

Constructive but vigilant:
investing through
the AI supercycle

GLOBAL MARKET OUTLOOK 2026



Investing through the AI supercycle

Dear Client,



Alfonso Castillo Lapetra
Global Head
Santander Private Banking

The American scientist **Roy Amara** observed that we tend to overestimate the impact of new technologies in the short term and underestimate their effects in the long term. That idea captures today's moment well. **Enthusiasm for the applications of artificial intelligence is fueling an unprecedented wave of investment**, yet true transformation usually unfolds gradually as innovation becomes embedded in the real economy. For this reason, we remain **constructive but vigilant**: constructive because we share optimism about AI's transformative potential, and vigilant because every phase of innovation brings **risks of overconfidence and inefficient capital allocation**, requiring discipline and a long-term perspective.

We hold a **moderately positive view of global growth**, driven by strong corporate investment in new technologies and expansive fiscal policies in major economies. Combined with **lower interest rates** and **supportive financial conditions**, these forces should continue to sustain the current economic expansion.

In financial markets, fundamentals remain solid: **corporate earnings are being revised upwards** and balance sheets are strong. **Valuations reflect market confidence but leave less room for disappointment**, calling for **selectivity** in investment decisions and a focus on companies with sustainable profitability and tangible value creation.

Looking ahead to 2026, we identify **four main investment priorities**: the expansion of **physical, digital, and energy infrastructure**; the deployment of **AI across the services sector**; the **security of strategic supply chains**; and capitalizing on opportunities created by a lower-rate environment supporting risk assets.

We are entering a **supercycle of innovation with the potential to reshape global productivity**, which makes maintaining discipline in capital allocation essential to avoid repeating the mistakes of the past. Santander Private Banking will continue to support you with expert advice in an era defined by transformation and technological advancement.

Sincerely,

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke at the bottom.

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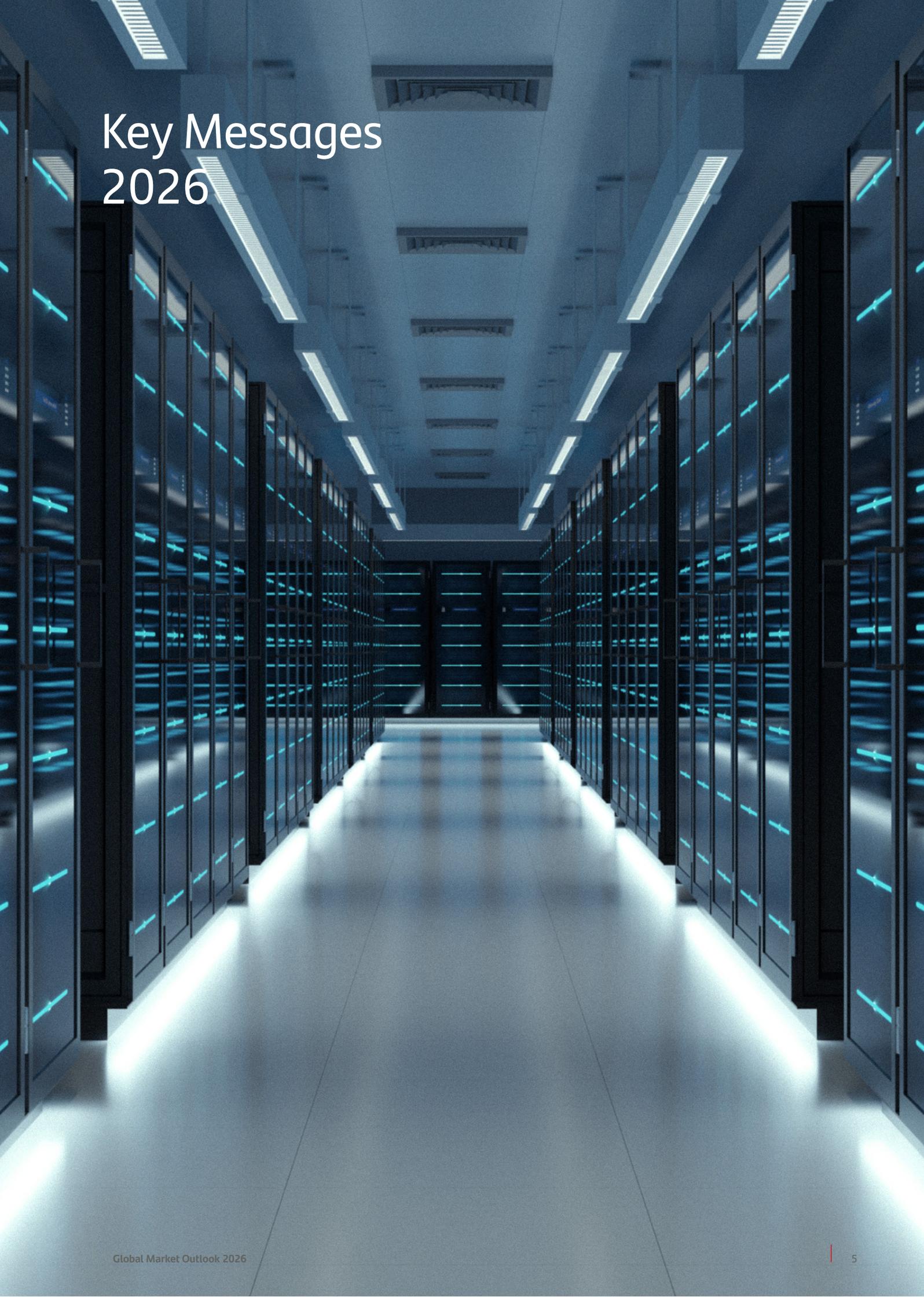
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04 Investing with discipline

Key Messages 2026



Four dynamics behind a constructive outlook

Growth remains supported by technology, liquidity, and coordinated policy action

Policy support: easing rates, active fiscal stance

Fiscal and monetary policies remain aligned with supporting growth. Governments are sustaining infrastructure and energy-transition spending, while central banks approach neutral rates. This balance continues to underpin expansion, though fiscal discipline will be essential to preserve confidence.

Multipolar world: frictions contained, but not disruptive

Minimal trade agreements and supply-chain diversification have helped avoid a deeper disruption in global commerce. Companies are adapting to new regional frameworks, optimizing suppliers and logistics. Despite geopolitical volatility, global growth remains stable in a new multipolar equilibrium.

Financial conditions: liquidity still a tailwind

Credit spreads and financing costs remain contained, allowing investment to continue. The financial system is stronger and better capitalized than in past cycles, despite pockets of leverage. Overall, liquidity continues to act as a stabilizer, keeping financial conditions supportive of the real economy.

Innovation: productivity offsetting headwinds

Artificial intelligence is fueling a powerful investment cycle in data infrastructure, and industrial technology. As adoption spreads, corporate capex is supporting global growth and productivity. With valuations already demanding, the focus now shifts to converting innovation into lasting efficiency gains and tangible returns.

Four investment ideas for a vigilant 2026

Staying disciplined amid technological change and geopolitical uncertainty

Power the industrial renaissance

AI and electrification are igniting a new phase of investment across energy systems, automation, and digital infrastructure. From power grids to robotics, the industrial economy is being rebuilt to support data-driven growth and cleaner energy use. This transformation anchors long-term productivity and creates opportunities in utilities, manufacturing, and the enablers of electrification and data infrastructure.

Leverage the AI agentic revolution

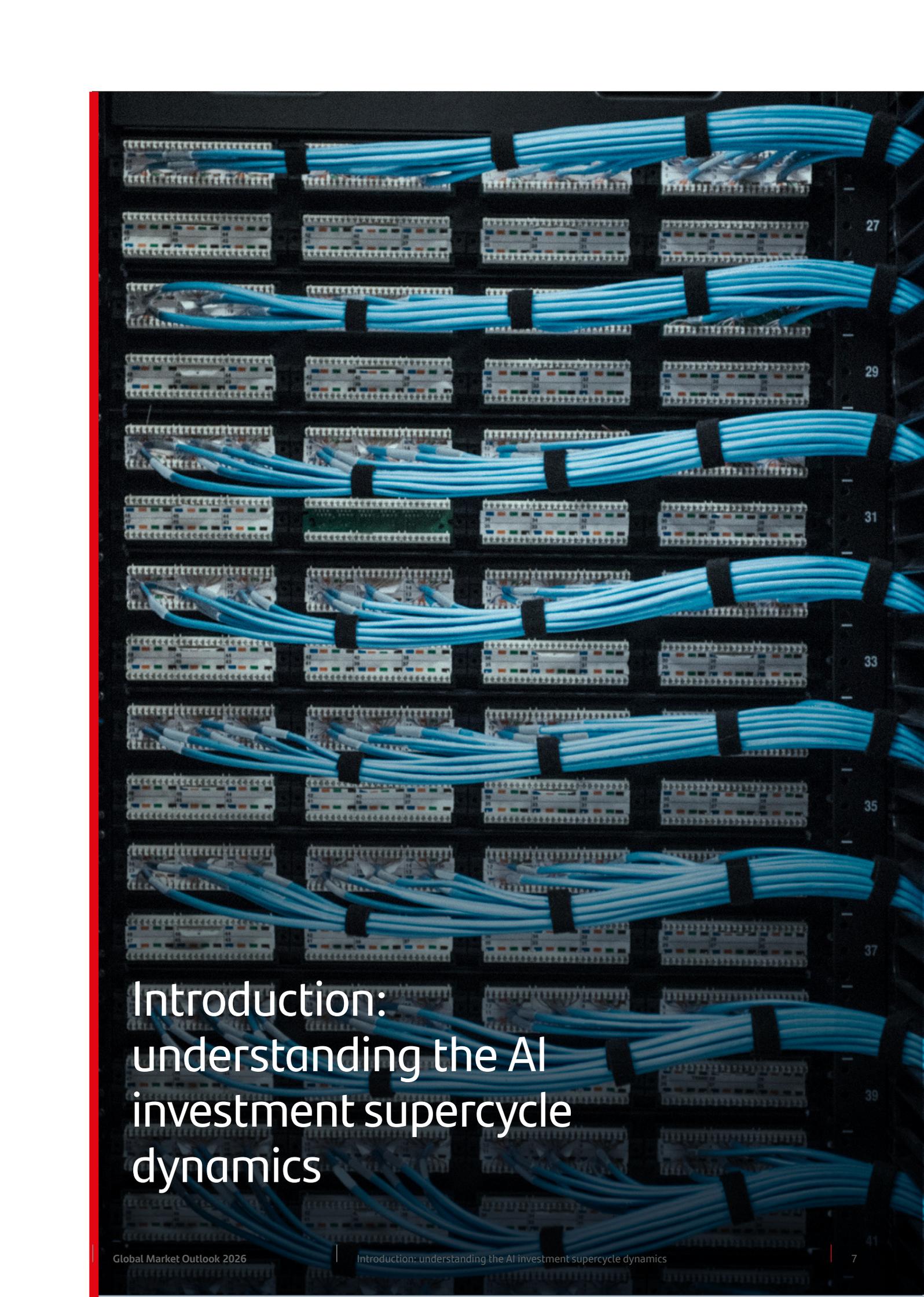
Artificial intelligence is evolving from generative tools to autonomous "agentic" systems that can reason, plan, and act. This leap is reshaping services, healthcare, and industry by combining human expertise with machine intelligence. Investors can gain exposure through leading AI platforms, cloud software, and cybersecurity solutions that ensure the safe and scalable adoption of this new technology wave.

