Bonds USD	1,399.50	-0.11% $\bar{y}$ 1.95%
EM Local Currency	152.88	-0.57% $\bar{y}$ 1.87%
CoCos USD	152.03	0.10% $\bar{y}$ 2.01%
IG BBB 3-5yr USD	394.56	-0.37% $\bar{y}$ 0.52%
IG AA Corp USD	285.45	-0.62% $\bar{y}$ -0.19%

COMMODITIES	Last	5 Days	1 Month YTD
CRB INDEX	393.40	3.20% $\bar{y}$ 3.25%	31.67%
WTI	101.94	7.99% $\bar{y}$ 1.82%	77.53%
Brent	117.36	3.93% $\bar{y}$ -7.20%	87.93%
US Natural Gas	2.78	10.19% $\bar{y}$ -1.38%	-24.58%
<b>S&amp;P GSCI Precious Metal</b>			
	6,233.72	-1.87% $\bar{y}$ -0.13%	7.13%
Gold	4,614.21	-2.02% $\bar{y}$ -3.03%	6.83%
Silver	75.36	-0.49% $\bar{y}$ 0.37%	5.16%
Platinum	1,990.34	-1.34% $\bar{y}$ 1.26%	-3.41%
Palladium	1,527.04	2.14% $\bar{y}$ 3.35%	-5.74%
<b>S&amp;P GSCI Industrial Metal Index</b>			
	607.80	-2.05% $\bar{y}$ 3.97%	10.03%
Aluminum	3,522.00	-1.92% $\bar{y}$ -0.27%	17.58%
Copper	12,916.40	-2.49% $\bar{y}$ 4.59%	3.72%
Nickel	19,182.13	1.89% $\bar{y}$ 12.69%	16.25%
<b>S&amp;P GSCI Agriculture</b>			
	384.04	3.01% $\bar{y}$ 5.58%	8.98%

CURRENCIES	Last	5 Days	1 Month YTD
CHF vs USD	0.7821	0.37% $\bar{y}$ 1.55%	1.34%
JPY vs USD	157.0100	1.51% $\bar{y}$ 1.15%	-0.19%
CAD vs USD	1.3589	0.58% $\bar{y}$ 2.11%	0.99%
EUR vs USD	1.1721	-0.01% $\bar{y}$ 1.14%	-0.21%
GBP vs USD	1.3583	0.38% $\bar{y}$ 2.09%	0.80%
AUD vs USD	0.7202	0.70% $\bar{y}$ 3.96%	7.93%
BRL vs USD	4.9554	1.27% $\bar{y}$ 4.54%	10.48%
MXN vs USD	17.4566	-0.45% $\bar{y}$ 2.08%	3.16%
COP vs USD	3,638.50	-2.21% $\bar{y}$ 0.97%	3.82%
CNY vs USD	6.8281	0.05% $\bar{y}$ 0.97%	2.34%
EUR vs CHF	0.9150	0.55% $\bar{y}$ 0.60%	1.72%
DOLLAR INDEX	98.1560	-0.38% $\bar{y}$ -1.50%	-0.17%
BITCOIN	78,155.38	1.54% $\bar{y}$ 16.76%	-10.83%

