

## SUMMARY OF LAST WEEK

US stock markets experienced a volatile week with mixed results, as technology and semiconductor stocks swung wildly. The Nasdaq Composite plunged 4.2% on Friday of last week—its biggest drop since April 2015— before rebounding on Monday thanks to a rally in semiconductor stocks, although underlying concerns about profit-taking persisted throughout the week. Overall, markets managed to maintain a positive trend for the week. The S&P 500 rose **0.65 %**, the Dow Jones gained **0.66%** , and the Nasdaq **climbed 0.70 %**. Small-cap companies surprised with a strong rally of **3.90 %**.

The most significant monetary policy development of the week came on Thursday, when the European Central Bank raised interest rates by 25 basis points to 2.25% on the deposit facility rate, its first rate hike in nearly three years. ECB President Christine Lagarde defended the move as sound under multiple economic scenarios and cited inflationary pressures stemming from the Middle East conflict. The increase reflected growing concerns among policymakers about the inflationary impact of the energy crisis.

Triggered by the Iran war and the disruption of shipping routes, euro area inflation accelerated to 3.2% in May, well above the ECB's 2% target, creating a stagflationary dilemma as GDP growth forecasts were cut to 0.8% in 2026, and the ECB's first major rate hike served as a symbolic measure to signal a willingness to prevent inflation from spiraling out of control. In the US, the dominant narrative of the week centered on SpaceX's historic initial public offering, as Elon Musk's space conglomerate priced its shares at \$135 for its June 12 debut on the Nasdaq under the ticker SPCX. The company aimed to raise approximately \$75 billion against a valuation of \$1.75 trillion, the largest capital raise in history. Trading opened at \$150 per share and closed at \$161—a 19% increase on its first day. The mega-IPO captured the attention of retail investors despite warnings from analysts that "the numbers don't add up," given SpaceX's valuation multiple of 109-116 times revenue, a level typically reserved for early-stage software companies rather than capital-intensive aerospace businesses. The quote represented a vertically integrated conglomerate of space, connectivity, and artificial intelligence, with Starlink contributing 1190

Millions of dollars in operating profit in the first quarter of 2026 from approximately 10.3 million subscribers, although xAI's operations posted losses exceeding \$6 billion in 2025, sparking debate among market observers about whether the \$1.75 trillion valuation was justified, given the revenue multiple of between 109 and 116 times. Marvell Technology announced its inclusion in the S&P 500 effective June 22, triggering a roughly 9% surge in the stock price following the news, as the AI chipmaker became the best-performing semiconductor company of the week. Geopolitical developments provided modest support, as negotiators reached a preliminary 60-day memorandum of understanding to extend the US-Iran ceasefire and begin nuclear negotiations, although the agreement still required formal approval from President Trump, with oil prices falling to near two-month lows, approaching \$85 a barrel, thanks to optimism over the peace deal.