Position for lower interest rates

A synchronized policy shift is easing financial conditions and extending the cycle. As inflation stabilizes, lower rates open opportunities in quality duration, investment-grade credit, emerging-market bonds, and private debt. Fiscal support for infrastructure and energy continues to reinforce sectors that combine steady income with capital resilience.

Hedge a softer US dollar

Global fragmentation and shifting trade patterns are reshaping portfolio balance. A softer dollar cycle and renewed investment in energy, infrastructure, and resources are spreading growth more evenly across regions. Diversifying across currencies and adding exposure to hard assets, energy security, and critical minerals can help hedge volatility. Real assets such as infrastructure, commodities, and gold remain key anchors of resilience in a more multipolar world.



Introduction: understanding the AI investment supercycle dynamics

1.0 Introduction: understanding the AI investment supercycle dynamics

AI investment is reshaping the global economy. The 2026 outlook depends on turning this innovation wave into lasting productivity and profit growth.

The year 2025 unfolded as a contest between two narratives. Early in the year, **geopolitical fragmentation** dominated headlines. The *Liberation Day Plan* in the United States reignited tariff tensions and triggered a sharp market correction, as investors questioned the resilience of global trade and policy coordination.

As the year advanced, a second narrative gained momentum. The innovation cycle, fueled by record AI investment, gradually offset geopolitical stress. NVIDIA's exceptional results in May, with a 69% surge in revenues, the record AI pipeline announced in November, and OpenAI's valuation surpassing \$500 billion later in the year, reinforced how innovation was driving profits and confidence. Fiscal support in the U.S. and Germany amplified this shift, and markets steadily recovered. As illustrated in the chart below, these alternating narratives defined market performance: **volatility around policy shocks gradually gave way to renewed optimism as technological progress and capital spending took the lead.** Even the Trump–Xi meeting in Seoul in late October — a symbolic reminder of geopolitical rivalry — failed to derail the uptrend.

\$7.9
trillion
(2025–2030)
Global AI data
center spending ⁽¹⁾

This turning point echoed the message of the **2025 Nobel Prize in Economics**, awarded to Joel Mokyr, Philippe Aghion and Peter Howitt for their work on innovation, knowledge diffusion and “creative destruction.” Their insight is timely: **sustainable prosperity rests not on enthusiasm but on the capacity to translate innovation into measurable productivity.** That idea came to define the tone of the year's closing months. By late 2025, the innovation narrative had prevailed. Markets rewarded progress over protectionism, and the focus turned from short-term shocks to long-term transformation. Across boardrooms, earnings calls and economists' forecasts, the conversation shifted decisively toward innovation as the central driver of the next growth phase, This Global Market Outlook explores **how investors can stay positioned – constructive on opportunity yet vigilant on risk - as the AI supercycle develops in a more fragmented world.**

2025: a year of two narratives (disruptive innovation and geopolitical fragmentation) Economic policy support and AI momentum reversed a volatile start

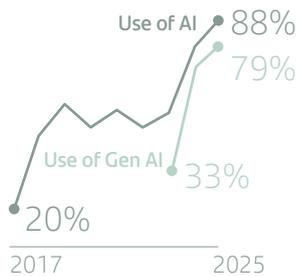
Source: Bloomberg Global EQ:FI 60:40 Index and own elaboration. Data as of 11/19/2025



(1) McKinsey & Company, "The Economic Potential of Generative AI," 2025 (accelerated scenario).

The title of this report reflects a conviction: **technology is not a passing theme but a structural engine of global growth**. The growing reach of digital infrastructure, automation and data across industries shows that technology has become the foundation of the economy. Artificial intelligence and robotics are accelerating this transformation, extending a long-term trend that began well before the current cycle.

Adoption of AI and GenAI in businesses, 2017–2025



As shown in the charts below, the **rally in global equities**—especially in the United States—has been **led by the technology sector**. The exceptional performance of the Magnificent 7 has been decisive: these firms combine innovation, scale and profitability to lead digitalization and capture most of global earnings growth. Since 2020, their profits have risen by over 340%, while other major indices gained about 70%. This divergence illustrates how innovation has become the defining force behind market performance and the main source of value creation.

The rise of artificial intelligence reinforces this dynamic. **AI is not creating a new technological cycle; it is amplifying one already reshaping every sector**. As intelligent systems and automation become embedded in production, services and finance, technology is evolving from a single industry into the operating system of the global economy—the platform through which growth, productivity and competitiveness are defined.

Still, history counsels prudence. Transformative technologies often fuel exuberance that stretches valuations beyond fundamentals. Every great innovation—from railways to the internet—has mixed genuine progress with phases of overinvestment. The AI boom looks more resilient but is not immune to misallocation or inflated expectations. Amara's Law holds: we overestimate technology's short-term impact and underestimate its long-term power.

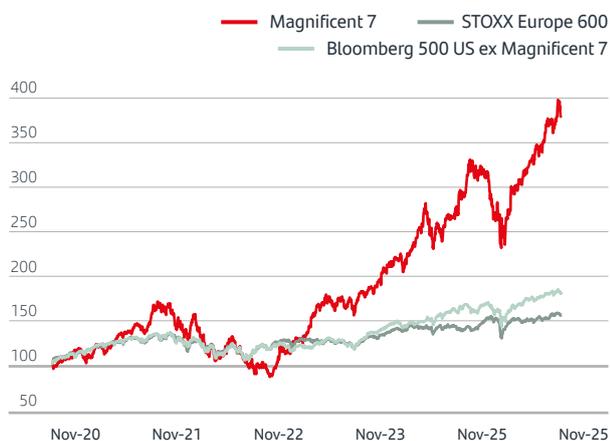
For investors, the opportunity is real but demands discipline. **Maintaining a constructive approach to innovation while ensuring disciplined capital allocation is essential.** Success will hinge less on chasing momentum and more on identifying where AI drives real productivity, sustainable margins and lasting value. **Optimism must rest on evidence, not euphoria.**

Technology as the defining force behind market performance

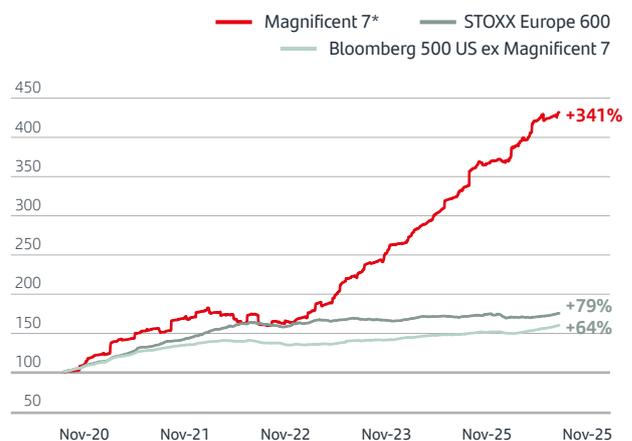
Global tech giants ("Magnificent 7") concentrate market gains and define US exceptionalism

Source: Bloomberg. 11/07/2020=100. Data as of 11/07/2025

Index returns



Profit (EPS) growth



* Magnificent 7 are the global tech giants (Apple, Nvidia, Amazon, Meta, Microsoft, Google and Tesla).

~3%

Global growth and inflation in balance under our central scenario for 2026

While artificial intelligence dominates this cycle, it is not its only engine of growth. Policy support, structural transformation and the shift toward more neutral monetary conditions sustain a constructive outlook. Fiscal cuts in the United States and new investment plans in infrastructure and defense across Europe are boosting demand and employment, offsetting trade frictions. On the monetary front, the gradual **move toward neutral rates is easing financial conditions** and expanding credit, creating a more supportive environment for investment and risk assets.

Beyond the short term, structural forces are reshaping global growth. AI leads this transformation together with automation, the energy transition and re-industrialization. Electrification, clean energy and industrial modernization are building a new investment landscape where **policy and technology act in concert**. These trends support a more balanced and diversified expansion but also demand discipline: **fiscal expansion is approaching its limits** and public finances are again center stage. Meanwhile, **geopolitical tensions** and trade fragmentation continue to call for active, diversified and prudent management.

11

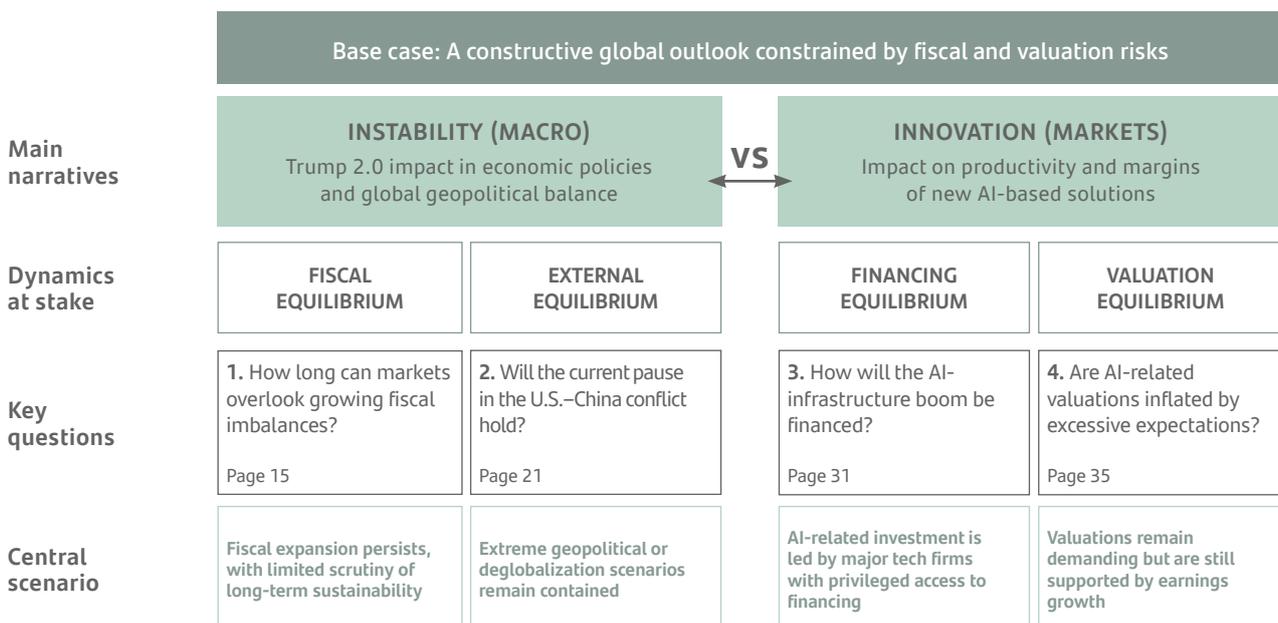
central banks cut rates in the past two months, confirming a stronger balance between inflation and growth ⁽²⁾

In this context, the report is organized around the **Equation for 2026**, shown in the diagram below, which summarizes the forces that will shape the cycle. **Four dimensions — fiscal policy, global trade, credit and valuation— define the balance between instability and innovation, between policy and markets.** Each highlights a key challenge: fiscal sustainability, adaptation of trade to a new geo-economic order, financing the AI-driven capex boom, and whether current valuations remain justified after an exceptional earnings cycle. We dedicate specific sections of the report to address these four key questions.

