In On Capital

WEEKLY INVESTMENT REPORT

Should we upgrade the industrial sector?

August 31, 2026

Source: Sentosa & Co. Co.

LAST WEEK IN REVIEW

U.S. stock markets posted modest gains, as Federal Reserve Chair Kevin Warsh's landmark speech at Jackson at Jackson Hole disappointed investors who had been hoping for clarity on the future direction of interest rates interest rates and overshadowed the previous week's rally in precious metals. The S&P 500 rose 0.5 % during the 0.5 % during the week, the Nasdaq Composite gained 0.85 %, and the Dow Jones advanced 0.5 %, marking the marking the Dow's first positive week in three. However, market leadership remained narrow, with fewer than fewer than half of stocks advancing and only three of the eleven sectors closing higher.

The dominant theme of the week was Fed Chair Warsh's first Jackson Hole speech as chairman, delivered on Friday. In it, he shifted toward a more hawkish stance that shattered market expectations for imminent interest rate cuts. Warsh expressed continued concern about inflation, stating that recent data had been "better than expected," but that underlying trends had "not improved significantly." He implicitly warned that the Federal Reserve still had "work to do" regarding price pressures and left the door open to potential rate hikes if progress on inflation were to stall.

Warsh's comments were particularly damaging to precious metals following the extraordinary rally of the rally of the previous week. Gold prices fell sharply to around $4,454 per ounce on Friday, a decline of more than of more than 3 % from the previous session and the lowest level in a week, as investors recognized that the recognized that the Federal Reserve would remain cautious and open to raising rates despite worsening worsening macroeconomic conditions.

This reassessment of Fed policy, from an assumed supporter of rate cuts to an inflation hawk, undermined the bullish gold narrative that had driven precious metals and gold-mining stocks to explosive gains the week before.

The VanEck Gold Miners ETF (GDX) consolidated around the $103–104 level after surging 21 % the previous week, and gold-mining stocks were unable to maintain their momentum despite higher gold prices. From our perspective, the market reaction has been excessive, as we believe the Fed will ultimately prefer to maintain an accommodative policy over the long term regardless of any short-term actions.

Semiconductor and technology stocks received a modest boost from Nvidia’s second-quarter results, released on Wednesday. The AI chipmaker reported $96.2 billion in revenue, more than double the figure from a year earlier and above Wall Street expectations of $92.2 billion. Data-center revenue surged 117% to $89 billion. CEO Jensen Huang stated that artificial intelligence had “reached its tipping point” and projected third-quarter revenue of $108 billion, above the consensus estimate of $104.2 billion.

However, the stock fell after the close when Nvidia disclosed that gross margins would decline to 71–72% in the fourth fiscal quarter from the current 75%, due to rising memory costs. Although the better-than-expected results provided temporary relief for semiconductor stocks, which had been hit hard by losses earlier in the week, upside potential remained limited by the recognition that growth in AI infrastructure spending is facing margin pressures from rising component costs.

Source: Sentosa & Co.

MARKET FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES FROM LAST WEEK

Aug 25 — New home sales: actual 607,000 vs. 620,000 forecast

Aug 25 — Conference Board consumer confidence: actual 89.4 vs. 90.2 forecast

Aug 26 — Year-over-year PCE price index: actual 3.7 % vs. 3.6 % forecast

Aug 26 — Durable goods orders: actual 1.1 % vs. 0.5 % forecast

Aug 26 — Q2 GDP, annualized q/q (second estimate): actual 1.55 % vs. 1.5 % forecast

Aug 28 — University of Michigan sentiment: actual 51.7 vs. 51.0 forecast

KEY DATES FOR THE WEEK AHEAD

Sep 1 — S&P Global U.S. manufacturing PMI (final): forecast 53.3

Sep 2 — Durable goods orders: forecast 1.1 %

Sep 3 — Trade balance: forecast -$89.6 billion

Sep 4 — Nonfarm payrolls change: forecast 58,000

Sep 4 — Unemployment rate: forecast 4.1 %

GLOBAL EQUITY INDICES	Last	5D	1M	YTD
MSCI WORLD	4,986.16	0.33%	2.85%	12.54%
MSCI EM	1,722.14	0.01%	3.38%	22.63%
MSCI EM LATIN AMERICA	3,030.68	-0.11%	-1.92%	11.86%
MSCI AC ASIA x JAPAN	1,139.42	-0.09%	3.24%	24.74%
USA				
S&P 500 INDEX	7,711.76	0.49%	2.96%	12.65%
NASDAQ COMPOSITE	26,402.42	0.85%	4.05%	13.60%
DOW JONES INDUS. AVG	53,559.99	0.53%	2.05%	11.44%
RUSSELL 2000 INDEX	2,972.37	-1.51%	1.40%	19.76%
EUROPE				
STXE 600 (EUR) Pr	655.16	0.15%	0.92%	10.63%
Euro Stoxx 50 Pr	6,485.67	0.36%	2.01%	11.99%
DAX INDEX	26,569.99	1.66%	3.67%	8.49%
CAC 40 INDEX	8,401.18	-0.98%	-1.27%	3.09%
FTSE MIB INDEX	52,616.12	-0.10%	0.85%	17.07%
IBEX 35 INDEX	20,041.90	0.40%	1.31%	15.80%
SWISS MARKET INDEX	14,399.77	-0.40%	0.37%	8.53%
FTSE 100 INDEX	10,824.26	0.07%	-0.40%	8.99%
ASIA				
NIKKEI 225	66,405.56	0.59%	3.18%	31.92%
HANG SENG INDEX	25,584.79	-1.63%	-1.16%	-0.18%
CSI 300 INDEX	4,609.18	-0.21%	0.46%	-0.45%
SENSEX	77,264.51	-0.36%	-1.06%	-9.34%
LATAM				
S&P/BMV IPC	65,484.32	-0.37%	-2.17%	1.83%
BRAZIL IBOVESPA INDEX	175,664.62	2.71%	-1.31%	9.02%
MSCI COLCAP INDEX	2,457.87	-0.06%	2.75%	18.85%
S&P/CLX IPSA (CLP) TR	11,445.56	0.95%	3.89%	9.20%