## KEY DATES OF THE NEXT WEEK

May 4th

### Orders for durable goods

Survey 0.8%

May 5th

### Trade balance

Survey -60 600 million dollars

### S&P Global US Services PMI

Survey 51.4

### S&P Global US Composite PMI

Survey 52.0

### ISM Services Index

Survey 53.7

### New home sales

Survey 660,000

May 8

### Change in non-agricultural employment

Survey: 62,000

### Unemployment rate

Survey 4.3%

# FIRST QUARTER OF 2026 – FINANCIAL RESULTS

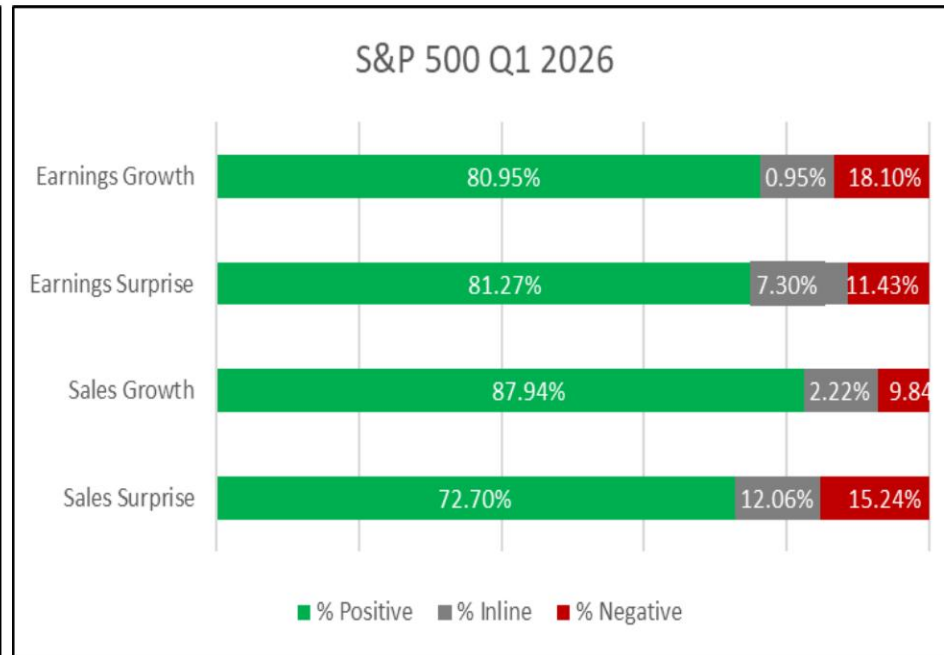
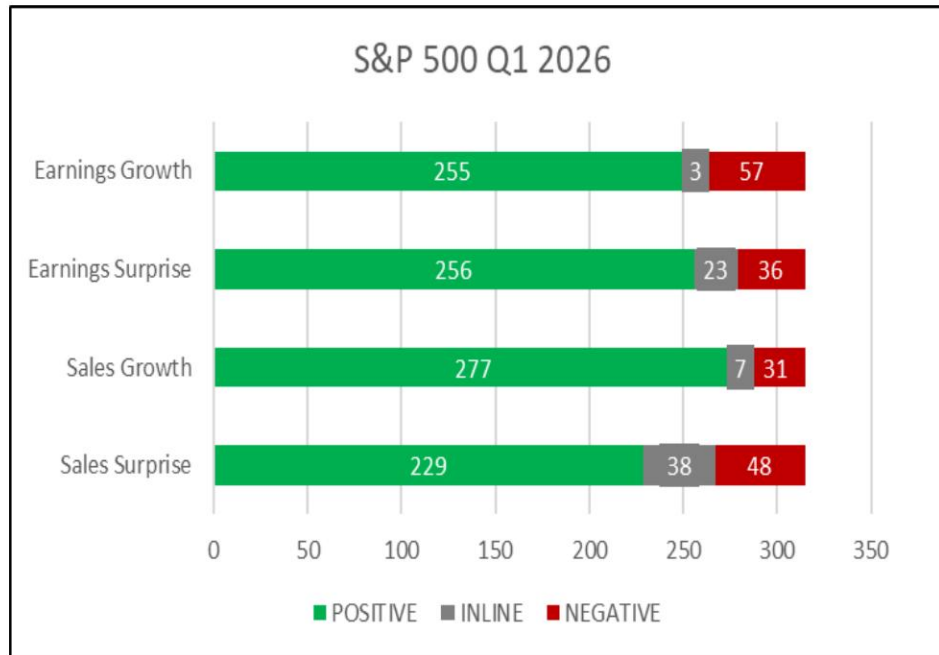
Earnings Growth				
	Positive	Inline	Negative %	
<b>S&amp;P 500</b>	<b>255</b>	<b>3</b>	<b>57</b>	<b>28.34%</b>
Materials	14	0	4	40.36%
Industrials	46	0	12	13.82%
Consumer Staples	14	0	6	5.95%
Energy	8	0	5	-5.36%
Technology	27	0	1	42.09%
Consumer Discretionary	17	0	10	53.28%
Communications	10	0	2	54.80%
Financials	65	0	0	26.49%
HealthCare	26	0	8	-4.65%
Utilities	10	0	3	9.97%
Real Estate	18	3	6	15.04%

Earnings Surprise				
	Positive	Inline	Negative %	
<b>S&amp;P 500</b>	<b>256</b>	<b>23</b>	<b>36</b>	<b>20.66%</b>
Materials	13	2	3	12.70%
Industrials	47	5	6	8.86%
Consumer Staples	17	1	2	6.09%
Energy	11	1	1	23.46%
Technology	27	1	0	10.55%
Consumer Discretionary	18	2	7	53.94%
Communications	11	0	1	61.86%
Financials	53	2	10	7.14%
HealthCare	31	1	2	11.51%
Utilities	8	3	2	4.34%
Real Estate	20	5	2	6.02%

Sales Growth				
	Positive	Inline	Negative %	
<b>S&amp;P 500</b>	<b>277</b>	<b>7</b>	<b>31</b>	<b>11.18%</b>
Materials	16	0	2	7.95%
Industrials	49	2	7	9.12%
Consumer Staples	14	2	4	12.42%
Energy	11	1	1	4.83%
Technology	27	0	1	22.05%
Consumer Discretionary	20	1	6	10.08%
Communications	11	0	1	15.97%
Financials	59	0	6	11.14%
HealthCare	34	0	0	7.98%
Utilities	13	0	0	10.42%
Real Estate	23	1	3	11.79%

Sales Surprise				
	Positive	Inline	Negative %	
<b>S&amp;P 500</b>	<b>229</b>	<b>38</b>	<b>48</b>	<b>2.05%</b>
Materials	15	1	2	2.65%
Industrials	43	7	8	2.51%
Consumer Staples	15	4	1	1.25%
Energy	11	0	2	1.89%
Technology	26	2	0	3.39%
Consumer Discretionary	16	5	6	1.54%
Communications	7	4	1	1.87%
Financials	37	8	20	0.70%
HealthCare	29	2	3	2.38%
Utilities	11	0	2	5.01%
Real Estate	19	5	3	1.97%