These dimensions underpin the key questions that guide our analysis and connect the macro narrative with market strategy. They also lead to the identification of the **main investment opportunities**, detailed in Chapter 4, across four structural themes: the industrial renaissance, the rise of AI agents, the impact of lower interest rates and the rebalancing of global security. Together, they provide the **roadmap for disciplined investing in a cycle defined by innovation and transformation.**

2026 Equation: four key dynamics between disruption and innovation

Narratives of geopolitical instability and technological innovation will define the 2026 cycle



(2) Source: Bloomberg.



Technology investment powers the cycle

2.0 Technology investment powers the cycle

2026 opens in balance: growth cools, inflation eases, and financing conditions normalize. AI-led investment and fiscal support keep the expansion on track.

0.5%
Projected annual productivity lift as AI-driven efficiency gains spread through the global economy⁽¹⁾

The world economy enters 2026 on a more balanced footing. Growth is slowing from post-pandemic highs, but it is slowing into stability, not into trouble. Inflation continues to edge closer to central-bank targets, while activity remains broadly above trend. In short, a soft landing is taking shape: monetary conditions are gradually easing, and consensus forecasts for both global growth and inflation are converging within moderate, sustainable ranges — a configuration that has historically been favorable for financial markets as it extends the cycle.

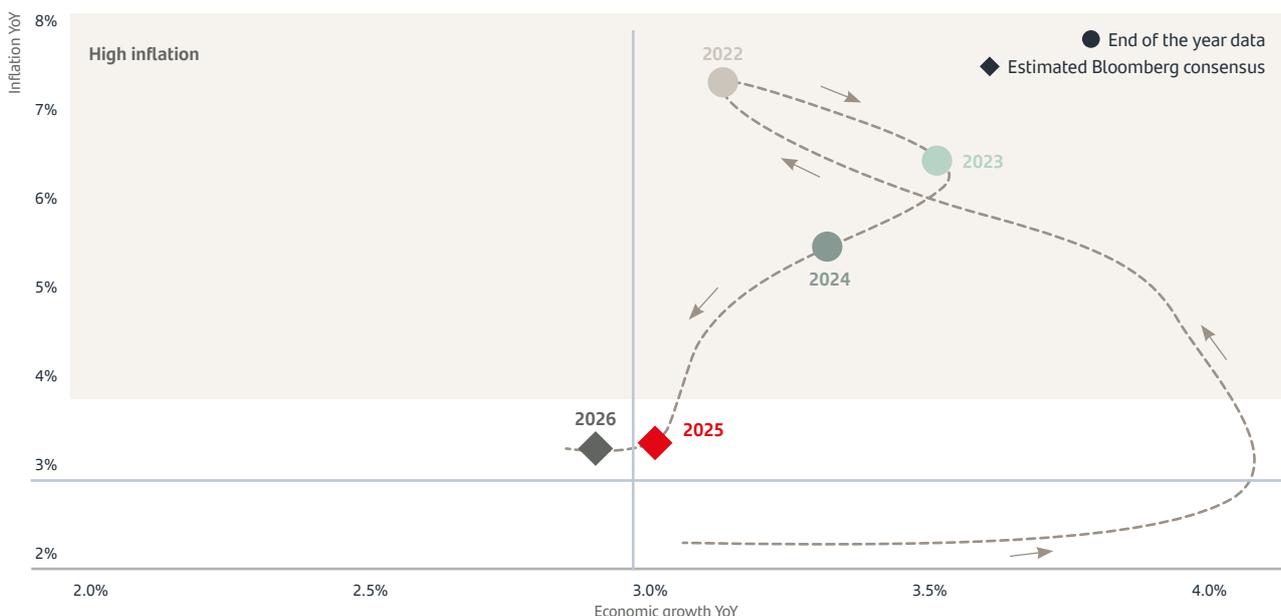
The main pillars of this expansion are productivity gains and sustained investment. The boom in artificial intelligence, data infrastructure, and upgrades in power grids, manufacturing, and logistics is now visible in corporate spending plans, orders, and earnings. While this wave remains uneven across regions, it increasingly extends beyond the technology sector. As adoption spreads, AI-enabled tools are helping companies automate workflows, reduce costs, and shorten product-development cycles. The process is gradual rather than explosive, but its implications are significant: higher productivity allows economies to grow without reigniting inflation, giving central banks more room to normalize policy at a measured pace.

>70%
of major central banks are in an easing or neutral stance⁽²⁾

At the same time, **fiscal policy remains a supportive tailwind.** The United States, China, and Germany — three anchors of global demand — continue to implement expansionary programs that sustain private and public investment. In the U.S., tax incentives and spending linked to the energy transition and data-center construction keep private investment engaged. Germany's multi-year commitments to infrastructure, defense, and green projects are lifting domestic demand across the euro area, while China maintains targeted stimulus and selective investment to stabilize consumption. Together, fiscal support and technological momentum are prolonging a more stable and balanced phase of global expansion.

Outlook for world economic growth and inflation The 2026 outlook mirrors 2025's moderate growth and easing inflation

Source: Bloomberg estimates and own elaboration



(1) International Monetary Fund, World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, October 2025 — Chapter 1, "Policies: Bringing Confidence, Predictability, and Sustainability."
 (2) Bloomberg and in-house elaboration

0.5%

Combined fiscal deficit across OECD economies in 2026, including an expected 6% shortfall in the United States ⁽³⁾

Monetary policy is moving toward greater neutrality. Most major central banks are gradually easing policy as inflation converges toward their targets. This shift lowers funding costs and mitigates refinancing risks for households and businesses, supporting credit creation and a more stable financial environment. It does not mark a return to ultra-low rates, but rather a move toward neutral levels that balance growth and inflation, consolidating the soft landing that began in 2025.

Across regions, the economic tone remains constructive. In the **United States**, growth is supported by three main pillars: tax cuts, the wealth effect of strong markets, and the AI-driven investment boom in technology and automation. In **Europe**, Germany's multi-year public investment in infrastructure and defense, together with lower rates, is strengthening domestic demand and confidence. **China** continues to apply selective measures to stabilize growth and stimulate consumption. **Emerging economies** — particularly India, Mexico, and Southeast Asia — are benefiting from supply-chain reconfiguration and solid external balances, reinforcing their role as key contributors to global expansion.

The main risks to this outlook stem from policy missteps that could disturb the balance between growth and stability. A tighter-than-expected fiscal or monetary adjustment could cool demand, while excessive stimulus might reignite inflationary pressures. Additional threats include renewed energy or commodity price spikes, persistent geopolitical tensions, or unpredictable policy shifts in China. Fiscal imbalances in advanced economies and uneven trade policies could also undermine global confidence. None of these risks form part of our central scenario, but they are closely monitored given their potential impact on sentiment and financial conditions.

3.5%

Global inflation forecast for 2026 ⁽⁴⁾

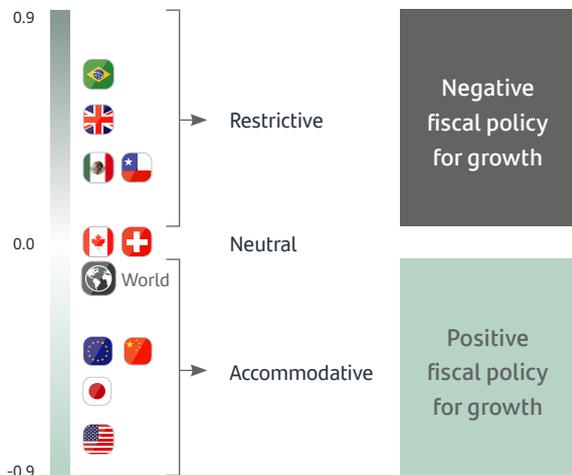
Our central case for 2026 is a durable soft landing: moderate global growth driven by AI investment and early productivity gains, with policy rates trending toward neutral and fiscal support remaining selective. The result is a balanced and stable macro environment in which inflation continues to converge toward targets and financial conditions normalize. Together, these factors extend the expansion and sustain a constructive yet disciplined outlook for investors.

Change in economic policies in 2026 compared with 2025 Global policy mix turns more supportive in 2026

Source: Santander Private Banking estimates

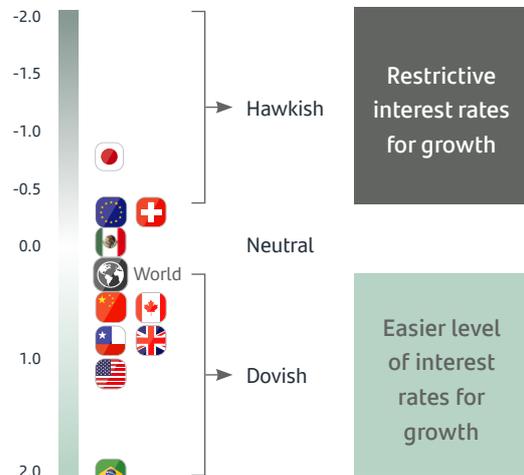
Fiscal Policy

(negative is more stimulus, larger deficit)



Monetary policy

(negative is restrictive)



(3) Organisation for Economic Co-operation and Development (OECD), Economic Outlook, Interim Report: Finding the Right Balance in Uncertain Times, September 2025 — Summary and Table 1.
(4) Bloomberg economic forecasts. Data as of 11/11/2025.

Key Question #1

Can fiscal support continue amid rising deficits?

Fiscal and monetary policy remain aligned in supporting global growth, but growing fiscal imbalances raise the question of how long this support can last before discipline returns.

Although several central banks have already completed most of their easing cycle, the overall global trend remains tilted toward rate cuts

Fiscal and monetary policies continue to stand as two of the main pillars of global growth. In 2026, fiscal stimulus regains a leading role, while monetary policy shifts gradually toward greater neutrality. As highlighted in the Equation for 2026, the first key question for investors is **how long markets can tolerate expanding deficits before fiscal constraints re-emerge.** For now, public investment in infrastructure, defense and the energy transition is set to remain strong, offsetting trade frictions and the drag from higher real rates. Central banks, meanwhile, are approaching the later stages of their easing cycles, supporting credit expansion and liquidity. This alignment between fiscal support and flexible monetary policy underpins a still-favorable backdrop for global growth.

By region, the tone of economic policy remains broadly constructive. In the **United States**, fiscal stimulus under the One Big Beautiful Bill Act (**OBBBA**) remains the key growth driver. The mix of tax cuts, incentives for energy and data-center investment, and renewed re-industrialization could add between 0.8% and 1% to U.S. GDP in 2026 according to estimates from various institutions, as shown in the chart on the left below. These effects reinforce labor-market resilience and the wealth impact of buoyant financial markets, sustaining consumption and private investment. In parallel, the Federal Reserve is in the latter phase of its rate-cutting cycle, with policy rates expected to settle between 3.25% and 3.5% and inflation converging toward 2%. This combination supports liquidity, strengthens balance sheets, and consolidates a more balanced trajectory for the U.S. economy.