EQUITIES SECTORS	Last	5D	1M	YTD
MSCI WORLD/ENERGY	360.88	2.45%	2.40%	35.01%
MSCI WORLD/INF TECH	1,199.91	1.66%	5.99%	23.24%
MSCI WRLD/COMM SVC	167.98	1.33%	1.27%	0.79%
MSCI WORLD/FINANCE	256.07	1.02%	1.45%	10.86%
MSCI WORLD BANK INDEX	220.63	0.91%	0.40%	17.61%
MSCI WORLD/MATERIAL	472.90	0.30%	10.57%	19.28%
MSCI WORLD/CONS DIS	497.50	0.00%	0.63%	-1.06%
MSCI WORLD/UTILITY	205.04	-0.15%	-2.70%	2.89%
MSCI WORLD/CON STPL	314.60	-0.53%	-1.09%	5.84%
MSCI WORLD/INDUSTRL	566.42	-0.81%	0.43%	13.39%
MSCI WORLD/REAL EST	1,124.56	-1.19%	-1.32%	6.71%
MSCI WORLD/HLTH CARE	425.80	-2.10%	4.15%	6.60%
PHILA GOLD & SILVER INDX	413.18	-2.12%	34.19%	20.71%

US RATES	Last	5D Close	12M Close
2Y	4.34	4.24 (+0.11)	3.63 (+0.71)
5Y	4.48	4.42 (+0.05)	3.69 (+0.79)
10Y	4.72	4.73 (-0.02)	4.20 (+0.51)

BONDS CREDIT SPREAD	Last	5D Close	12M Close
EM Bonds Spread	216.44	222.4 (-5.9)	270.48 (-54.0)
HY Bonds Spread	255.00	256.0 (-1.0)	252.00 (+3.0)
BBB 10yr Spread	155.20	159.6 (-4.4)	180.09 (-24.9)

FIXED INCOME	Last	5D	1M	YTD
US High Yield	2,993.74	0.27%	1.00%	2.72%
EM Bonds USD	1,408.28	0.28%	0.84%	1.55%
EM Local Currency	156.20	-0.23%	1.41%	2.04%
CoCos USD	152.45	-0.17%	0.76%	0.79%
IG BBB 3-5yr USD	394.08	0.32%	0.59%	-1.71%
IG AA Corp USD	280.99	0.49%	0.52%	0.17%

COMMODITIES	Last	5D	1M	YTD
CRB INDEX	406.36	0.03%	5.52%	36.01%
WTI	83.40	-4.20%	5.22%	45.25%
Brent	89.71	-5.02%	4.64%	43.66%
US Natural Gas	2.89	4.15%	8.49%	-21.65%
S&P GSCI Precious Metal	6,015.42	-3.27%	11.01%	3.38%
Gold	4,455.11	-3.21%	10.56%	3.14%
Silver	66.38	-3.79%	16.14%	-7.37%
Platinum	1,823.73	-2.98%	13.44%	-11.49%
Palladium	1,425.12	5.39%	12.82%	-12.03%
S&P GSCI Ind Metal Index	618.61	0.52%	2.92%	11.99%
Aluminum	3,242.00	0.14%	3.00%	8.23%
Copper	14,445.59	1.18%	5.33%	16.00%
Nickel	16,700.65	-1.15%	-0.41%	1.21%
S&P GSCI Agriculture	443.08	5.37%	15.37%	25.73%

CURRENCIES	Last	5D	1M	YTD
CHF vs. USD	0.8091	-0.98%	1.24%	-2.04%
JPY vs. USD	160.0900	-0.71%	2.35%	-2.11%
CAD vs. USD	1.3905	-1.04%	1.45%	-1.30%
EUR vs. USD	1.1585	-0.80%	1.74%	-1.37%
GBP vs. USD	1.3538	-0.78%	1.87%	0.47%
AUD vs. USD	0.7164	-0.10%	2.71%	7.36%
BRL vs. USD	5.1942	-1.05%	-1.41%	5.40%
MXN vs. USD	17.0360	-0.70%	2.32%	5.71%
COP vs. USD	3,203.68	-5.12%	-0.17%	17.92%
CNY vs. USD	6.7301	-0.13%	0.60%	3.83%
EUR vs. CHF	0.9371	-0.20%	-0.47%	-0.68%
DOLLAR INDEX	99.7020	0.91%	-1.69%	1.40%
BITCOIN	77,645.52	-1.63%	22.38%	-11.41%

IN ON CAPITAL ASSET VIEW

The Treasury's recent communication, which indicated its intention to at least double the size of certain 10-year and 30-year debt buyback operations, represents a turning point for the market and has triggered a shift in trends across various sectors. After four months of price corrections, gold and gold-mining stocks appear to have reached a bottom, bringing an end to the period of weakness caused by the conflict with Iran.

The rally in gold marked an extraordinary reversal driven by growing recognition of macroeconomic deterioration. As investors absorbed the fact that the Treasury's emergency fiscal interventions signaled worsening economic conditions, they also recognized that the Federal Reserve would likely be forced to abandon its tightening policy and pivot toward interest rate cuts in order to stabilize financing costs and prevent potential future economic stress.

IN ON CAPITAL ASSET VIEW

Asset Class	U	N	O
Fixed Income		■	
Equities		■	
Alternatives		■	
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		■	

THEME OF THE WEEK

Should we upgrade the industrial sector?

Over the past twelve months, the industrial sector has been driven by factors that largely fall outside the traditional industrial cycle. Rearmament, investment in artificial intelligence and electrification, and government infrastructure programs have collectively supported earnings growth in the sector, while the components that once defined it — automotive, residential construction, and labor-intensive services — have weighed on performance.

Over the last twelve months, the S&P 500 Industrials Index delivered a return of 19.26 % compared with 19.79 % for the S&P 500, while the STOXX Europe 600 Industrials Index returned 18.57 % compared with 21.85 % for the broader European benchmark — a shortfall of approximately 330 basis points driven by the strength of the financial and technology sectors (Chart 1). Year-to-date, the picture is reversed across the Atlantic: the U.S. industrial sector has outperformed its benchmark by roughly 200 basis points, returning 14.75 % versus 12.73 %, while the European industrial sector remains 62 basis points behind its benchmark.