# MACROECONOMIC FLUCTUATIONS AND DATA

## KEY DATES OF THE LAST WEEK

### June 9th

#### Sales of existing homes

Actual figures: 4.17 million versus the forecast of 4.07 million

### June 10th

#### Month-on-month CPI

Actual 0.5% vs. the survey 0.5%

#### year-on-year CPI

Actual 4.2% vs. the survey 4.2%

### June 11th

#### Inter-monthly final demand PPI

Actual 1.1% vs. the survey 0.7%

### June 12th

#### University of Michigan Confidence Index

Actual figure: 48.9 vs. survey: 46.0

GLOBAL EQUITY INDICES	Last	5 Days	1 Month YTD
MSCI WORLD	4,788.22	0.68% $\bar{y}$ 0.98%	8.08%
MSCI EM	1,715.97	-0.08% $\bar{y}$ 2.87%	22.19%
MSCI EM LATIN AMERICA	3,008.62	4.20% $\bar{y}$ -0.38%	11.05%
MSCI AC ASIA x JAPAN	1,133.84	-0.63% $\bar{y}$ 2.78%	24.13%
<b>USA</b>			
S&P 500 INDEX	7,431.46	0.65% $\bar{y}$ 0.31%	8.56%
NASDAQ COMPOSITE	25,888.84	0.70% $\bar{y}$ -1.28%	11.39%
DOW JONES INDUS. AVG	51,202.26	0.66% $\bar{y}$ 3.38%	6.53%
RUSSELL 2000 INDEX	2,943.99	3.90% $\bar{y}$ 5.39%	18.62%
<b>EUROPE</b>			
STXX 600 (EUR) Pr	633.21	1.69% $\bar{y}$ 4.33%	6.93%
Euro Stoxx 50 Pr	6,187.63	2.07% $\bar{y}$ 6.18%	6.84%
DAX INDEX	24,635.30	-0.50% $\bar{y}$ 2.86%	0.59%
CAC 40 INDEX	8,350.87	1.61% $\bar{y}$ 5.01%	2.47%
FTSE MIB INDEX	51,497.21	3.22% $\bar{y}$ 4.85%	14.58%
IBEX 35 INDEX	18,764.40	2.29% $\bar{y}$ 6.48%	8.42%
SWISS MARKET INDEX	13,708.02	2.39% $\bar{y}$ 3.69%	3.32%
FTSE 100 INDEX	10,471.72	1.00% $\bar{y}$ 2.71%	5.44%
<b>ASIA</b>			
NIKKEI 225	66,020.04	-0.85% $\bar{y}$ 7.51%	31.15%
HANG SENG INDEX	24,718.10	-0.98% $\bar{y}$ -4.79%	-3.56%
CSI 300 INDEX	4,777.32	-0.82% $\bar{y}$ -1.69%	3.18%
SENSEX	75,527.95	1.73% $\bar{y}$ 0.39%	-11.37%
<b>LATAM</b>			
S&P/BMV IPC	67,954.55	2.74% $\bar{y}$ -0.03%	5.67%
BRAZIL IBOVESPA INDEX	171,132.66	1.25% $\bar{y}$ -3.47%	6.21%
MSCI COLCAP INDEX	2,386.78	7.12% $\bar{y}$ 13.60%	15.41%
S&P/CLX IPSA (CLP) TR	10,922.98	6.33% $\bar{y}$ 4.81%	4.21%

EQUITIES SECTORS	Last	5 Days	1 Month YTD
MSCI WORLD/CON STPL	317.22	2.89% $\bar{y}$ 0.25%	6.72%
MSCI WORLD BANK INDEX 202.53		2.48% $\bar{y}$ 7.07%	7.96%
MSCI WORLD/FINANCEVAL 192.13		2.46% $\bar{y}$ 4.86%	3.48%
MSCI WORLD/ENERGY 339.56		2.45% $\bar{y}$ -3.30%	27.04%
PHILA GOLD & SILVER INDX 337.74		1.94% $\bar{y}$ -6.67%	-1.33%
MSCI WORLD/MATERIAL 446.70		1.69% $\bar{y}$ 0.97%	12.67%
MSCI WORLD/REAL EST 1,136.69		1.45% $\bar{y}$ 2.09%	7.86%
MSCI WORLD/CONS DIS 484.15		0.85% $\bar{y}$ -0.87%	-3.72%
MSCI WORLD/UTILITY 211.23		0.66% $\bar{y}$ 1.45%	5.99%
MSCI WORLD/INF TECH 1,158.42		0.59% $\bar{y}$ 2.07%	18.98%
MSCI WORLD/HIGH CARE 390.65		0.52% $\bar{y}$ 4.49%	-2.20%
MSCI WORLD/INDUSTRIAL 550.63		-0.11% $\bar{y}$ 0.61%	10.23%
MSCI WRLD/COMM SVC 170.14		-1.85% $\bar{y}$ -6.44%	2.09%

US RATES	Last	5 Days Close	12M Close
2Y	4.08	4.15	-0.07 3.91
5Y	4.21	4.27	-0.06 3.97
10Y	4.48	4.53	-0.05 4.36
<b>BONDS CREDIT SPREAD</b>			
		5 Days Close	12M Close
EM Bonds Spread	213.00	215.2	-2.2 294.55
HY Bonds Spread	262.00	266.0	-4.0 303.00
BBB 10yr Spread	152.11	148.0	4.1 182.03

FIXED INCOME	5 Days	1 Month YTD
US High Yield	2,964.37	0.45% $\bar{y}$ 0.82%
EM Bonds USD	1,410.63	0.51% $\bar{y}$ 1.39%
EM Local Currency	152.90	0.92% $\bar{y}$ 1.07%
CoCos USD	151.91	0.37% $\bar{y}$ 0.74%
IG BBB 3-5yr USD	397.17	0.54% $\bar{y}$ 1.22%
IG AA Corp USD	286.78	0.51% $\bar{y}$ 1.33%