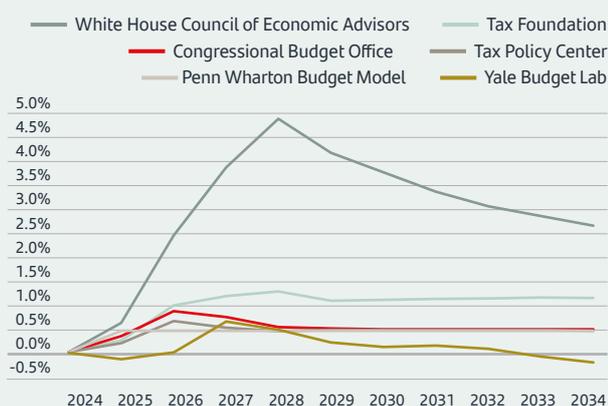
1%

Fiscal stimulus under the OBBBA could contribute up to 1% of U.S. GDP growth in 2026

Across other regions, fiscal momentum is also evident. **Germany's multi-year plan for infrastructure, defense and energy investment continues to underpin domestic demand, while China pursues selective fiscal measures** and targeted credit support to stabilise growth and confidence. Emerging markets, particularly India, Mexico and Southeast Asia, benefit from resilient investment inflows, external balances and the ongoing reconfiguration of supply chains. Together, these forces sustain a constructive but disciplined global outlook, in which **policy remains a key stabiliser even as markets start to test the limits of fiscal generosity.**

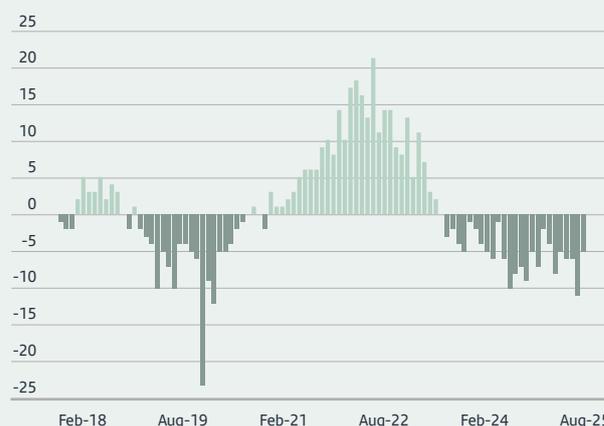
Estimated GDP impact of the OBBBA in the United States Fiscal policy expected to boost U.S. growth in 2026

Source: Center for a Responsible Federal Budget



Global net policy rate changes (Monthly) Central banks remain in a broad easing cycle

Source: Banks that raise minus banks that cut interest rates. Bloomberg. Data as of 10/31/2025



~0.3%
 expected addition to
 German GDP from
 the fiscal boost for
 growth ⁽¹⁾

Europe is moving toward a fiscal paradigm shift. After years of budget restraint, **Germany has launched a multi-year €500 billion investment plan** focused on infrastructure, defense and the energy transition. Public spending—equivalent to an estimated 0.3% of global GDP—is accompanied by a more accommodative stance from the European Central Bank, which keeps deposit rates around 2%. This combination of easier financial conditions and investment-driven stimulus is helping to stabilise business confidence and strengthen domestic demand in an environment where geopolitical and trade tensions continue to limit external growth. The euro area is expected to expand by about 1.1% in 2026, according to data from Santander Research led by Germany and Spain, while France and Italy advance at a more moderate pace.

In China, fiscal stimulus remains a central pillar of its growth objective. As part of the instruments to reach this objective, the government has raised its deficit target to 4% of GDP—including the issuance of special sovereign bonds—and has launched an additional RMB 500 billion investment program to support local governments and fund projects in clean energy, technology and infrastructure modernisation. These measures offset weakness in the property sector and relieve fiscal pressure on local administrations, while the People's Bank of China maintains an accommodative policy stance. The objective is to consolidate stable growth around 4.5%, underpinned by public investment and a gradual recovery in private consumption.

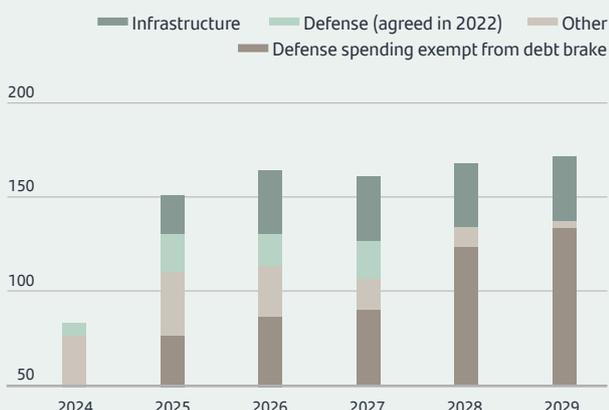
Taken together, **the coordination between expansive fiscal policies and a more flexible monetary stance remains the key to sustaining a stable global cycle.** For now, fiscal incentives and the AI-driven investment boom continue to support growth in the United States; in Europe, Germany's spending push reinforces domestic demand; and in China, selective fiscal expansion helps stabilise activity. Lower interest rates, combined with moderating inflation, are fostering a more balanced financial environment that supports investment and productivity.

Yet as deficits expand and public debt ratios rise, the question for investors is how long markets will continue to reward this policy mix before demanding fiscal consolidation. **History suggests that confidence can shift quickly once debt trajectories appear unsustainable.** For now, strong demand for sovereign assets and contained funding costs allow governments to extend stimulus, but fiscal space is not unlimited. **The coming year will test whether the global cycle can sustain growth without crossing the threshold where markets begin to call for renewed austerity.**

8%
 China's total deficit for 2026, including local administrations and special funds ⁽²⁾

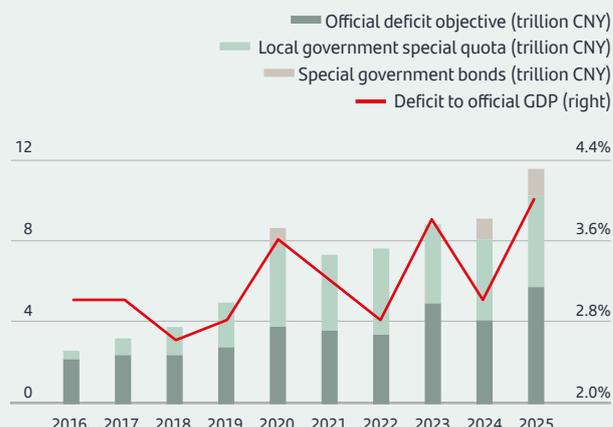
Germany's projected net borrowing Infrastructure and defense drive Germany's fiscal expansion

Source: German Federal Ministry of Finance



China's expanded fiscal deficit target Rising deficit underpins China's pro-growth stance

Source: Bloomberg



(1) and (2) International Monetary Fund, World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, October 2025 — Chapter 1, "Global Prospects and Policies."

2.1 United States: investment momentum offsets tariff effects

The U.S. economy enters 2026 with solid momentum. The drag from trade tariffs is being balanced by strong private investment, lower interest rates, and an ongoing technology boom.

1 Trn\$
AI-related capex set to exceed \$1 trillion in 2025-26 ⁽¹⁾

The U.S. economy enters 2026 with strong momentum, driven by private investment, supportive policy, and technological dynamism that offset trade tariffs. Growth continues to outpace other advanced economies, though imbalances persist. The cycle is moderating but near potential, supported by low inflation and resilient business spending.

AI-driven investment offsets tariffs and tighter migration rules, boosting activity and productivity. The boom in data centers, software, and automation expands among major tech firms, while traditional sectors advance more slowly.

The Federal Reserve has turned more accommodative, with **policy rates expected between 3.25% and 3.5% in 2026, easing financing for households and firms.** Combined with fiscal stimulus, this supports growth even as the deficit --around 6 -7% of GDP --remains unusually high for this stage of expansion. Lower inflation improves liquidity and market sentiment, fostering a stable backdrop for risk assets.

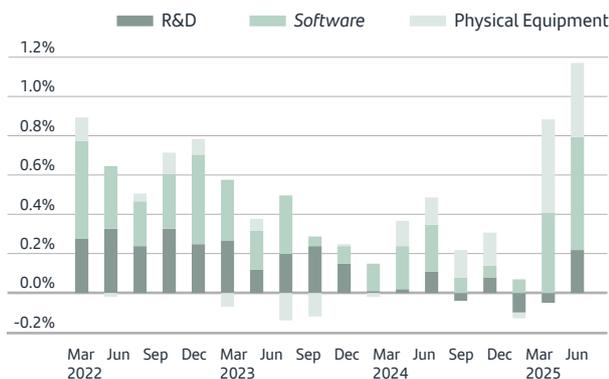
Fiscal policy stays expansionary under the One Big Beautiful Bill Act (OBBBA), extending tax cuts and incentives for manufacturing, energy, and digital infrastructure. These measures strengthen the industrial base but widen income disparities, creating a "K*-shaped" economy: growth led by large corporations and high-income households, while middle-income sectors face slower wage gains and weaker spending.

Though recession risks remain low, growth foundations are uneven, increasingly reliant on affluent consumers and buoyant markets. Still, AI-driven productivity gains and an easier policy mix should sustain momentum through 2026. Overall, the U.S. economy maintains a solid, innovation-led trajectory supported by employment and steady consumer confidence.

50%
Top 10% of households generate 50% of U.S. consumption ⁽²⁾

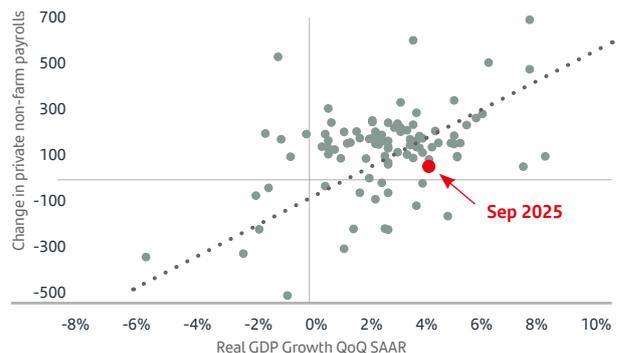
Contribution of AI-related investment to US GDP (quarterly annualized) AI investment becomes a key driver of growth

Source: Bloomberg. Data as of 10/31/2025



GDP growth and change in payrolls (2000-2025) Output expands even as hiring momentum eases

Source: Bloomberg. Data as of 10/31/2025



*A K-shaped economy describes a recovery in which different sectors and income groups evolve in divergent ways, like the two arms of the letter "K."

(1) Goldman Sachs, Generational Growth: AI, Data Centers and the Coming U.S. Power Demand Surge, April 2024 — Equity Research Report.

(2) International Monetary Fund, World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, October 2025 — Chapter 1, "Global Prospects and Policies."

2.2 Eurozone: Germany's fiscal push lifts a fragile recovery

Europe's recovery is gaining traction, led by fiscal expansion and improving sentiment. Inflation has reached the ECB's comfort zone, allowing monetary policy to remain supportive.

€500bn

Size of Germany's multi-year investment plan for infrastructure, defense, and the energy transition ⁽¹⁾

Europe's recovery is slowly gaining traction, supported by fiscal expansion and contained inflation that allow monetary policy to remain favorable. The euro area enters 2026 on firmer footing after years of stagnation. Growth has stabilized around 1%, driven by a moderate rebound in domestic demand and improving business confidence. The region has avoided recession and shows early signs of normalization, underpinned by softer inflation and easier financing conditions.

Germany leads this new phase with a major fiscal expansion, launching a **€500 billion multi-year plan for infrastructure, defense, and the energy transition**—equivalent to roughly 0.3% of global GDP. This fiscal impulse coincides with the European Central Bank's near-neutral stance, as the deposit rate remains close to 2%. The combination of Germany's public investment and supportive financing conditions is helping to offset industrial weakness and anchor regional sentiment.