Within the United States, the machinery industry stands out above the rest, generating a 39.20 % return over the past twelve months and 22.30 % year-to-date. Transportation is another subsector that has outperformed the benchmark, delivering 25.80 % over the last year and 18.61 % since the beginning of the year, supported by freight traffic running above long-term averages and strong demand for air travel services.

The commercial and professional services sector posted a −11.35 % return over the past twelve months, as automation displaced labor-intensive service models and corporate cost discipline became more stringent. Meanwhile, the aerospace and defense sector has delivered only a 5.46 % year-to-date return, significantly lagging the broader industrial sector — a surprising outcome given that it is the largest industry within the index, accounting for 26 % of its weighting, and arguably the one supported by the strongest investment narrative.

United States	YTD return	1-year return
S&P 500 (benchmark)	+12.73%	+19.79%
S&P 500 Industrials (XLI)	**+14.75%**	**+19.26%**
Machinery (S5MACH)	+22.30%	+39.20%
Transportation (S5TRAN)	+18.61%	+25.80%
Aerospace & Defense (S5AERO)	+5.46%	+14.52%
Commercial & Professional Services (S5COMS)	+0.98%	−11.35%

Europe	YTD return	1-year return
STOXX Europe 600 (benchmark)	+12.85%	+21.85%
STOXX Europe 600 Industrials	**+12.23%**	**+18.57%**
Industrial Goods & Services (SXNP)	+15.08%	+21.42%
Aerospace & Defense (SXPARO)	+9.57%	+16.42%
Construction & Materials (SXOP)	+0.88%	+7.17%

Chart 1: Index and subsector total returns

Source: Sentosa & Co.

THEME OF THE WEEK

Composition of the sector in the U.S. and Europe

Before delving into the subject, we believe it is important to explain the composition of the sector in greater detail. At the industrial group level, both regions have broadly similar structures, consisting of three sectors: capital goods, transportation, and commercial services (Charts 2 and 3).
However, when analyzed at the industry-group level, the two sectors are not the same investment vehicle. The GICS framework divides the industrial sector into three groups, and each carries a substantially different weighting on either side of the Atlantic.

Capital goods account for 74.73% of the U.S. industrial sector, compared with 86.26% in Europe, a difference of 11.53 percentage points in favor of Europe. In transportation, the situation is reversed, with a weighting of 16.02% in the United States versus 7.25% in Europe, a gap of 8.77 percentage points in favor of the United States. Commercial and professional services represent 9.24% of the U.S. sector compared with 6.50% in Europe, adding another 2.74 percentage points in favor of the United States.
The difference in transportation is driven almost entirely by a single industry. Ground transportation accounts for 10.56% of the U.S. industrial sector, compared with just 0.17% in Europe, a gap of 10.39 percentage points, the largest divergence across the entire industrial sector (Chart 4).

The three Class I railroad companies alone account for 6.29%, while Uber, which GICS classifies as an Industrial company rather than an Information Technology company, contributes an additional 2.92%. European freight railways are state-owned and therefore not publicly traded, and ride-sharing capacity is similarly absent from the European sector composition presented here.
Ultimately, five industries account for four-fifths of the total divergence between the two regions. In summary, the U.S. industrial sector represents a broad cross-section of the real economy, whereas the European industrial sector is a concentrated exposure to machinery and equipment.

This also means that the European industrial sector is, in practice, a portfolio heavily focused on **electrification and defense**. The **Electrical Equipment** and **Aerospace & Defense** industries together make up **47.86%** of the European industrial sector, compared with **38.83%** in the United States.
Chart 4 below illustrates the major industries and their weighting differences.