COMMODITIES	Last	5 Days	1 Month YTD
<b>CRB INDEX</b>	368.86	-2.00% $\bar{y}$ -7.62%	23.46%
WTI	84.88	-6.25% $\bar{y}$ -16.93%	47.82%
Brent	88.43	-9.42% $\bar{y}$ -20.43%	41.61%
US Natural Gas	3.12	-3.38% $\bar{y}$ 9.74%	-15.36%
<b>S&amp;P GSCI Precious Metal</b>	5,677.02	-2.69% $\bar{y}$ -8.23%	-2.44%
Gold	4,219.33	-2.52% $\bar{y}$ -10.52%	-2.32%
Silver	68.02	0.28% $\bar{y}$ -21.32%	-5.08%
Platinum	1,720.74	-3.35% $\bar{y}$ -19.25%	-16.49%
Palladium	1,285.47	4.85% $\bar{y}$ -14.02%	-20.65%
<b>S&amp;P GSCI Ind Metal Index</b>	621.51	-0.28% $\bar{y}$ -0.06%	12.52%
Aluminum	3,535.00	-1.59% $\bar{y}$ -0.76%	18.01%
Copper	13,645.33	1.15% $\bar{y}$ -2.25%	9.57%
Nickel	17,614.40	-4.06% $\bar{y}$ -6.08%	6.75%
<b>S&amp;P GSCI Agriculture</b>	352.07	1.34% $\bar{y}$ -5.77%	-0.09%
<b>CURRENCIES</b>			
	Last	5 Days	1 Month YTD
CHF vs USD	0.7971	-0.13% $\bar{y}$ -2.07%	-0.56%
JPY vs USD	160.2400	0.03% $\bar{y}$ -1.63%	-2.20%
CAD vs USD	1.3988	-0.36% $\bar{y}$ -2.09%	-1.89%
EUR vs USD	1.1568	0.40% $\bar{y}$ -1.46%	-1.52%
GBP vs USD	1.3406	0.48% $\bar{y}$ -0.99%	-0.51%
AUD vs USD	0.7047	-0.01% $\bar{y}$ -2.67%	5.60%
BRL vs USD	5.0589	2.17% $\bar{y}$ -3.29%	8.22%
MXN vs USD	17.2288	1.43% $\bar{y}$ -0.02%	4.52%
COP vs USD	3,458.30	3.87% $\bar{y}$ 9.19%	9.23%
CNY vs USD	6.7627	0.38% $\bar{y}$ 0.51%	3.33%
EUR vs CHF	0.9219	-0.51% $\bar{y}$ -0.61%	0.96%
DOLLAR INDEX	99.7470	-0.32% $\bar{y}$ 1.47%	1.45%
BITCOIN	63,699.52	0.36% $\bar{y}$ -20.05%	-27.32%

## KEY DATES OF THE NEXT WEEK

### June 15th

#### Empire Manufacturing Index

Survey 13.2

#### Month-on-month industrial production

Survey 0.3%

### June 16th

#### Start of housing construction

Survey 1,430,000

### June 17th

#### Preliminary retail sales intermonthly

Survey 0.5%

#### FOMC decision on interest rates of interest (upper limit)

Survey 3.75%

# 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 a nine-week rally that has generated a 20% gain from the March lows, equity markets are showing the first signs of consolidation. The second consecutive week of negative price movements, despite positive closes, calls for caution. The market has priced in accelerated earnings per share (EPS) growth based on normalized oil prices and synchronized global growth, assumptions that are now under pressure from the ECB's first interest rate hike in three years and the fragile negotiations between the US and Iran.

With headline inflation at 3.8% and energy costs squeezing margins, consensus earnings forecasts appear overly optimistic, particularly for large-cap technology companies. We maintain a constructive outlook for the medium term but adopt a defensive stance, with particular conviction in small-cap stocks, which offer superior valuation relief and greater resilience in domestic earnings amid persistent inflationary headwinds.