Fiscal divergence across the euro area, however, remains significant. France faces tighter budgetary constraints, with a fiscal deficit near 5% of GDP that limits its room for stimulus and forces a gradual path to consolidation. This stands in contrast to Germany's expansionary approach, creating an uneven policy mix within the bloc. Southern European economies such as **Spain and Portugal** continue to benefit from tourism and EU-funded projects, while **Italy**, despite progress in fiscal discipline, still struggles with high costs, weak productivity, and the challenges of industrial modernization.

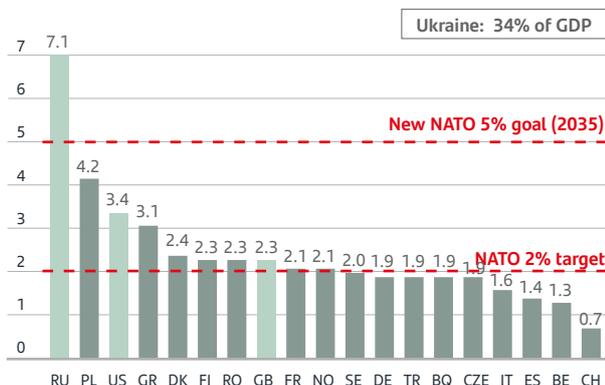
5% GDP

France's fiscal deficit limits policy space and contrasts with Germany's expansion ⁽²⁾

Overall, **monetary policy remains a stabilizing anchor**. With inflation near the 2% target, the ECB can hold rates steady through most of 2026 while monitoring wages. Lower funding costs ease sovereign pressures and sustain credit flows. The euro area's policy mix—neutral rates, active fiscal policy, and contained inflation—is now better aligned than in previous years. Although the recovery remains fragile, coordinated policies and improving confidence should help consolidate a more balanced, stable phase of growth in 2026.

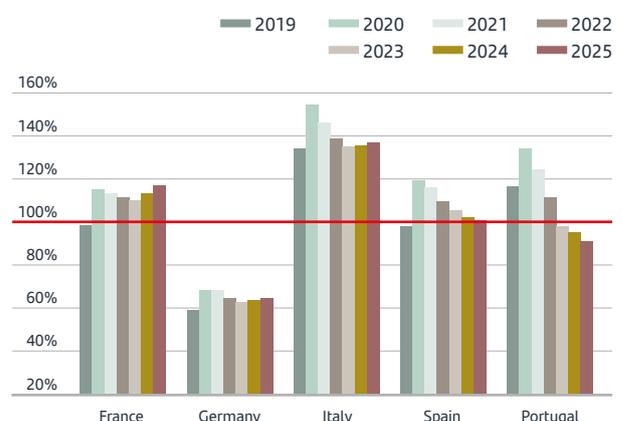
Military spending as a % of GDP (2024) Meeting the 2035 NATO goal will require major increases

Source: SIPRI Military Expenditure Database (2024, published Apr 2025)



Debt as a % of GDP A two-speed fiscal landscape

Source: Bloomberg, IMF World Economic Outlook (October 2025)



(1) Organisation for Economic Co-operation and Development (OECD), Economic Outlook, Interim Report: Finding the Right Balance in Uncertain Times, September 2025 — Summary and Country Notes.

(2) International Monetary Fund, World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, October 2025 — Chapter 1, "Global Prospects and Policies."

2.3 United Kingdom: fiscal constraints

Lower inflation and easing rates bring relief to the UK economy, but weak investment and fiscal strains keep growth fragile.

4.8%

Unemployment is near pre-pandemic levels, signaling a soft landing ⁽¹⁾

Lower inflation and gradual rate cuts are easing pressures on households and businesses, yet fiscal fragility and weak investment continue to constrain the pace of recovery. The U.K. enters 2026 navigating between recovery and restraint. Growth is expected to reach around 1%, supported by softer inflation, the resilience of the services sector, and a more flexible monetary stance. However, the expansion remains narrow: middle- and high-income households are driving consumption, while small firms and credit-dependent sectors lag behind.

Monetary conditions are normalizing gradually. **The Bank of England is expected to reduce rates slightly below 4% in 2026**, confident that disinflation is advancing, albeit unevenly. Headline inflation has declined to about 3.3% and is trending toward the 2% target by late 2026, assuming energy prices remain stable. Real wages have turned modestly positive, and unemployment, near 4.8%, points to a soft landing. Even so, **productivity and business confidence remain subdued**, limiting medium-term growth prospects.

The fiscal position remains the main vulnerability. The deficit exceeds 5% of GDP, while debt-service costs have risen to levels last seen in the 1990s. Aging-related spending and welfare pressures further constrain fiscal flexibility, leaving little room for policy maneuver. **Political consensus on tax and pension reforms remains elusive**, reflecting the structural challenge of reconciling fiscal discipline with social demands. Real incomes are improving and bond yields have stabilized, yet corporate investment remains weak, and housing prices appear to have found a fragile floor.

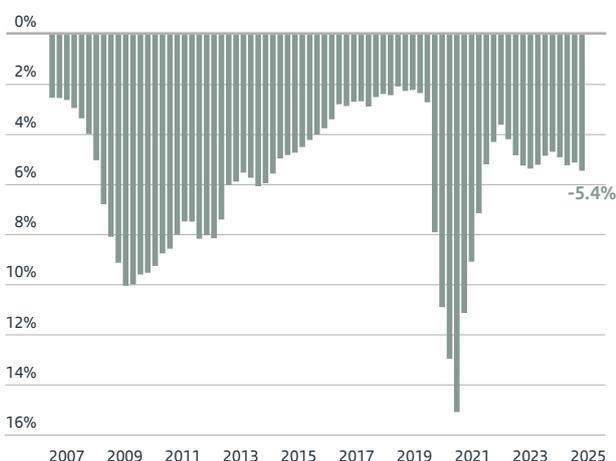
0.3%

Productivity growth is one-third of the G7 average ⁽²⁾

In sum, **the United Kingdom's recovery is fragile but functioning.** Inflation is converging toward target and the labor market remains resilient, but high public debt, low productivity, and narrow sources of demand keep stability dependent on prudent fiscal management and a gradual revival of business investment. The U.K. is likely to maintain modest growth supported by monetary easing and a flexible services sector, yet its progress will remain slower than that of most other advanced economies.

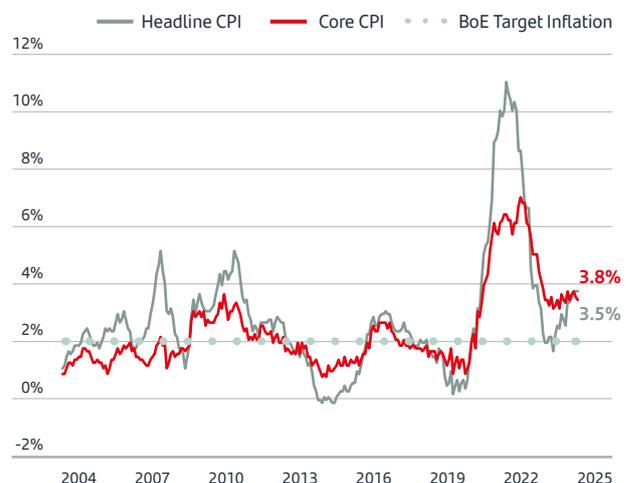
Fiscal deficit as a % of GDP Debt discipline still a work in progress

Source: Bloomberg. Data as of 10/31/2025



Consumer Price Inflation Headline inflation nears target; core lags behind

Source: Bloomberg. Data as of 10/31/2025



(1) and (2) Organisation for Economic Co-operation and Development (OECD), Economic Outlook, Interim Report: Finding the Right Balance in Uncertain Times, September 2025 — Labour Market Indicators and Country Assessment: United Kingdom.

2.4 China: balancing growth and adjustment

Targeted stimulus and export diversification are sustaining growth despite deflation risks. China's transition toward innovation and consumption is shaping a steadier, more balanced expansion.

+4%
average growth of Chinese exports despite the sharp decline in shipments to the United States ⁽¹⁾

The combination of selective stimulus, competitiveness, and innovation is keeping China's growth stable despite persistent deflation risks. After two years of slowdown, the economy is expected to expand around 4–4.5% in 2026, supported by policy easing and improving external conditions. Growth is shifting toward a slower but more sustainable model, driven by technology upgrading, fiscal stimulus, and a more prudent monetary stance. Following a turbulent 2024–2025 marked by property weakness and trade frictions, momentum has steadied. GDP rose about 4.8% in 2025 and is now stabilizing as exports strengthen, targeted stimulus takes hold, and tariff uncertainty eases.

Fiscal and monetary policies remain coordinated. The People's Bank of China continues to pursue an accommodative approach, cutting rates and providing liquidity to sustain demand. Fiscal efforts are concentrated on infrastructure, consumption incentives, and local-debt restructuring, offsetting weakness in the property sector and subdued consumer confidence. Deflationary pressures persist, with variations in consumer prices near zero and narrow margins in sectors with excess capacity such as renewable energy and construction materials.

China's external sector remains resilient. Exports to emerging markets and Belt and Road* partners are expanding, offsetting weaker U.S. demand. High-tech and green industries—particularly electric vehicles, batteries, and solar panels—are leading growth and consolidating the shift toward advanced manufacturing. Still, the property sector remains a drag, with double-digit declines in investment and a slow recovery in household confidence.

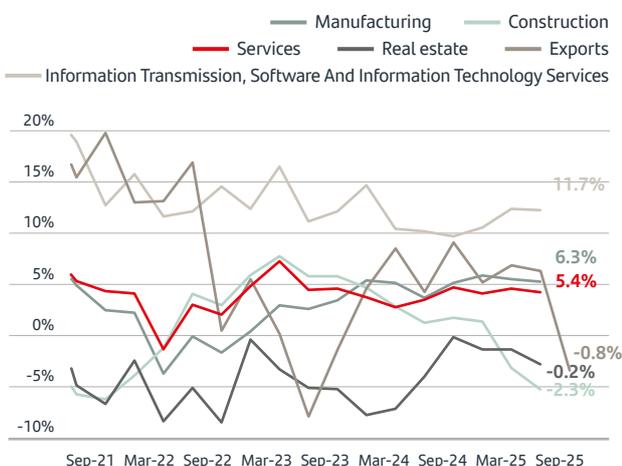
0.2%

The year-on-year CPI for October shows that deflationary pressures persist

Overall, China enters 2026 in a phase of cautious stabilization. **Growth is moderate but underpinned by steady policy support, external resilience, and a gradual structural transition toward innovation and consumption.** This evolution should consolidate a more balanced and sustainable expansion, driven by productivity gains and stronger domestic demand, while progressively reducing the cyclical vulnerabilities that have characterized the past decade.