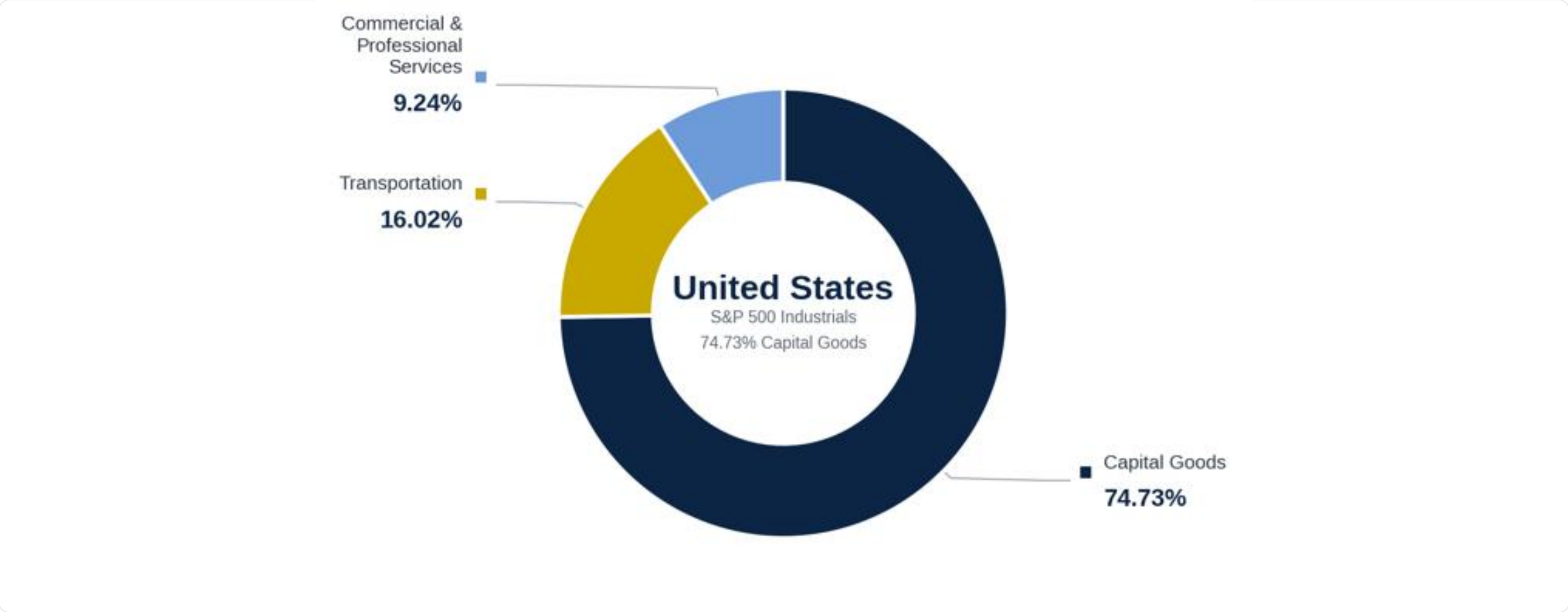

Chart 2: U.S. sector composition by GICS industry group

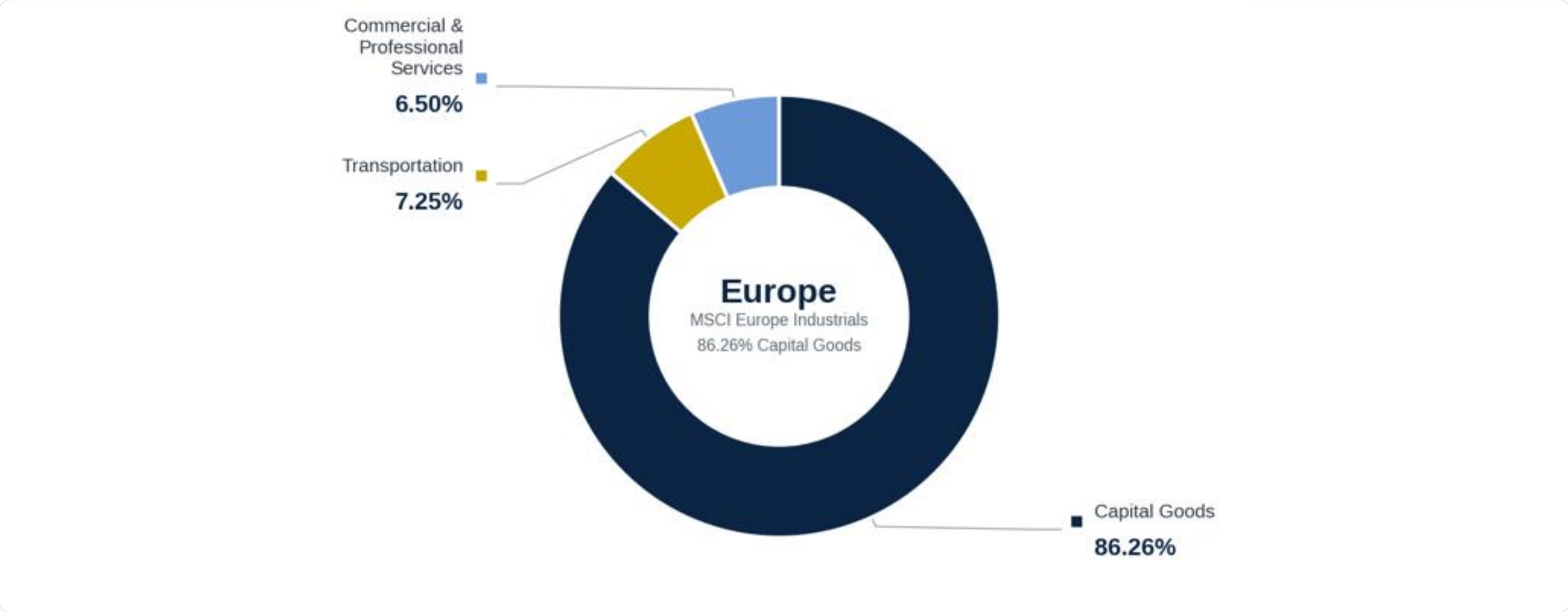

Chart 3: European sector composition by GICS industry group

THEME OF THE WEEK

Industry weightings: United States versus Europe

GICS industry group and industry	US (%)	Europe (%)	US less Europe (pp)
Capital Goods	**74.73**	**86.26**	**−11.53**
Aerospace & Defense	25.75	26.53	−0.78
Machinery	20.34	14.59	+5.75
Electrical Equipment	13.08	21.33	**−8.25**
Building Products	5.14	5.04	+0.10
Trading Companies & Distributors	4.02	3.60	+0.42
Industrial Conglomerates	3.22	9.69	−6.47
Construction & Engineering	3.18	5.48	−2.30
Commercial & Professional Services	**9.24**	**6.50**	**+2.74**
Commercial Services & Supplies	4.65	0.78	+3.87
Professional Services	4.59	5.72	−1.13
Transportation	**16.02**	**7.25**	**+8.77**
Ground Transportation	10.56	0.17	**+10.39**
Air Freight & Logistics	3.45	3.83	−0.38
Passenger Airlines	2.01	0.87	+1.14
Marine Transportation	nil	1.16	−1.16
Transportation Infrastructure	nil	1.22	−1.22
Total	**99.99**	**100.01**	

Chart 4: Industry weightings — United States versus Europe

Source: Sentosa & Co.

THEME OF THE WEEK

The main factors explaining the sector's performance

The Main Factors Explaining the Sector’ s PerformanceAs discussed earlier, the aerospace and defense industry is the most significant segment in both regions, accounting for roughly one-quarter of each sector. It has also dominated the headlines, driven by NATO commitments, the €150 billion SAFE program, of which France has committed €15.1 billion, Rheinmetall’ s €350 million expansion of propellant production capacity in Aschau am Inn, and a wave of analyst upgrades and "outperform" and "overweight" recommendations.Yet, for the four reasons outlined previously, it has been the weakest of the major industries in both regions. The order backlog is not the bottleneck; the challenge lies in converting that backlog into earnings. The underperformance cannot be attributed to a single event but rather reflects a series of distinct headwinds that have accumulated throughout the year, ranging from DOGE-driven budget concerns, to a sharp selloff related to the conflict with Iran, and a prolonged downward re-rating of valuations.The subsector peaked in early March 2026 and began to de-rate well before the conflict with Iran (Chart 5).