## FIRST QUARTER OF 2026 – FINANCIAL RESULTS



# LAST WEEK'S RESULTS SEASON

DATE	COMPANY	VALUE YOURSELF		CURRENT		DIFFERENCE	
		EPS	REV	EPS	REV	EPS	REV
04/27/2026 (AM)	VERIZON COMMUNIC 04/28/2026 (AM)	\$1.21	\$34.80 B	\$1.28	\$34.44 B	5.8%	-1.0%
04/28/2026 (AM)	COCA-COLA CO/THE 04/28/2026 (AM) AMERICAN	\$0.81	\$12.14 B	\$0.86	\$12.47 B	6.0%	2.7%
04/28/2026 (AM)	TOWER C 04/28/2026 (AM) BOOKING HOLDINGS	\$2.39	\$2.65 B	\$2.74	\$2.74 B	14.5%	3.3%
04/28/2026 (AM)	GENERAL MOTORS C 04/28/2026	\$1.07	\$5.51 B	\$1.14	\$5.53 B	6.1%	0.5%
(AM)	STARBUCKS CORP 04/28/2026 (AM) UNITED	\$2.60	\$43.40 B	\$3.70	\$43.62 B	42.3%	0.5%
04/28/2026 (PM)	PARCEL-B 04/28/2026 (PM) MONDELEZ INTER-A	\$0.43	\$9.14 B	\$0.50	\$9.53 B	17.4%	4.3%
04/28/2026 (PM)	VISA INC-CLASS A 04/28/2026	\$1.03	\$20.99 B	\$1.07	\$21.20 B	3.5%	1.0%
(PM)	T-MOBILE US INC 04/29/2026 (AM) ABBVIE INC	\$0.61	\$9.77 B	\$0.67	\$10.08 B	9.8%	3.2%
04/29/2026 (AM)	GENERAL DYNAMICS 04/29/2026	\$3.10	\$10.74 B	\$3.31	\$11.23 B	6.6%	4.5%
(PM)	AMAZON.COM INC 04/29/2026 (PM)	\$2.06	\$22.98 B	\$2.27	\$23.11 B	10.5%	0.6%
04/29/2026 (PM)	ALPHABET INC-A 04/29/2026 (PM)	\$2.60	\$14.73 B	\$2.65	\$15.00 B	1.9%	1.9%
04/29/2026 (PM)	MICROSOFT CORP 04/29/2026 (PM) META PLATFORMS-	\$3.69	\$12.70 B	\$4.10	\$13.48 B	11.2%	6.1%
04/29/2026 (PM)	QUALCOMM INC 04/30/2026 (AM)	\$1.62	\$177.23 B	\$2.78	\$94.67 B	71.3%	2.4%
04/30/2026 (AM)	CATERPILLAR INC 04/30/2026 (AM)	\$2.62	\$91.57 B	\$5.11	\$56.31 B	94.7%	3.4%
04/30/2026 (AM)	CONOCOPHILLIPS 04/30/2026 (AM) MERCK & CO	\$4.03	\$81.46 B	\$4.27	\$10.60 B	5.9%	1.7%
04/30/2026 (AM)	SOUTHERN CO 04/30/2026 (AM)	\$6.65	\$55.51 B	\$10.44	\$16.47 B	57.1%	1.4%
04/30/2026 (AM)	ALTRIA GROUP INC 04/30/2026 (AM) BRISTOL-	\$2.55	\$10.56 B	\$2.65	\$16.05 B	3.9%	0.3%
04/30/2026 (AM)	MYER SQB 04/30/2026 (AM) MASTERCARD INC-	\$4.63	\$15.41 B	\$5.54	\$16.29 B	19.7%	6.9%
04/30/2026 (AM)	ELI LILLY & CO 04/30/2026 (PM)	\$1.72	\$15.38 B	\$1.89	\$8.40 B	10.1%	4.4%
04/30/2026 (PM)	AMGEN INC 04/30/2026 (PM) APPLE INC	(\$1.47)	\$15.83 B	(\$1.28)	\$4.76 B	NA	2.9%
05/01/2026 (AM)	CHEVRON CORP 05/01/2026	\$1.21	\$7.95 B	\$1.32	\$11.49 B	8.7%	5.6%
05/01/2026 (AM)	EXXON MOBIL CORP 01/05/2026 (AM) LINDE	\$1.25	\$4.57 B	\$1.32	\$8.40 B	6.0%	4.1%
01/05/2026 (AM)	COLGATE-PALMOLIV	\$1.40	\$10.86 B	\$1.58	\$19.80 B	12.6%	5.8%
		\$4.39	\$8.25 B	\$4.60	\$8.62 B	4.8%	1.8%
		\$6.84	\$17.77 B	\$8.55	\$111.18 B	25.1%	11.4%
		\$4.75	\$8.57 B	\$5.15	\$48.61 B	8.4%	0.6%
		\$1.96	\$109.66 B	\$2.01	\$85.14 B	23%	1.4%
		\$0.90	\$50.61 B	\$1.41	\$8.78 B	57.0%	-4.0%
		\$0.96	\$80.74 B	\$1.16	\$5.32 B	21.1%	5.5%
		\$4.27	\$8.60 B	\$4.33		1.5%	2.1%
		\$0.95	\$5.21 B	\$0.97		2.6%	2.2%

Informational content. Reproduction or redistribution is not authorized without consent.  
For informational use only. Not for public redistribution.

For recipient use only - This presentation is not for use or distribution to the general public.