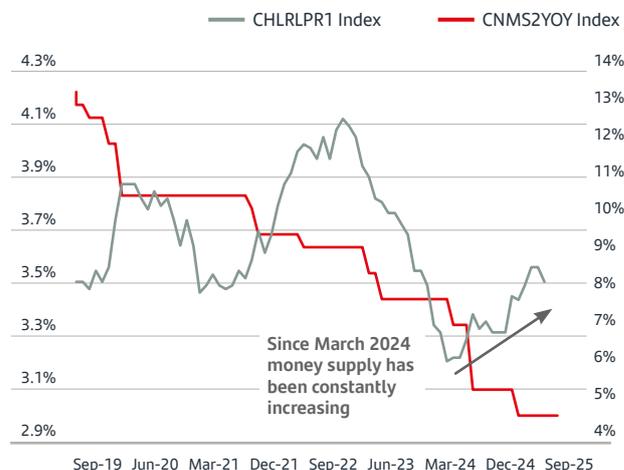
Growth of selected sectors (YoY) New economy sectors offset weakness in construction

Source: Bloomberg. Data as of 11/07/2025



Monetary policy Rate cuts and liquidity growth support domestic demand

Source: Bloomberg. Data as of 11/07/2025



*The Belt and Road Initiative (BRI) is a global infrastructure development strategy launched by China in 2013 to connect Asia with Europe and Africa through new and traditional trade routes. Its goal is to boost trade and economic cooperation by financing and building infrastructure such as ports, roads, and railways. It is considered a key component of China's foreign policy and a strategy to expand its global influence. The initiative includes both land-based ("Belt") and maritime ("Road") components.
(1) and (2) Bloomberg. Data reflects September 2025 YoY growth.

Key Question #2

Will the U.S.–China truce hold, or will fragmentation return?

After a year of volatility, global trade has entered a phase of adjustment. Companies and supply chains are adapting to new tariff realities, while governments search for a pragmatic balance between protection and integration.

3%

Global trade growth in 2025 despite tariffs and tensions, thanks to more diversified supply chains ⁽¹⁾

Trade tensions again dominated market dynamics in 2025. After months of sanctions, negotiations and partial agreements, the outlook for 2026 is clearer, although frictions persist. **The year was defined by gradual adjustments among major trading blocs and a more pragmatic policy stance.** Uncertainty around tariffs remained, yet escalation subsided, bringing a degree of stability after one of the most volatile trade cycles in recent decades.

Chinese exports to the United States fell 25% in 2025, the steepest drop since 2019. The **Geneva Truce reached in October marked a turning point:** Washington paused new tariff hikes and opened the door to sector-specific deals—a sign of pragmatic recalibration rather than reconciliation. While trade remains a political issue, U.S. Treasury data show that tariffs now represent only 0.5% of fiscal revenues.

Beyond the U.S.–China relationship, second-order effects were significant. Mexico and Southeast Asia gained market share as global supply chains shifted and diversified. New manufacturing hubs are emerging in Vietnam, Malaysia and India, reinforcing this trend. According to the IMF, the **cumulative tariff measures since 2023 could subtract around 0.3% from global GDP by 2026**—an impact limited compared with previous trade shocks.

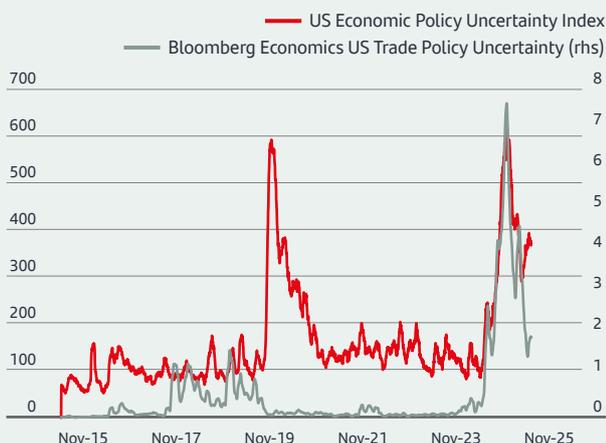
Despite tensions, global trade has proved more resilient than expected. Supply chains have adapted rapidly, and although the system is now more fragmented, it remains far from a de-globalisation scenario. Global trade volumes rose about 3% in 2025, supported by increasingly diversified and flexible logistics networks that cushion political and tariff shocks.

240Bn\$

have been collected in tariffs in 2025 in the United States ⁽²⁾

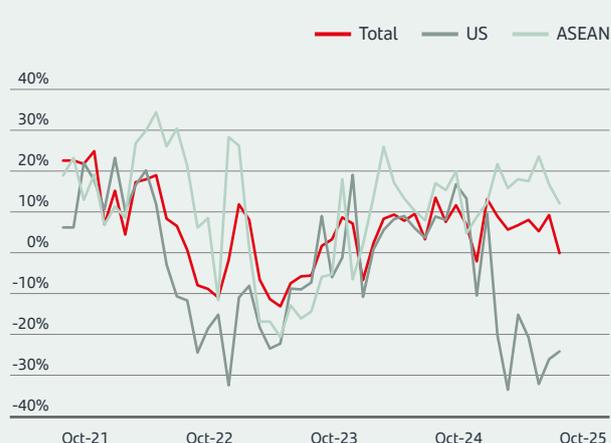
Policy and trade uncertainty Trade tensions ease as policy uncertainty declines

Source: Bloomberg. Data as of 11/07/2025



China exports (YoY) China diversifies markets amid U.S. demand slowdown

Source: Bloomberg. Data as of 10/31/2025



(1) International Monetary Fund, World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, October 2025 — Chapter 1, “Global Prospects and Policies.”
(2) U.S. Treasury.

1.5%

YoY goods inflation. Tariffs have modestly lifted prices for traded goods, yet the pass-through to broader inflation remains ⁽³⁾

The U.S. trade deficit stood at USD 78.3 billion in July 2025, virtually unchanged from a year earlier, underscoring the **limited impact of tariffs**. Although duties raised import prices, the pass-through to overall inflation was modest. The average legal tariff rate reached 18%, but supply-chain shifts and exemptions reduced the effective rate to roughly 11%. Firms absorbed much of the cost through efficiency gains and supplier diversification.

The **effect on trade balances has been uneven**. Across Asia—particularly in China—higher costs were offset by increased exports to regional markets. In Europe and Mexico, supply-chain reconfiguration and proximity to consumers boosted production and exports, helping cushion the impact of the new tariff regime and broadening regional manufacturing bases.

For the United States, the outcome is a costlier yet more stable system. Large corporations have accelerated investment in strategic sectors—semiconductors, defense, energy and technology—supported by tax incentives under the Inflation Reduction Act. This is strengthening the industrial base but also raising production costs and narrowing margins for smaller import-dependent firms. Overall, **the new tariff framework has not reshaped U.S. trade balances** but has redefined industrial dynamics: a more stable environment, with stronger supply-chain resilience and structurally higher costs.

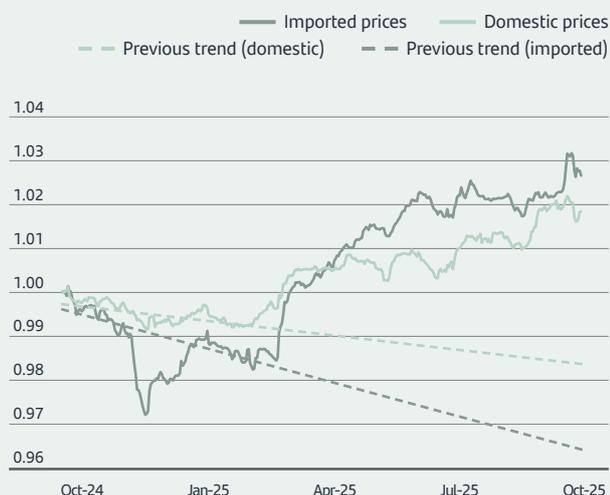
18%

Average tariff imposed by the US administration, representing the biggest increase in U.S. trade barriers since World War II ⁽⁴⁾

Looking ahead to 2026, the most likely scenario remains one of continuity rather than rupture. The **U.S.–China truce is fragile but functional**: both economies have strong incentives to prevent a renewed escalation that could weigh on investment and growth. Trade tensions will persist as a recurrent source of risk, but the structure of global trade is adapting faster than expected. Supply chains are becoming more regional, supported by energy investment and nearshoring across North America, Europe, and parts of Asia. This transition is reinforcing industrial capacity in strategic sectors—technology, defense, and clean energy—while reshaping trade flows and reducing dependence on single markets. In this sense, the **new phase of global commerce reflects managed fragmentation, a pragmatic equilibrium that seeks resilience over efficiency and signals a long-term reordering of the world’s trading system**.

U.S. imported vs. domestic goods prices Domestic prices outpace imports, limiting inflation pass-through

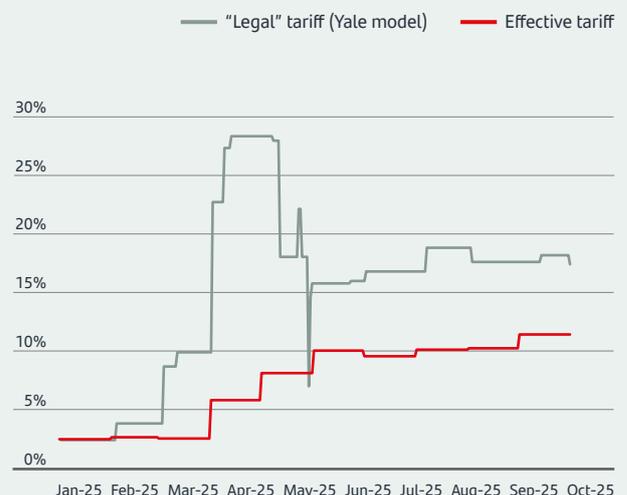
Source: HBS Pricing Lab and own elaboration



(3) Bureau of Labor Statistics U.S. Data as of September 2025
(4) US Treasury.

U.S. tariffs: official and effective rates Effective tariffs remain below legal rates as firms adapt

Source: Yale Budget Lab, US Treasury, FRED, 22V Research and own elaboration



2.5 Latin America: from tightening to stabilization

Growth in Latin America is stabilizing near 2.5% as inflation eases and policy credibility anchors confidence. Monetary cycles diverge, but resilience and external strength define the region's outlook for 2026.

1.7%
Average current account deficit, of the region ⁽¹⁾

Growth in Latin America is stabilizing around 2.5% in 2026, as easing inflation and credible policies strengthen confidence and resilience. Despite differing monetary cycles, fundamentals remain solid, supported by sound frameworks, strong labor markets, and healthier external balances.

After two years of weak expansion, the region is regaining balance. GDP should grow near 2.5% in 2026, with more even contributions across countries. Brazil remains the main driver: after a 15% Selic peak and the sharpest tightening in recent history, policy is shifting toward gradual easing. Inflation is moderating, though fiscal challenges persist. Mexico, after a soft 2025, benefits from stronger U.S. demand, lower rates, nearshoring, and resilient manufacturing. Chile and Peru gain from monetary easing and mining and energy rebounds, while Colombia improves as financial conditions normalize.

Disinflation has advanced widely. Prices are near target in Chile, Mexico, and Peru, though higher in Brazil and Argentina. Monetary divergence will persist: Brazil keeps rates high longer, while Chile and Peru cut further. Mexico eases cautiously in line with the Fed. Inflation expectations stay anchored, and external accounts remain robust, backed by foreign investment, stable commodities, and healthier current accounts.

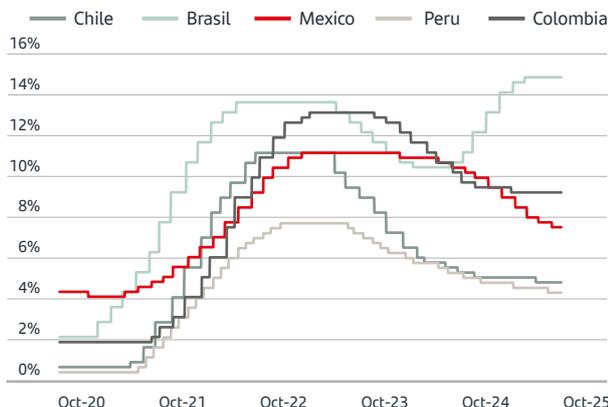
Fiscal outcomes show mixed progress. Brazil's discipline and tax reforms contrast with tighter margins in Mexico and Colombia, where policy space is limited. Argentina advances under IMF oversight, targeting a primary surplus and lower inflation. Overall, resilience rests on solid frameworks, credible institutions, and external strength.