Concerns surrounding the Department of Government Efficiency (DOGE) and its potential to reduce U.S. defense procurement budgets kept investors on the sidelines. Analysts explicitly attributed Lockheed Martin’s weak performance in 2025 to DOGE-related concerns and only adopted a more constructive stance once those fears were largely perceived to have faded.Investor interest in defense companies is heavily influenced by government spending policies, which are often subject to pressure from budget-control measures. This structural sensitivity weighed on sentiment throughout the period.The most severe phase of underperformance occurred in April 2026 (Chart 5). Despite the Iran-Israel conflict providing a clear signal of increased demand for munitions and defense systems, the shares of Lockheed Martin, Northrop Grumman, RTX, General Dynamics, and L3Harris fell by an average of 15% from the start of the conflict through the end of April.

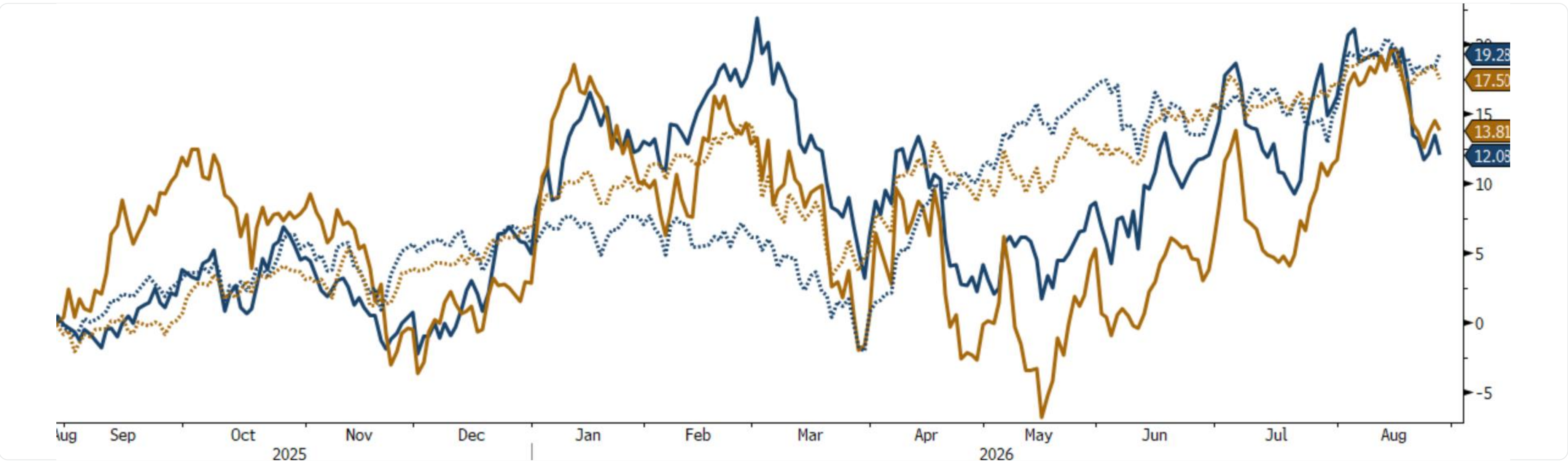

Chart 5: 1-year performance — U.S. aerospace & defense (+12 % vs. S&P 500 +19.3 %); Europe (+13.8 % vs. Stoxx 600 +17.5 %)

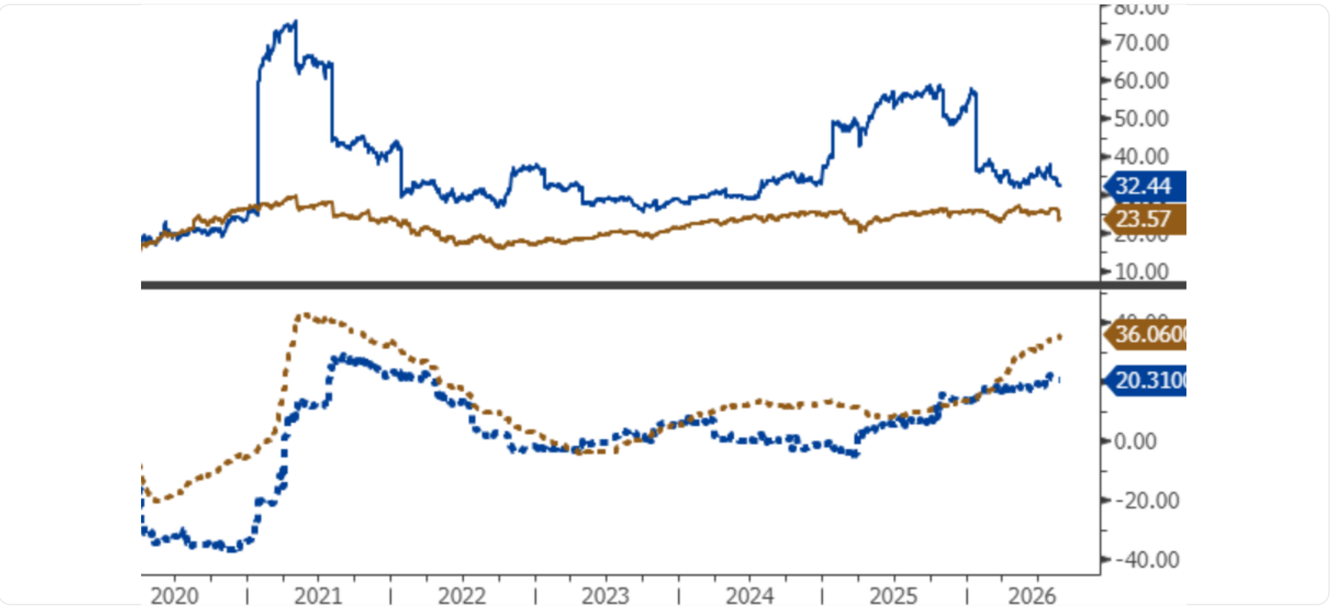

Chart 6: Current P/E and one-year growth — U.S. aerospace & defense (32.4x/20 %); S&P 500 (23.6x/36 %)

THEME OF THE WEEK

Electrical equipment is the real engine of the sector

It should be noted that the year-over-year comparison is partly influenced by a base effect. The aerospace subsector peaked in early March 2026, having risen approximately 24 % from its August 2025 starting point, significantly outperforming both the broader market and the industrial sector at that time; the subsequent selloff erased much of that advantage. Global defense spending is expected to remain structurally elevated, driven by stockpile replenishment, rearmament, and investment in technology, and is likely to become increasingly independent of short-term geopolitical headlines.