Source: Sentosa, Co

# NEXT WEEK'S RESULTS SEASON

DATE	COMPANY	VALUE YOURSELF		CURRENT		DIFFERENCE	
		EPS	REV	EPS	REV	EPS	REV
05/02/2026	BERKSHIRE HATH-B	\$7,777.54	\$91.21 B				
05/04/2026	PALANTIR TECHN-A	\$0.28	\$1.54 B				
05/05/2026	PFIZER INC	\$0.73	\$13.84 B				
05/05/2026	ADV MICRO DEVICE	\$1.28	\$9.88 B				
05/05/2026	DUKE ENERGY CORP	\$1.87	\$8.45 B				
05/05/2026	EMERSON ELEC CO	\$1.53	\$4.60 B				
05/06/2026	WALT DISNEY CO/T	\$1.51	\$24.85 B				
05/06/2026	UBER TECHNOLOGY	\$0.68	\$13.33 B				
05/06/2026	CVS HEALTH CORP	\$2.18	\$94.81 B				
05/07/2026	MCDONALDS CORP	\$2.75	\$6.46 B				
05/07/2026	GILEAD SCIENCES	\$1.91	\$6.91 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			

April 2026 was the strongest month for equity markets since 2020, which shifted into risk-seeking mode following signs of a peace agreement with Iran. Despite reaching new highs, the momentum has cooled after a strong and impressive three-week rally of 18%. Markets are now at their highest level of the year in positive territory. However, the situation remains fragile, and the current recovery rally should be viewed with caution. We remain cautious, as markets continue to be 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 Iran conflict, but in a worse economic environment. Furthermore, the consensus seems overly 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

### Basic consumer goods: The erosion of the defensive premise

The consumer staples sector has experienced a turbulent two and a half years that contradict much of what investors think they know about exposure to defensive equities. Following a valuation downgrade in 2023 triggered by AI-driven yield concentration and the Federal Reserve's aggressive monetary tightening—which simultaneously favored mega-cap growth companies and pushed yield-seeking capital into fixed income—the sector saw a lackluster 2025, as artificial intelligence absorbed almost all marginal risk capital. **In early 2026, commodities then experienced a sharp rotation surge (similar to the same period in 2025), as investors reduced their saturated technology positions and Walmart joined the trillion-dollar club** (Charts 1 and 2). However, when the extreme geopolitical risk materialized at the end of February with Operation Epic Fury and the effective closure of the Strait of Hormuz, the sector failed to fulfill its expected defensive role.

The Russell 3000 consumer staples index lost 10% in March 2026, a steeper decline than the industrials and basic materials sectors, with the energy sector being the only one to post positive returns in the overall market. Today's commodity companies are no longer a clear hedge against inflation: they remain structurally exposed to the same supply chain channels—packaging resins, edible oils, fertilizers, shipping—that are now being disrupted by geopolitical oil crises. Pricing power, a cornerstone of the post-COVID defensive thesis, has visibly eroded as a value-conscious consumer resists further price hikes. The result is a sector caught in a vise: rising input costs on one hand, and waning demand on the other.

Chart 1: MSCI Consumer Commodity Index

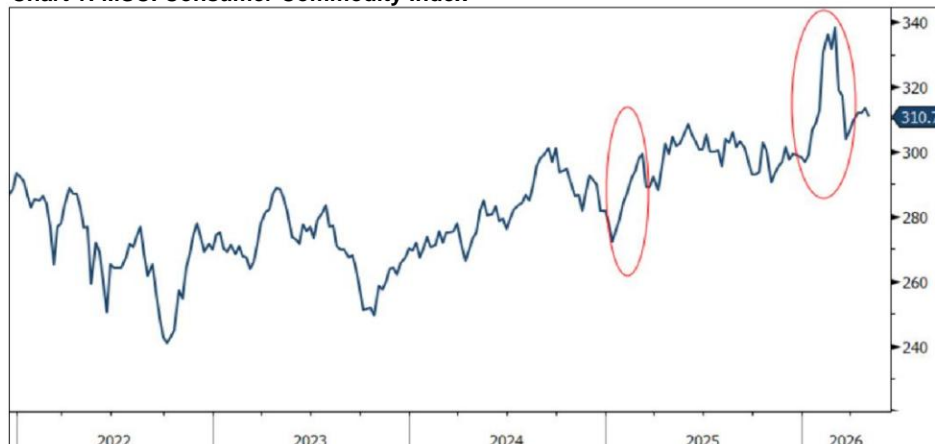
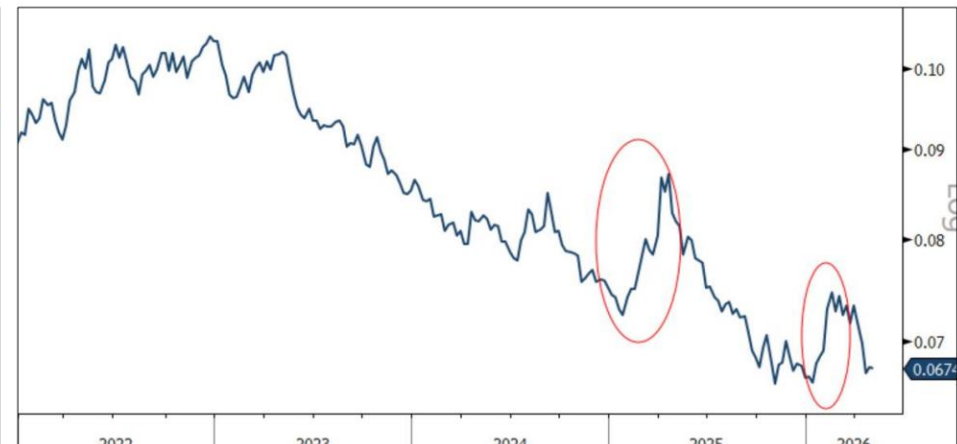


Chart 2: MSCI Consumer Staples vs. MSCI World ratio



## THE TOPIC OF THE WEEK

### Benchmark Index Weightings and Subsector Composition The consumer staples sector

**has very different weightings in regional benchmark indices** (Chart 3), which has direct implications for portfolio construction. In the S&P 500, the sector represents approximately 5.5% of total market capitalization, the lowest weighting of the three major regions. The STOXX Europe 600 has roughly double that exposure at 10.5%, reflecting the dominance of European multinationals such as Nestlé, Unilever, L'Oréal, AB InBev, and Diageo within the regional benchmark. The MSCI ACWI falls between these two at approximately 6.0%, weighed down by the US dominance in the global index but modestly boosted by European and Asian components. For investors using European benchmarks, overall index exposure already provides a significant defensive counterweight. For US investors, active overweighting is required to achieve comparable sector exposure. **The internal composition of the sector has changed significantly since the 2023 GICS reclassification, which created a specific subsector of "Distribution and Retailing of Consumer Commodities," separating Walmart, Costco, and other similar food-focused companies from the broader retail sector** (Chart 4).