## THE TOPIC OF THE WEEK

# Small-cap US stocks continue to outperform the market

The last time we dedicated this column to US small-cap stocks, on September 15, 2025, we titled the article “Small Caps Are Becoming Attractive” and argued that a segment many had written off was on the cusp of a sustained relative recovery: historically cheap, under-demand, and poised to benefit as the Federal Reserve began to ease its monetary policy. **Nine months later, that prediction has been borne out. After bottoming out against large-cap stocks around the September 2025 lows, the Russell 2000 has led the market with conviction and initiated a new long-term outperformance trend (Chart 1). Small caps have delivered solid performance since the beginning of the year, outperforming the market by +8.7% year-to-date (Chart 2).**

What distinguishes this phase of the rotation is its durability. Small-cap stocks have continued to outperform the market not under the favorable conditions of falling yields, but with the 10-year Treasury bond reaching 4.7% in May—above the 4.2% of December 2025. The break in relative value that we noted in September, when the ratio between small and large-cap stocks encountered a multi-year downward trend line, has since been confirmed.

Chart 1: Russell 2000/S&P 100 Ratio

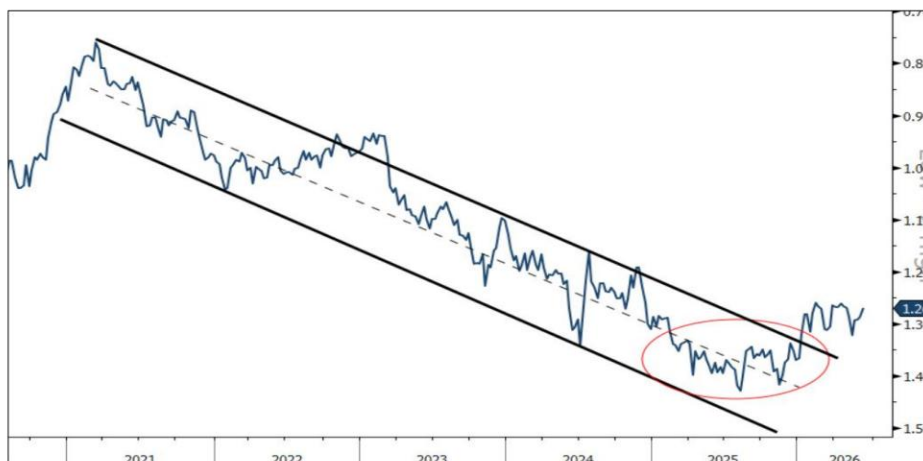
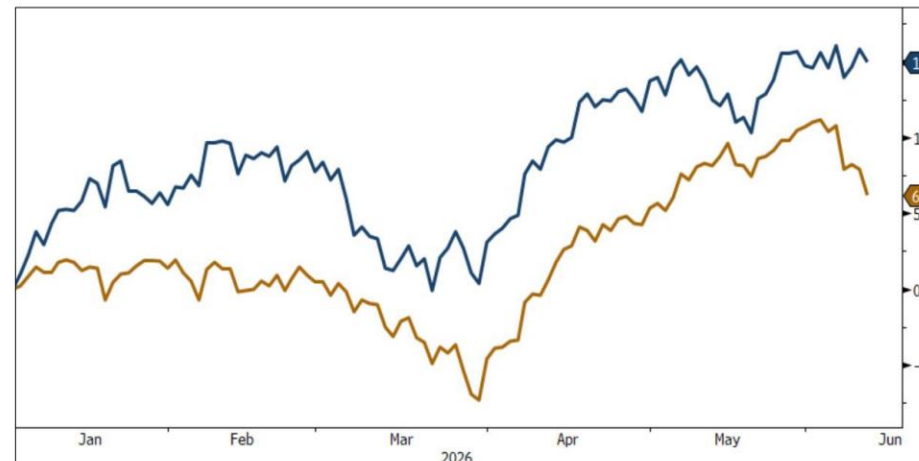


Chart 2: Year-to-date returns: S&P 600 Small Cap (14.9%); S&P 500 (6.2%)