The electrical equipment industry is the real engine of the sector, as electricity supply has become the primary constraint on the development of artificial intelligence. This has made grid infrastructure and power-generation equipment the point at which data center capital expenditures flow into the industrial economy. According to industry surveys, more than 90 % of data center operators cite power availability as their main concern, with grid connection delays extending to as much as seven years in high-demand regions. In Europe, the European Commission estimates that more than €584 billion of grid investment will be required over the next decade, focused on offshore wind interconnections and cross-border high-voltage direct current (HVDC) projects.

In the United States, GE Vernova, Eaton and Vertiv together account for 9.16 % of the sector. This theme also extends into the construction and engineering industry, where the three S&P 500 constituents Quanta Services, Comfort Systems and EMCOR are electrical and mechanical contractors specializing in the construction of data centers and power-grid infrastructure. In Europe, this trend is even more concentrated in Schneider Electric, ABB and Siemens Energy, which together represent 16.48 % of the sector. The investment case rests on a genuine, multi-decade shift in demand rather than a cyclical upturn, and earnings data have consistently validated the thesis.

The main risk is valuation, as the industry is clearly overvalued (Chart 7): the best-positioned companies are priced for perfection, and any slowdown in hyperscaler investment commitments or in grid spending timelines would expose the most highly valued companies to significant multiple-compression risk.

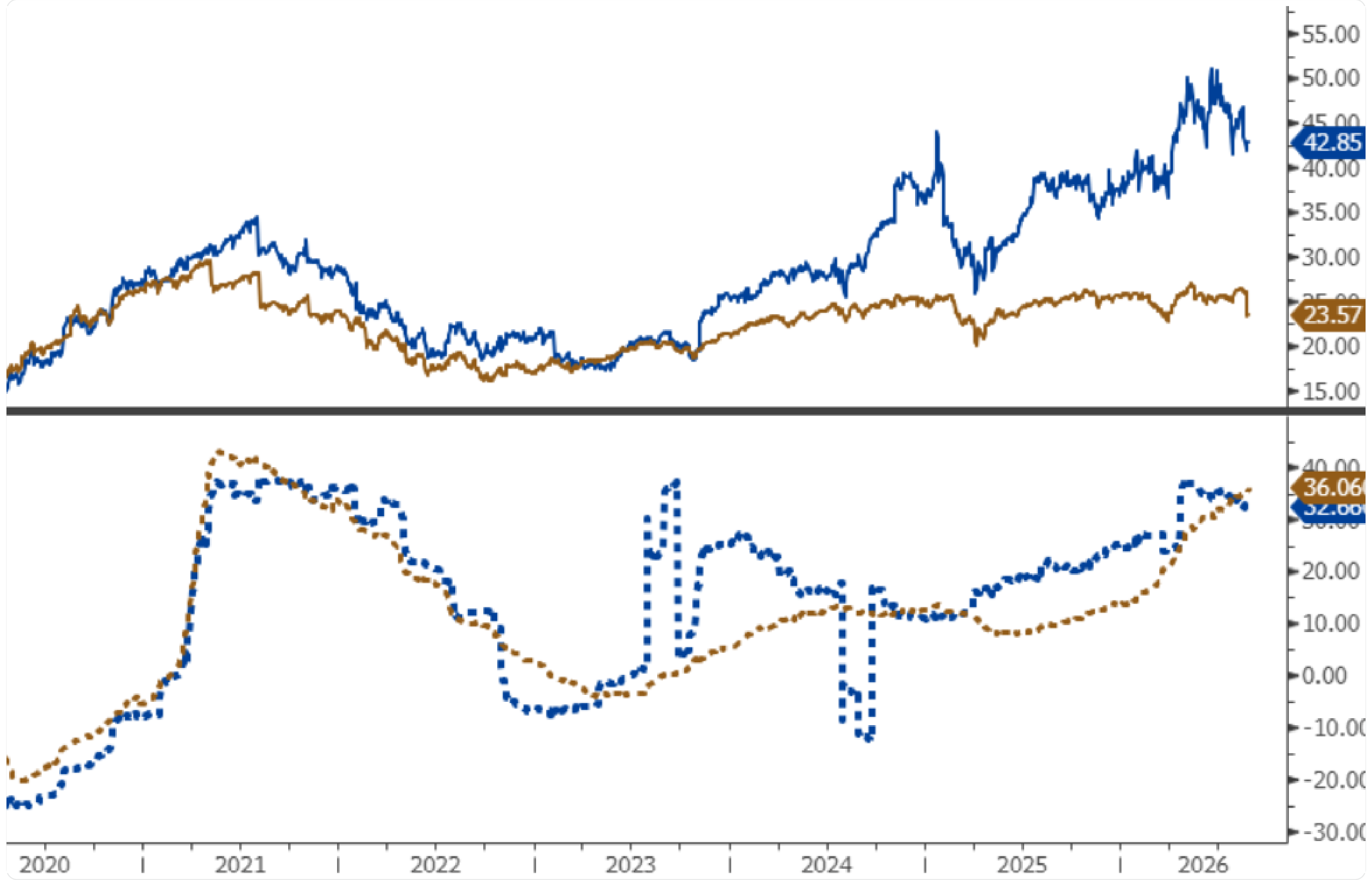

Chart 7: Current P/E and one-year growth — U.S. electrical equipment index (42.8x/32 %); S&P 500 (23.6x/36 %)

THEME OF THE WEEK

Machinery leads the U.S. industrial sector

The machinery industry has been the best-performing subsector within the U.S. industrial sector over the past 12 months, with the S&P 500 Machinery Index returning +39.2%, nearly double the performance of the broader XLI Industrial Select Sector Index (+19.3%) and well ahead of the S&P 500 (+19.8%).