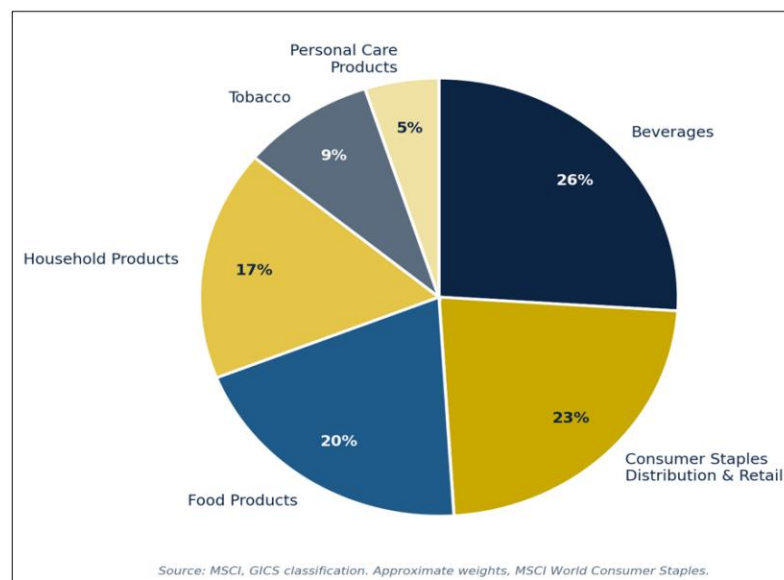
Beverages remain the largest subsector, representing approximately 26% of the MSCI World Consumer Staples basket, led by Coca-Cola, PepsiCo, and the world's major spirits companies. Distribution and retail follow at 23%, food products at 20%, and household products at 17%, the latter including companies such as Procter & Gamble, Reckitt, Henkel, and Colgate-Palmolive. Tobacco and personal care products round out the sector at approximately 9% and 5%, respectively. This composition is important because the resilience profile of each subsector to oil and food input crises differs markedly: distribution and retail and tobacco have proven to be the least sensitive to commodity volatility, while food products and household products have experienced the greatest gross margin compression in the current cycle.

Chart 3: Basic consumer goods – Weighting in the main stock market indices



## THE TOPIC OF THE WEEK

Chart 4: MSCI Consumer Staples – Subsector Composition



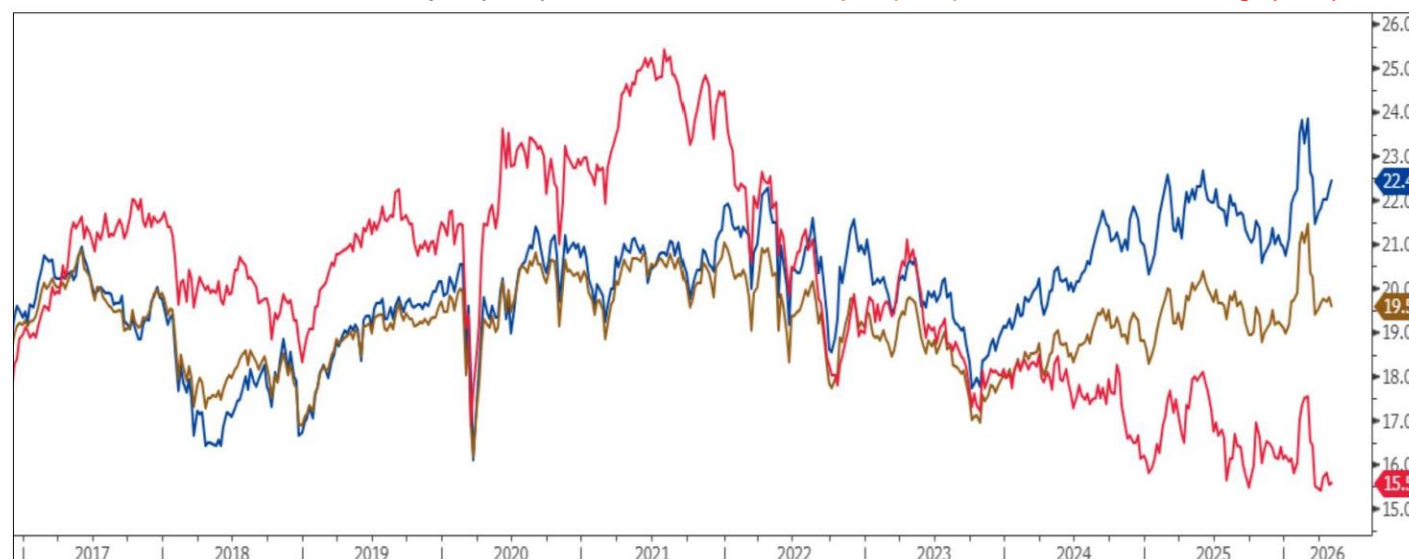
### Earnings and Valuation Trajectory

The valuation landscape is an important factor in deciding the regional rating, and the three benchmark levels we are observing send three distinct signals.