In sum, **Latin America is entering a more balanced and sustainable recovery, supported by credible policy, macro stability, and external resilience.** Despite country differences, the combination of monetary normalization, fiscal consolidation, and stronger trade dynamics is reinforcing confidence in the region's medium-term outlook.

15%
The cycle's peak of Selic rate in Brazil, marking the most aggressive monetary tightening in Latin America's recent history ⁽²⁾

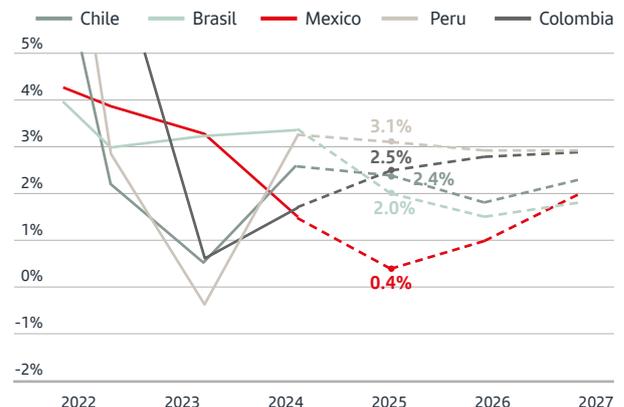
Central banks official rates Policy rates trend lower after aggressive tightening

Source: Bloomberg. Data as of 10/31/2025



Annual GDP growth Regional growth steadies around potential (2.5%) in 2026

Source: Bloomberg, IMF World Economic Outlook (October 2025)



(1) International Monetary Fund, World Economic Outlook: Global Economy in Flux, Prospects Remain Dim, October 2025 — Regional Outlook, Latin America and the Caribbean.
 (2) Bloomberg. Data as of 11/11/2025.

2.6 Summary of economic projections

Data as of 06/11/2025

Economic Growth

Global activity is expected to grow by around 3% in 2026, marking a more balanced and sustainable phase of the cycle. Growth remains resilient as policy support and productivity gains offset weaker trade dynamics and structural headwinds. Advanced economies are consolidating soft landings, while emerging markets maintain moderate expansion driven by investment and domestic demand. The new cycle is increasingly shaped by technology adoption, infrastructure renewal, and more disciplined fiscal management across regions, laying the foundations for a steadier path of global growth.

GDP (YoY%)	2024	2025 SPB	2025 Consensus	2026 SPB	2026 Consensus
United States	2.8	1.8	1.9	2.0	1.8
Eurozone	0.7	1.3	1.3	1.0	1.1
United Kingdom	0.8	1.4	1.4	1.4	1.2
Germany	-0.2	0.2	0.3	0.9	1.0
France	1.1	0.6	0.7	0.9	0.9
Italy	0.5	0.6	0.5	0.9	0.7
Spain	3.1	2.9	2.8	1.9	2.0
Brazil	3.4	2.0	2.2	1.5	1.7
Mexico	1.5	0.4	0.5	1.0	1.3
Chile	2.3	2.4	2.4	2.0	2.2
Poland	2.9	3.5	3.3	3.7	3.3

Inflation

Global disinflation is expected to continue through 2026, supported by easing pressures in services as labor markets cool. In the United States, tariffs could generate mild upward pressure on prices, a risk compounded by potential energy spikes linked to supply constraints in power grids. Even so, inflation expectations remain well anchored, helping most economies preserve price stability after the tightening cycle of recent years. The overall trend points to steady normalization, with inflation converging toward central-bank targets and volatility remaining contained at the global level.

Inflation (YoY%)	2024	2025 SPB	2025 Consensus	2026 SPB	2026 Consensus
United States	2.9	2.8	2.8	3.0	2.9
Eurozone	2.1	2.1	2.1	1.7	1.8
United Kingdom	3.8	3.4	3.4	2.2	2.5
Germany	2.1	2.2	2.2	1.7	2.0
France	0.9	1.0	1.0	1.4	1.5
Italy	1.7	1.7	1.7	1.4	1.6
Spain	2.8	2.6	2.5	1.9	2.0
Brazil	5.2	5.4	5.1	4.4	4.2
Mexico	3.6	3.9	3.8	4.0	3.7
Chile	4.2	4.3	3.7	2.8	3.2
Poland	3.0	3.9	3.7	3.0	2.9

Monetary policy

Central banks are approaching the end of their easing cycles, but the overall tone remains one of gradual rate cuts. The priority now is to preserve credibility, support investment, and prevent a renewed rise in inflation. Financial conditions are improving: credit demand is recovering, and liquidity remains sufficient to sustain a balanced expansion without overstimulating the economy or encouraging excessive risk-taking.

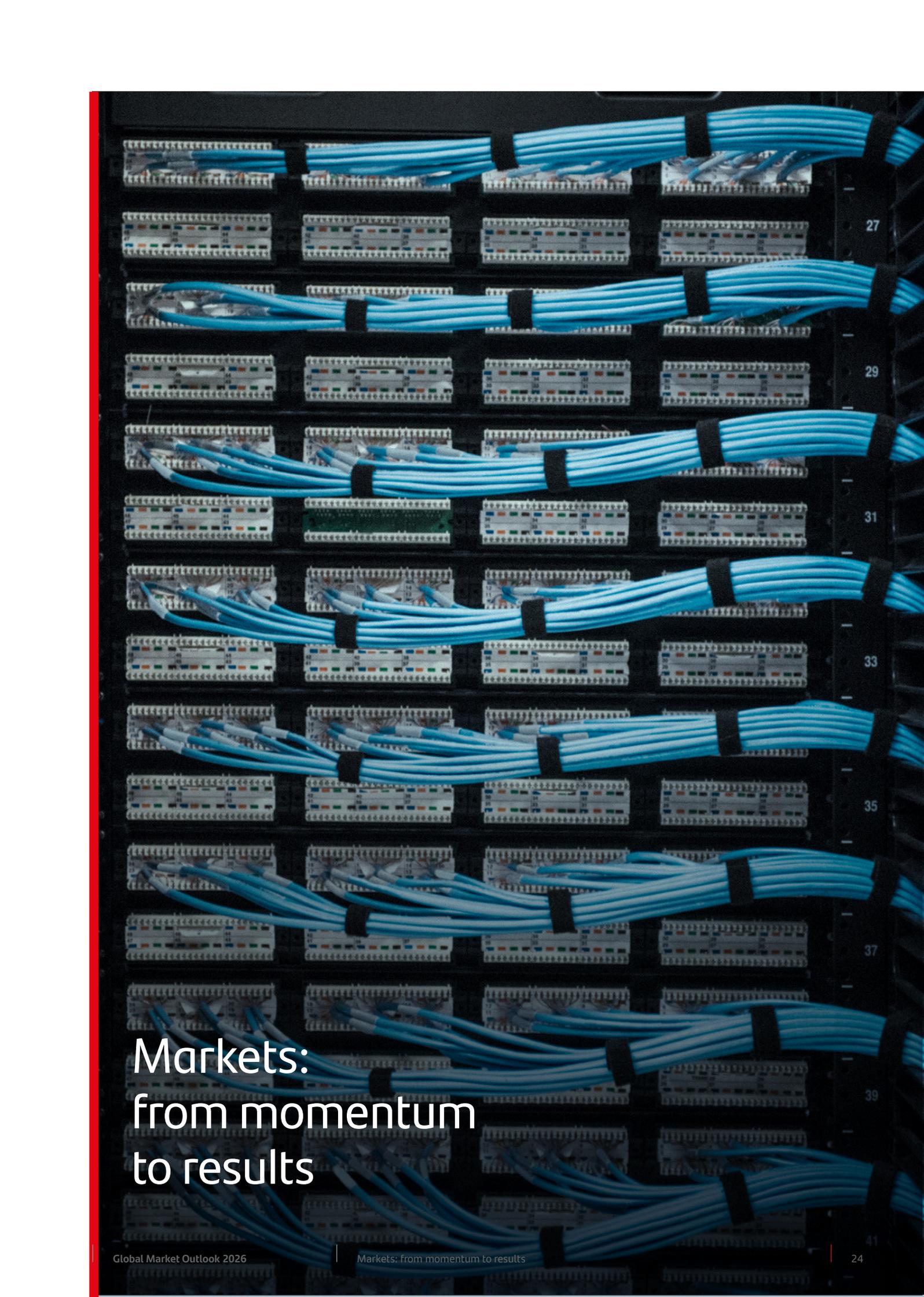
Official Interest Rates (%)	2024	6-Nov	2025 SPB	2025 Consensus	2026 SPB	2026 Consensus
United States	4.50	4.00	3.75	3.83	3.50	3.26
Eurozone	3.00	2.00	2.00	1.95	2.00	1.95
United Kingdom	4.75	4.00	3.75	3.93	3.50	3.31
Brazil	12.25	15.00	15.00	14.93	13.00	12.16
Mexico	10.00	7.25	7.00	7.11	7.00	6.46
Chile	5.00	4.75	4.50	4.52	4.25	4.17
Poland	5.75	4.25	4.25	4.41	4.00	3.66

Foreign Exchange Markets

Geopolitical and financial factors that have weighed on the U.S. dollar are expected to persist into 2026, favoring a gradual depreciation against major currencies. The move reflects narrowing interest-rate differentials and a more balanced global policy mix as monetary conditions converge across regions. Emerging-market currencies with credible fiscal anchors and solid external positions should remain resilient, supported by steady capital inflows and improving fundamentals. Even so, trade realignments and tariff adjustments could intermittently trigger volatility, particularly during the later stages of the cycle.

FX vs. USD	2024	6-Nov	2025 SPB	2025 Consensus	2026 SPB	2026 Consensus
EUR	1.04	1.15	1.18	1.18	1.21	1.21
GBP	1.25	1.30	1.36	1.35	1.36	1.37
BRL	6.18	5.36	5.80	5.45	6.00	5.68
MXN	20.83	18.60	18.70	18.7	19.4	19.00
CLP	995	946	930	940	930	942
PLN	4.13	3.70	3.63	3.61	3.55	3.70

Source: Santander Private Banking, Santander Research – *The Year Ahead: Resetting Growth in a New Geoeconomic Era* (2025), IMF World Economic Outlook (October 2025), OECD Economic Outlook Interim Report (September 2025), ECB Economic Bulletin (September 2025), Bloomberg, national statistics.



Markets: from momentum to results

3.0 Markets: from momentum to results

Across asset classes, fundamentals justify optimism, but demanding valuations call for discipline. Markets tell an expansive story — one of innovation powering productivity, but with limited room for error.

39.5x

CAPE* valuation ratio near dot-com peak, underscoring how much optimism is priced in ⁽¹⁾

Risk assets have rallied over the past 18 months, driven by disinflation, abundant liquidity, and enthusiasm around artificial intelligence. In equities, credit, and private markets, valuations are at multi-decade highs, reflecting confidence in a soft landing and solid earnings growth. The market is supported by strong fundamentals but trades with a narrow margin for error — requiring selectivity and discipline over momentum.