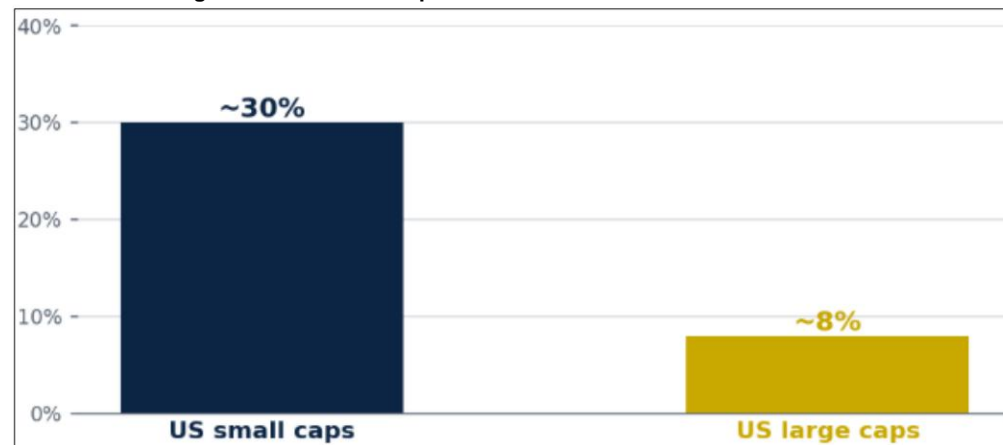
## THE TOPIC OF THE WEEK

### Why the Rotation Has Continued: The

most important reason for the resilience of small-cap companies lies in their financing structure. **Unlike large corporations, which secured long-term financing directly in the bond markets during the years of cheap money, smaller companies are primarily financed through banks at variable rates** (Chart 3). This structure made them the main victims of the 2022-2023 tightening cycle, as their interest costs were readjusted upward almost immediately. This same mechanism is now working strongly in their favor. Every rate cut the Fed has implemented since September 2025 directly impacts the interest rates of small-cap companies. Despite some speculation about the risk of a Fed rate hike due to the threat of inflation, we continue to believe that the economic slowdown poses a greater risk than a supply-shock inflation scenario. If the Fed ultimately doesn't lower rates too soon, we consider it unlikely that it will raise them... we expect the outperformance phase for small-cap companies to continue.

There are three other forces reinforcing this strength. ~~The first is the valuation cushion: starting from the cheapest relative position in decades, the segment carries a much lower multiple risk than a large-cap index with high prices, and cheap assets absorb disappointments more gracefully than expensive ones. The second is location. Small-cap companies derive the vast majority of their revenue from the domestic market, which has insulated them from the trade and tariff frictions, and the weak dollar, that have weighed on multinationals—a true, relatively safe haven in a turbulent year. The third is breadth and positioning: as signs of growth have spread beyond a handful of megacap stocks, capital has flowed into the laggards, and given the segment's small share, these inflows have had a disproportionate effect on pricing. However, this resilience has its limits. The correction in February and March, when the 10-year yield shot up from around 3.9% to 4.44% in a matter of weeks, was a reminder that small-cap companies remain vulnerable to rapid and disorderly movements in interest rates; what they have proven capable of withstanding is an environment of high but stable yields in which policy guidance continues to point toward easing.~~

Chart 3: Percentage of variable-rate corporate debt



## THE TOPIC OF THE WEEK

### The Long Road Back: It's worth

recalling why the segment lagged so far between 2021 and 2025. The funding structure described above was the immediate cause: As interest rates rose, variable-rate funding costs instantly skyrocketed, and balance sheet vulnerability worsened—pressure compounded by banks' credit tightening and the weak treasury discipline many smaller companies had maintained throughout the pandemic. The consequence was a marked divergence in earnings dynamics between large- and small-cap companies throughout 2023 and 2024. **Adding to this was concentration: The rise of artificial intelligence channeled capital into a small group of mega-cap companies with the scale and pricing power needed to fund their own growth, and the S&P 500 outperformed the S&P 600 Small Cap in each of the five years through 2025, by an average of about 7% annually** (Chart 4). Given that around 40% of the Russell 2000 is unprofitable, it is understandable that investors preferred the certainty of cash generation from large-cap companies.

**The case rests on the pillars we outlined in September, most of which have been reinforced. Valuation remains the most compelling argument. The forward multiple of the profitable S&P SmallCap 600 is roughly 15 times, compared to about 20 times for the S&P 500** (Chart 5). Last September, the gap between the S&P 600 Small Cap and the broader index reached its largest level since the 2008 financial crisis and has not narrowed significantly, leaving small-caps at their cheapest valuation quintile since 1990—historically a strong prerequisite for relative outperformance. The easing cycle, as described, is the second pillar and the driving force behind the move. The third factor is policy: the improvements to interest expense deductions in the "One Big Beautiful Bill" are especially valuable for leveraged small firms, while lower compliance and regulatory costs benefit them disproportionately. The fourth is market breadth, as a rally that extends beyond mega-caps is healthier and more sustainable, and the current broadening has historically been a catalyst for the segment.