**The S&P 500 consumer staples subsector is trading at 22.4 times forward earnings, compared to a 10-year average of 18.0 times, representing a 23% premium that is difficult to justify given the simultaneous deterioration in expected earnings** (Chart 5). Analysts' full-year 2026 growth estimates have been cut to approximately 4.2%, down from 7% a year ago, and Bloomberg Intelligence has indicated that a gross margin compression of between 200 and 500 basis points is plausible if Brent crude remains above \$100 per barrel. This valuation is rather unattractive compared to other regions. **The MSCI World consumer staples sector, with a P/E ratio of 19.6 compared to its 10-year average of 17.7, tells a similar, albeit more moderate, story: an 11% premium, partially diluted by less expensive non-US components** (Chart 5). The European landscape is substantially different and, in our opinion, represents the most attractive opportunity in the sector globally. **The STOXX 600 Food & Beverage sub-index is trading at 15.6 times forward earnings, a 16% discount to its 10-year average of 18.2 times** (Chart 5).

## THE TOPIC OF THE WEEK

Chart 5: Future P/E: S&P Consumer Staples (22.4x); MSCI World Consumer Staples (19.6x); Stoxx 600 Food & Beverage (15.6x)



This is the lowest valuation, both in absolute and relative terms, of the main markets' commodities, and it reflects three real concerns that, in our view, are increasingly being reflected in prices: the erosion of demand for LPG-1 in snacks and beverages, weakness in China in spirits and luxury foods, and, most recently, the compression of margins caused by the disruption of the Strait of Hormuz.

Recent first-quarter results from Nestlé and Danone showed the first volume growth after a prolonged period of stagnation, suggesting that the demand readjustment is largely behind us for the sector. Procter & Gamble's chief financial officer has indicated to investors that they should expect stronger results in the second half of fiscal year 2026. With pricing power partially recovered, exchange rate dynamics heading toward mean reversion against an overvalued dollar, and the multiple already pricing in bearish sentiment, the asymmetry in European commodities has shifted favorably.

The general idea that consumer staples are expensive is correct overall, but misleading when analyzed by region. The US subsector is overvalued, the MSCI World is fairly valued, and the European food and beverage group is the only major commodity segment trading below its long-term average—and precisely below it just as fundamentals begin to shift.

## THE TOPIC OF THE WEEK

**Opportunities, Catalysts, and Outlook: The European Food & Beverage Sector.** The European food and beverage sector is the only segment of consumer staples where the asymmetry has clearly shifted, but the 16% discount to the ten-year average of 18.2x masks an unusual feature of the index that significantly influences how the entry point should be sized. Spirits companies—Diageo, Pernod Ricard, Davide Campari, and Rémy Cointreau—account for approximately 24% of the STOXX 600 Food & Beverage Index, with beer making up an additional 19%. Alcoholic beverages represent more than 40% of the sector, and the spirits subsegment has been hit by a triple shock that no other part of the sector has faced simultaneously.

China imposed antidumping duties on European cognac for 2024 and 2025, structurally harming Pernod's Martell franchise and Rémy Cointreau's core export business. The 2025 US tariff packages on EU spirits added a second layer of margin compression to the transatlantic portfolios of Pernod, Diageo, and Campari. This is compounded by the secular effect of LPG-1 and the post-COVID reduction in premium spirits stocks, which has weighed on Diageo for two years, eroding category volumes. Spirits multiples have compressed from historical averages of 22-24x to 14-17x, dragging down the aggregate European food sector multiple by approximately 1.0 to 1.5 points.

The discount, however, extends beyond spirits. **Heineken trades at 12.5 times compared to a 10-year average of 19.0 times, Kerry Group at 14.1 times compared to 22.0 times, and Nestlé at 17.6 times compared to 21.1 times** (Charts 7 and 8). The food, ingredients, and beer sectors are all significantly undervalued, meaning the underlying upside opportunity reflects sector-wide pressures—LPG-1 uncertainty, weak Chinese consumption, currency drag, and the post-2024 AI rotation—rather than a spirits-specific distortion.