The most important driver of the machinery sector's outperformance over the past year has been the re-rating of companies exposed to power generation and data center infrastructure. Caterpillar and Cummins, the two best-performing companies within the U.S. group, have benefited directly from rising demand for diesel and natural gas generators, backup power systems, and large-scale engines used in data center construction and electrical grid applications.
Caterpillar and Cummins have recorded the strongest gains, supported by the long-term tailwinds of power generation demand (Chart 8).

Construction machinery offers the most attractive growth outlook for 2026, and Caterpillar is particularly well positioned to benefit from secular trends in power generation, alongside a cyclical recovery in non-residential construction and mining activity. The recovery in construction demand is being driven by accelerating investment in AI-related infrastructure, U.S. government spending, and the expansion of renewable energy-related capital expenditures across Europe.

In addition, demand for construction machinery is expected to recover gradually in 2026-27, supported by lower interest rates, greater clarity around U.S. trade policies, a rebound in the housing market, and improving non-residential construction markets. Non-residential construction spending is forecast to increase by 2% in 2026.

In Europe, the construction machinery industry recorded positive order intake in April 2025 for the first time in more than two years, a trend that continued through the end of the year.
From a valuation perspective, the U.S. machinery sector appears less overvalued than the aerospace & defense and electrical equipment sectors, although valuations remain relatively elevated (Chart 9).

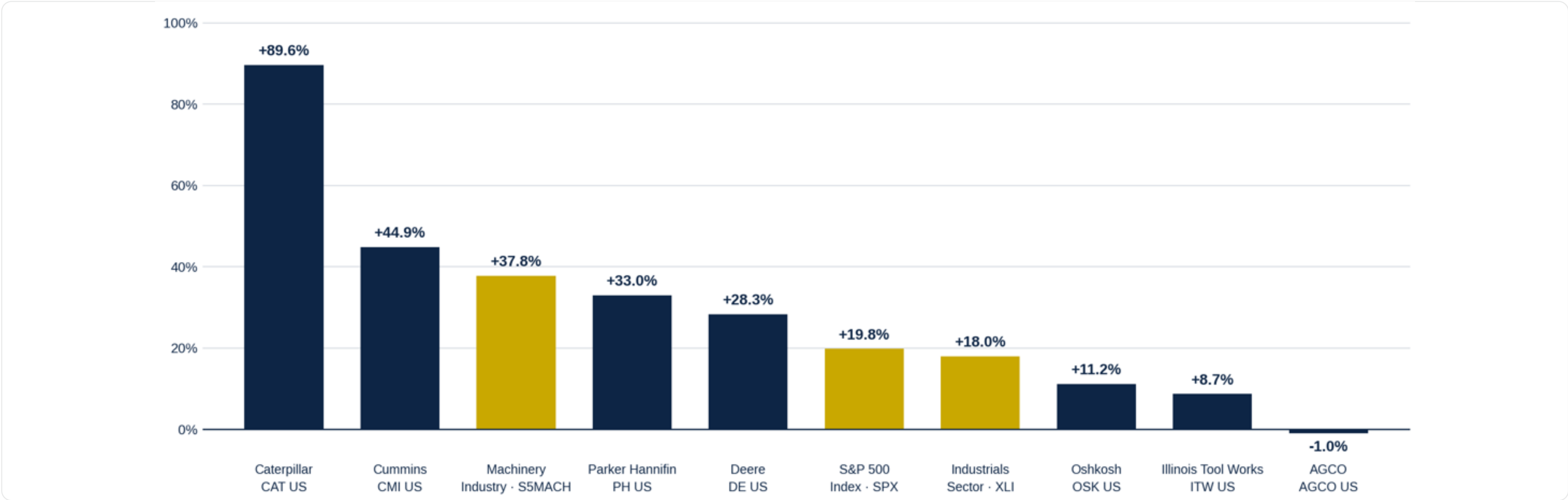

Chart 8: One-year performance — machinery companies versus the index, the sector and the industry