Chart 4: 2021-2025 Performance: S&P 500 (+82%); S&P 600 Small Caps (+31%)

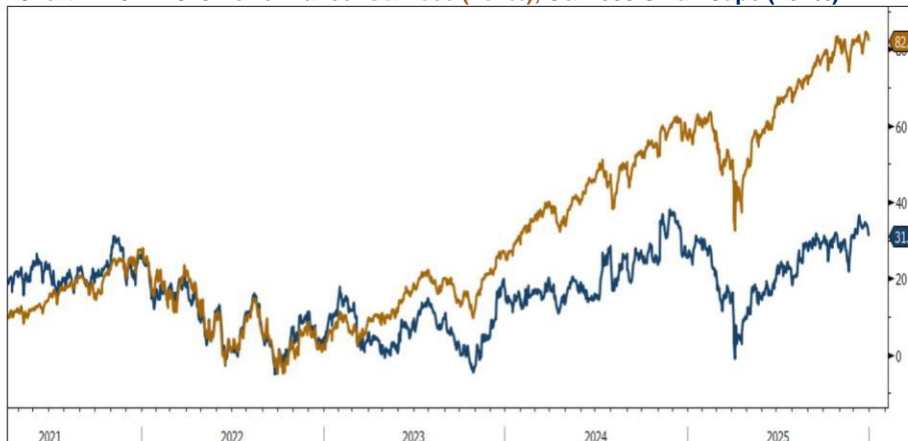
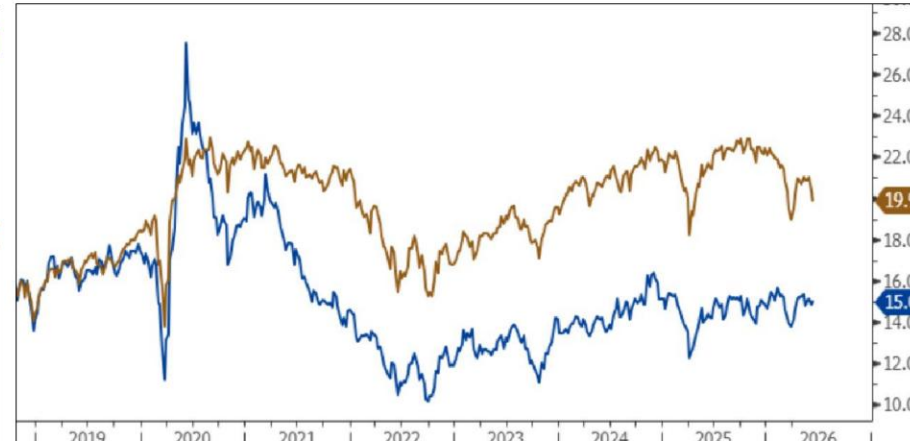


Chart 5: Future P/E ratios: S&P 500 (20x); S&P 500 Small Caps (15x)



## THIS WEEK'S TOPIC: The Case for

### Earnings The most compelling forward-

**looking argument for the segment lies not in this year's earnings level, but in its trajectory** (Chart 6). After a challenging period in which S&P SmallCap 600 earnings contracted sharply through 2024, small-cap earnings have turned decisively around: they went positive in 2025 and are expected to accelerate to roughly 19% growth in 2026 and an additional 15% in 2027. Large-cap companies are projected to grow faster next year, at around 24%, but that figure is more scrutinizing than admirable. Roughly half of that growth is attributable to a small group of AI infrastructure companies; it is measured against an already high earnings base; and is expected to slow sharply to around 15% by 2027, at which point the two groups will converge. Small-cap earnings growth, on the other hand, is broad, domestically driven, and in an earlier stage of its cycle, with substantially higher operating leverage against a falling cost of capital. The crucial consideration is what is paid for each cash flow: the market is demanding roughly 20 times the value of the peaking large-cap companies and only 15 times that of the broad and accelerating recovery of small-cap companies.