Chart 7: Food and beverages in Europe: Future P/E ratio versus 10-year average

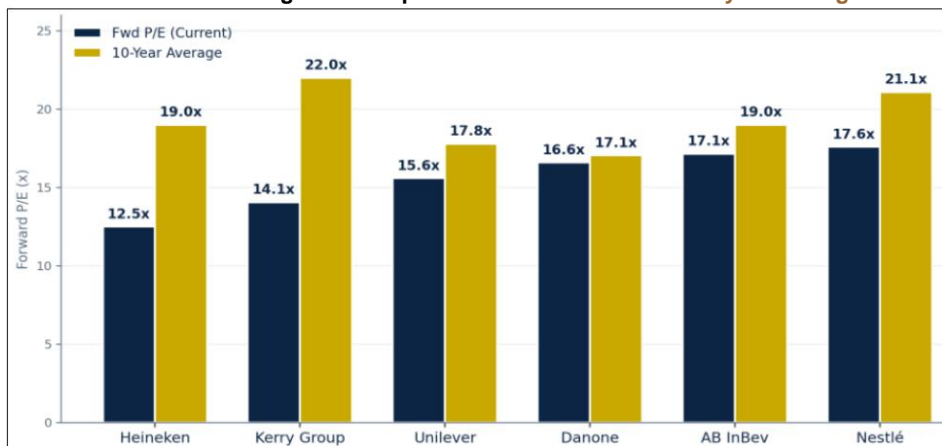
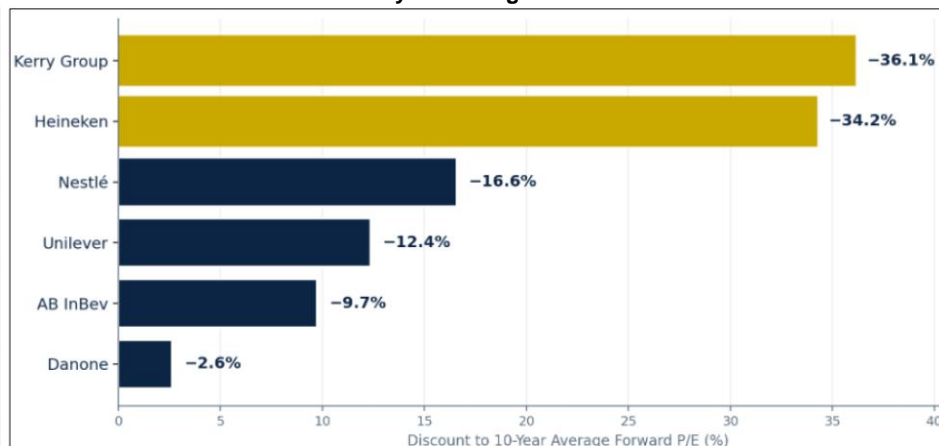


Chart 8: Discount relative to the 10-year average



## THE TOPIC OF THE WEEK

### The Three Levels of Conviction :

Globally, there are four catalysts that could drive the European sector's appreciation going forward. The first is the shift in volume trends. Both Nestlé and Danone posted positive organic volume growth in the first quarter after several years of stagnation, ending the post-COVID elasticity readjustment that had compressed multiples across the sector. The second is currency optionality. European commodity multinationals derive between 30% and 50% of their revenue in US dollars, and any reversion to the dollar average against the euro and Swiss franc generates a direct upside boost without requiring an operating increase. The third is the slowdown in GLP-1 prescription growth, now that initial penetration has stabilized, eliminating structural excess demand for confectionery, snacks, and packaged foods. The fourth is portfolio restructuring and mergers and acquisitions activity, with Kimberly-Clark's bid for Kenvue setting a precedent for consolidation in the premium segment that should support sentiment across the group.

The European sector can now be divided into three different levels of conviction:

- The top position focuses on Nestlé, Danone, and Unilever, leaders in the food and household products sector that are trading at significant discounts to their historical averages and whose specific catalysts are already showing signs of improvement.
- Beer offers a second, selective level, led by Heineken at 12.5 times—the largest pure quality discount in the group and supported by the recovery in volume emerging markets—, with AB InBev as a cyclical support position.
- Spirits require a different perspective. US tariffs could persist beyond a single political cycle. Diageo, more geographically diversified, is the most defensible spirits company; Pernod Ricard and Rémy Cointreau now trade at depressed multiples reflecting a near-permanent deterioration in China. **In any case, spirits companies have been thoroughly devastated since 2023 and now trade at a deep discount** (Charts 9 and 10).

Chart 9: Rémy Cointreau; Diageo; Pernod Ricard

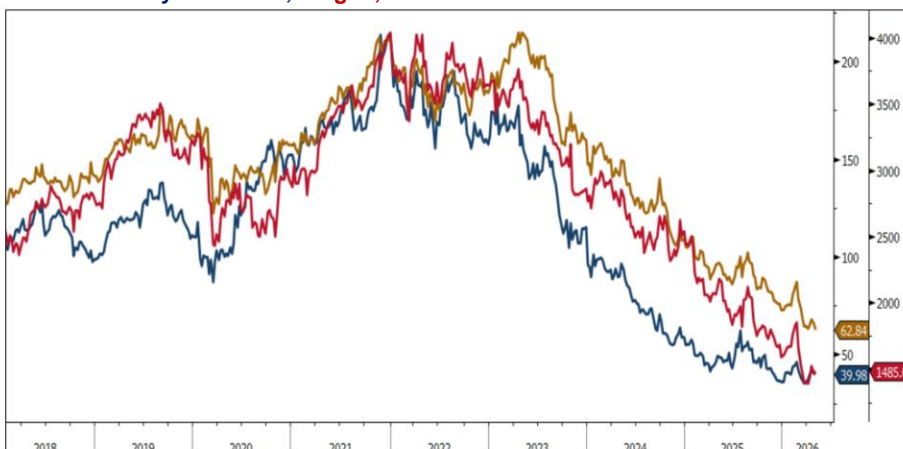
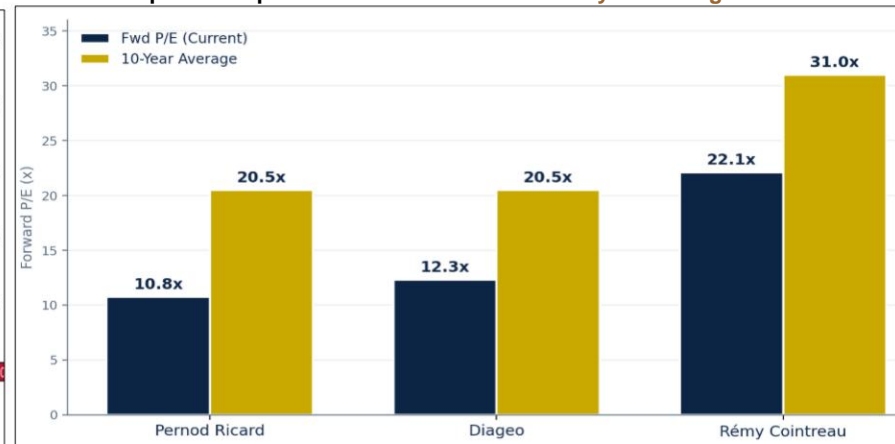