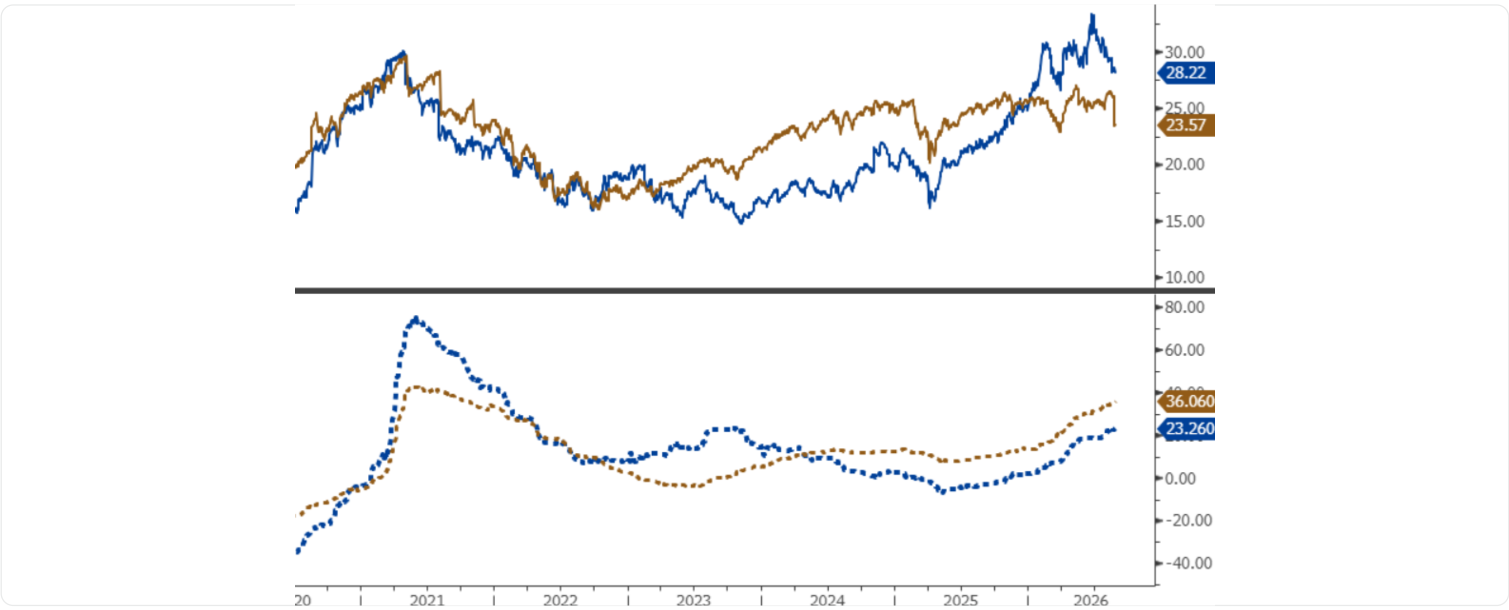

Chart 9: Current P/E and one-year growth — U.S. machinery (28.2x/23 %); S&P 500 (23.6x/36 %)

THEME OF THE WEEK

Conclusion

The global industrial sector is entering the final stretch of 2026 in a position that is both attractive and demanding. After years of moderate investment, the sector now sits at the intersection of three structural supercycles: defense rearmament, AI-driven energy infrastructure, and manufacturing reshoring. These trends are creating genuine multi-year earnings visibility for the companies best positioned to benefit from them.

The most important observation of the past 12 months is that the forces driving demand in the industrial sector are structural rather than cyclical. The pursuit of strategic autonomy by both the United States and the European Union is simultaneously extending the investment boom in defense, artificial intelligence, infrastructure, and energy. This has created an unusual alignment of government spending, corporate capital expenditures, and private investment that has historically provided a powerful long-term tailwind for the sector.

At the same time, elevated valuations, a fragile European macroeconomic backdrop, ongoing tariff uncertainty, and geopolitical volatility mean that there is little room for execution missteps. The sector rewards selectivity; broad exposure alone is no longer sufficient. Valuation is undoubtedly the most important risk factor facing the sector as it moves into 2027. We remain constructive on the sector because we believe it will benefit from these ongoing structural shifts. **However, current valuations present a meaningful risk that prevents us from upgrading the sector to an "Overweight" recommendation at this time. We maintain our "Neutral" outlook** but will continue to monitor developments closely for a potential future upgrade once valuations become more attractive. In any case, for investors who prefer stock-picking, analysts continue to hold positive views on many individual names within the sector.

#	Company	Ticker	Industry	Price USD	Target USD	Upside	Fwd P/E	5Y Avg P/E	vs 5Y Avg
1	Generac Holdings	GNRC UN	Electrical Components	197.29	287.77	+45.9%	19.6x	31.1x	-37%
2	United Airlines	UAL UW	Passenger Airlines	112.39	161.94	+44.1%	8.2x	8.3x	In line
3	Honeywell Aerospace	HONA UW	Aerospace & Defense	160.75	219.77	+36.7%	20.9x	N/A	–
4	Cummins	CMI UN	Construction Machinery	573.87	780.99	+36.1%	17.4x	21.5x	-19%
5	Comfort Systems USA	FIX UN	Construction & Engineering	1,614.98	2,197.00	+36.0%	30.4x	28.7x	+6%
6	Xylem	XYL UN	Industrial Machinery	112.65	153.00	+35.8%	19.1x	34.5x	-45%
7	Southwest Airlines	LUV UN	Passenger Airlines	39.76	53.08	+33.5%	9.5x	54.3x	-83%
8	EMCOR Group	EME UN	Construction & Engineering	775.04	1,033.29	+33.3%	22.2x	22.0x	In line
9	CH Robinson Worldwide	CHRW UN	Air Freight & Logistics	151.14	201.04	+33.0%	22.0x	22.1x	In line
10	L3Harris Technologies	LHX UN	Aerospace & Defense	261.98	347.31	+32.6%	20.6x	24.0x	-14%

Chart 10: U.S. industrial stock picks by Bloomberg analysts

#	Company	Ticker	Industry	Price local ccy	Target local ccy	Upside	Fwd P/E	5Y Avg P/E	vs 5Y Avg
1	Verisure	VSURE SS	Security & Alarm	10.54	19.12	+81.4%	N/A	N/A	–
2	DSV A/S	DSV DC	Air Freight & Logistics	214.31	315.52	+47.2%	17.5x	23.6x	-26%
3	Eiffage	FGR FP	Construction & Engineering	127.42	184.97	+45.2%	7.9x	10.3x	-23%
4	Huber + Suhner	HUBN SE	Electrical Components	216.09	309.74	+43.3%	28.1x	25.0x	+13%
5	CSG NV	CSG NA	Aerospace & Defense	21.97	31.01	+41.2%	14.8x	22.6x	-35%
6	Cellnex Telecom	CLNX SQ	Integrated Telecoms	30.48	42.73	+40.2%	N/A	65.4x	–
7	Rheinmetall	RHM GY	Aerospace & Defense	1,363.05	1,884.48	+38.3%	26.7x	40.4x	-34%
8	Rentokil Initial	RTO LN	Environmental Services	4.68	6.38	+36.3%	14.9x	28.4x	-48%
9	Bouygues	EN FP	Construction & Engineering	51.21	69.62	+35.9%	12.3x	10.8x	+14%
10	RENK Group	R3NK GY	Construction Machinery	56.44	76.47	+35.5%	22.5x	56.8x	-60%

Chart 11: European industrial stock picks by Bloomberg analysts

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