Buying a discounted earnings inflection point, rather than a concentrated earnings peak at a premium, is the most favorable asymmetry—and the primary reason for our preference for small-cap companies, as expressed by the profitable S&P SmallCap 600, over large-cap companies going forward. **Against a backdrop where large-caps have delivered a compound annual return of roughly 15% over the past five years, compared to just 6% for small-caps, the negative performance gap should now begin to narrow** (Chart 7). Indeed, over the past 30 years, small-cap companies have performed in line with large-caps, with an annual return of 10%. This is both a structural and cyclical phenomenon: the rotation we first noted in September appears less like a trade to be timed and more like the initial phase of a market leadership expansion that a concentrated, mega-cap-dominated portfolio can no longer prudently ignore.

Chart 6: Earnings per share growth: S&P 600 Small Cap; S&P 500

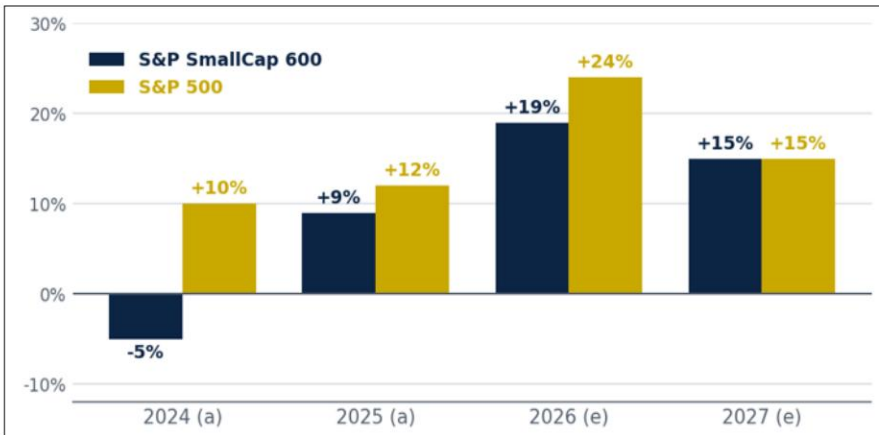
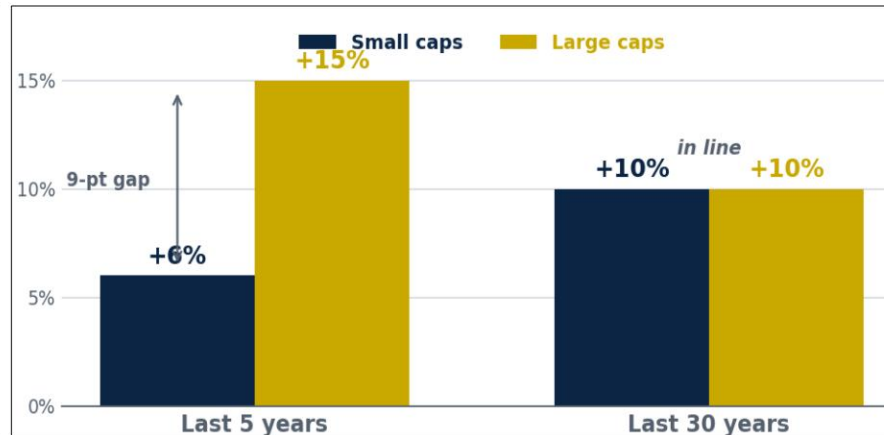


Chart 7: Annualized total return: small capitalization vs. large capitalization



## THE TOPIC OF THE WEEK

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### CONCLUSION US

small-cap companies are trading at about 16 times forward earnings, compared to 21 times for large-cap companies, representing the largest discount in roughly two decades. Their earnings are emerging from contraction and should converge with large-cap growth by 2027. The monetary environment is becoming more favorable, and the further rate cuts we expect in the coming years will translate almost immediately to the floating-rate balance sheets of small-cap companies.

Optimism regarding large-cap stocks is itself a risk: a consensus that values earnings growth of around 24%, roughly half of which comes from a handful of artificial intelligence companies, at an already high multiple, leaves little room for disappointment. Cheap, accelerating, and underrepresented in portfolios versus expensive, decelerating, and heavily represented: the asymmetry clearly lies at the smaller end of the market.

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