Chart 10: Spirits companies – Future P/E ratio vs. 10-year average



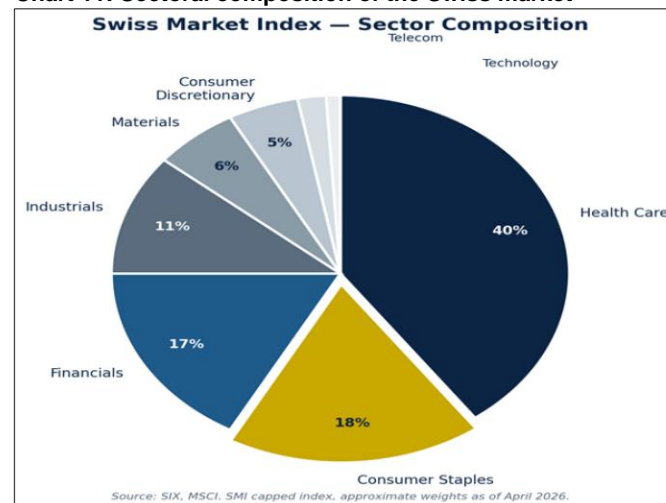
## THE TOPIC OF THE WEEK

### Switzerland as an indirect investment:

The Swiss stock market offers the most concentrated and highest-quality access to the European food and beverage thesis available in any single market. Switzerland is, by composition, the most defensive of the major developed equity markets: **the healthcare and consumer staples sectors together account for the largest share of the SPI, at approximately 58% of the index—40% for healthcare and 18% for consumer staples—and the weighting of consumer staples is more than three times that of the S&P 500** (Chart 11). This defensive composition is unusual and, in our view, currently undervalued. The SPI is trading at 18.2 times forward earnings, which is a significant discount to both the S&P 500 at 20.7 times and the MSCI World at 19.4 times—approximately 12% and 6%, respectively. A market dominated by defensive, dividend-paying global industry leaders should normally enjoy a quality premium over the global benchmark index, not a discount.

The valuation gap underestimates a qualitative difference. While exposure to US commodities offers Walmart, Costco, and a long list of mid-cap multinationals, exposure to Swiss commodities offers global industry leaders with dominant pricing power, decades-long dividend track records, and direct exposure to the European food and beverage sector's upside thesis—all denominated in the developed world's strongest currency. A diversified basket of Swiss commodities comprising five stocks—Nestlé, Lindt & Sprüngli, Givaudan, Barry Callebaut, and Emmi—covers the entire vertical value chain of European food and beverages, from early-stage ingredients to branded products and specialized regional leaders. CHF-denominated cash flows provide structural protection against further dollar weakness, and concentrating the sector in a single, high-quality jurisdiction simplifies governance and disclosure compared to pan-European alternatives.

Chart 11: Sectoral composition of the Swiss market



## Legal Notice

---

**In On Capital, SA** makes this content available for informational purposes only and without the intention of constituting a solicitation or offer, recommendation or advice for to acquire or sell rights to securities or investment products or to be a party to any transaction of any kind, particularly with any recipient other than a Qualified, authorized, eligible, and/or professional investor. This content is for the sole use of the recipient and may not be communicated, printed, downloaded, used, or reproduced for no other purpose. It is not intended for distribution to, or use by, any natural or legal persons who are nationals of a country, or is subject to the jurisdiction of a jurisdiction whose laws or regulations prohibit such distribution or use. While In On Capital will make every effort to obtain information from sources it considers reliable, In On Capital, its directors, representatives, employees, agents, or shareholders assume no responsibility for this content and make no warranties of liability. Warranty. The data mentioned is not accurate, complete, or reliable. Therefore, In On Capital assumes no responsibility for any loss resulting from the use of This content. Ongoing information, revisions, and evaluations in this document will apply at the time of publication and may be revoked or modified without notice. Prior notice is required. This content is intended only for recipients who understand and can assume the risks involved. Before making any transaction, recipients They must determine whether the product or investment product mentioned in the content corresponds to their particular circumstances and must ensure they evaluate independently (with their professional advisors) the specific risks and legal, tax, and accounting consequences and eligibility requirements for any purchase, holding, or sale of securities or investment products mentioned in the content. In On Capital, its directors, representatives, employees, agents, or shareholders may have interest in the investments described in this document and/or be bound by subscription commitments to such investments. In On Capital does not guarantee the suitability of the Information, notices, or investment values and products mentioned. Historical performance data for securities and investment products or underlying assets are not a The organizational unit responsible for financial research. In On Capital is subject to separate regulatory requirements and certain services, securities, and/or investment products. These services may not be available in all jurisdictions or to all types of recipients. Recipients must comply with all applicable laws and regulations. This document is not intended to provide investment services, securities, and/or products in countries or jurisdictions where such an offer would be illegal under applicable local laws and regulations. In On Capital, SA is an entity regulated and supervised by the Superintendency of the Securities Market of Panama (SMV) 296/2014.