Global equities enter 2026 in a fragile balance: solid earnings and record valuations coexist at historic highs. The Shiller CAPE ratio is nearing the peaks of the early 2000s, yet this cycle rests on companies that are more profitable, efficient, and less leveraged. Corporate balance sheets are stronger, innovation is being monetized faster, and returns on capital have improved. These differences should make the current cycle more resilient, though still vulnerable to correction if expectations adjust.

Corporate profit margins have more than doubled since the 1990s, from around 5% to 11% today — the highest level on record (see chart). Scalable business models, AI-driven productivity, and the adoption of digital architectures have redefined profitability. Technology is no longer a sector; it is the operating system of the global economy.

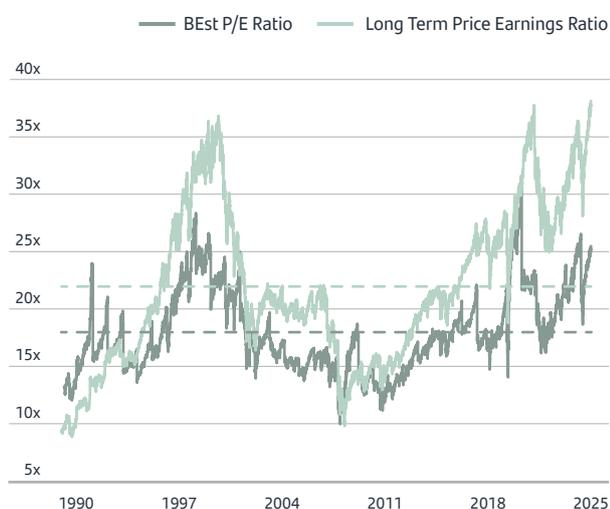
11.2%

Record net profit margins for the S&P 500 — more than double 1990s levels ⁽²⁾

Valuations will remain a useful guide for long-term returns but an imperfect indicator in the short term. **Markets can stay expensive or cheap for long periods, driven by earnings, liquidity, and the policy cycle.** For now, solid profits and looser monetary conditions continue to support elevated valuations. Even so, the margin for error remains tight, reinforcing the need for discipline, patience, and a selective approach.

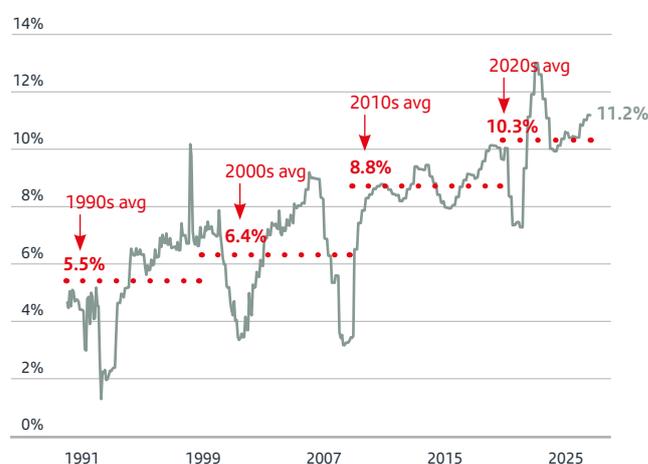
S&P 500 PE ratio Valuations match past tech boom highs

Source: Bloomberg. Data as of 10/31/2025



S&P 500 profit margins U.S. corporate margins have doubled since the 1990s

Source: Bloomberg. Data as of 10/31/2025



*The Shiller CAPE ratio, also known as the Shiller P/E ratio, is a valuation metric that compares the current price of a stock index with the average of its real earnings over the past 10 years. (1) and (2) Bloomberg. Data as of 10/31/2025.

Tight valuations, strong foundations

>70%

Share of 2025 market gains concentrated in the top 10 U.S. names — concentration elevates S&P 500 index risk ⁽³⁾

2x

Gold's 2025 rally has doubled that of the Nasdaq — a paradox of safety and risk rising together ⁽⁴⁾

Across risk assets, the picture is clear: valuations are demanding and spreads are narrow, but fundamentals remain solid. Credit markets, like equities, enter 2026 with strong balance sheets, steady earnings, and ample liquidity. Investment-grade and high-yield spreads remain near historic lows, reflecting confidence that growth, policy support, and corporate resilience still coexist. Easy financial conditions have contained defaults and reinforced a sense of stability that could, paradoxically, prove excessive if complacency builds. **Investors today face a market where optimism and discipline must coexist — the same liquidity that sustains confidence can also disguise fragility.**

This coexistence of high valuations and solid fundamentals captures a paradox in today's credit markets: **investors have good reasons for confidence yet behave as if nothing could go wrong.** The same forces that lifted equity multiples — disinflation, liquidity, and optimism around AI — also explain credit compression. For now, strength prevails: companies are financing investment through positive cash flow and long-term debt, avoiding speculative leverage, while balance sheets remain healthy. Later in this chapter, we analyze how today's technology leaders differ from those of the internet era and why the AI investment boom, though intense, is financed from strength. The key question is whether these fundamentals can continue to justify such high valuations without tipping into excess, especially as policy normalization and financing costs begin to matter again.

History shows that every great wave of innovation tests investor discipline. From railways to the internet, early phases of progress often bring overvaluation and misallocated capital. Not every project succeeds, and returns tend to moderate over time. Yet current evidence suggests this expansion rests on firm foundations: real profits, solid funding, and abundant liquidity. Valuations are high, but they are underpinned by credible earnings growth, selective capital allocation, and an absence of systemic leverage. Overall, markets approach 2026 with high valuations supported by robust fundamentals rather than exuberance. **Our outlook remains constructive but cautious — aware that innovation creates both opportunities and excesses, and focused on maintaining the right balance between the two.**

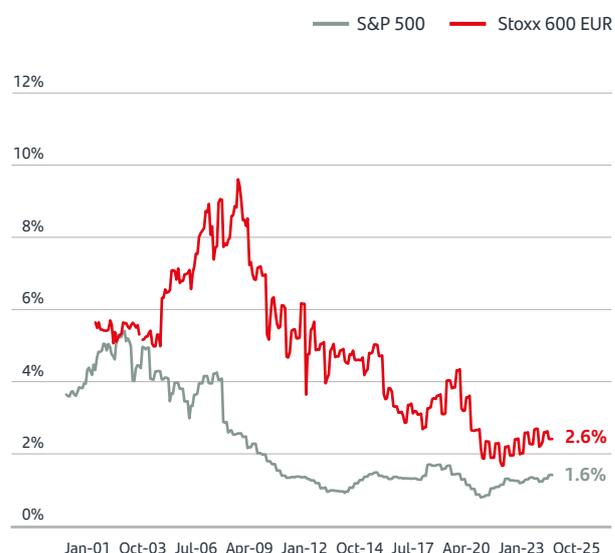
Corporate spreads Credit spreads are near two-decade lows

Source: Bloomberg. Data as of 10/31/2025



Corporate leverage (Net debt/EBITDA) Lower leverage supports calm credit markets

Source: Bloomberg. Data as of 10/31/2025



(3) and (4) Bloomberg and in-house calculations.

3.1 Government bonds: lower rates tailwinds

Rate cuts and disinflation are restoring value to sovereign bonds. Moderate duration offers an attractive mix of income and protection.

+250bps

Rise in 10-year yields since 2021, completing one of the fastest repricings in modern bond markets ⁽¹⁾

1.0%

Real 10-year yields of US government bonds turn positive for the first time in over a decade ⁽²⁾

Rate cuts and disinflation are restoring the appeal of sovereign bonds. Moderate duration once again offers an attractive balance between return and protection.

After years of headwinds, government bonds are regaining their role as a source of income and stability within diversified portfolios. The post-pandemic surge in inflation and monetary tightening triggered a historic repricing in yields, bringing 10-year rates in major economies back to pre-crisis levels and restoring the real value of sovereign debt. Nominal yields have normalized and real yields have turned positive, making bonds once again a credible source of income and diversification as inflation moderates and growth slows.

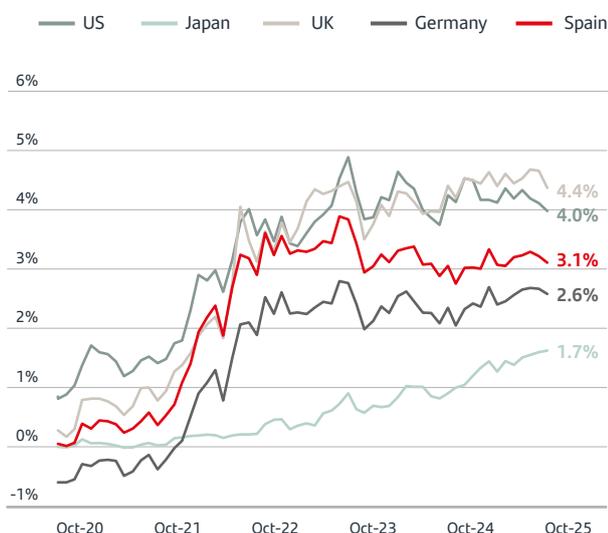
With policy rates near their peaks and cuts expected in 2026, medium-term maturities are becoming more appealing. Yield curves are beginning to stabilize, and sovereign bonds now provide a more efficient balance of carry and protection relative to equities. In the euro area, we favor peripheral issuers—such as Spain and Italy—over core markets, where fiscal tensions and high issuance may sustain volatility at the long end. Positioning in the mid-range of the curve (around four to six years) continues to offer an optimal combination of carry and liquidity.

Selective exposure to high-quality emerging-market debt can complement developed sovereign holdings. Many EM issuers now provide positive real yields and stronger external balances, while a softer U.S. dollar supports local-currency returns. These positions should remain limited, acting as diversifiers rather than core portfolio assets.

Fixed income has reset. **The combination of easier policy, positive real yields, and stabilizing inflation has rebuilt the rationale for owning sovereign bonds.** Medium-term exposure once again provides both income and protection in a world of high valuations and slower growth, reaffirming its role as a foundation for balanced portfolios.

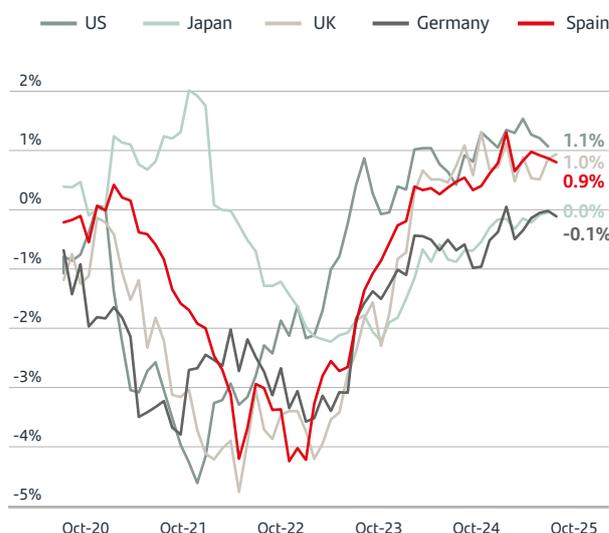
10Y government yields (Nominal) Global yields have normalized after years of distortion

Source: Bloomberg. Data as of 10/31/2025



10Y government yields (Real) Inflation-adjusted returns have turned positive

Source: Bloomberg. Data as of 10/31/2025



(1) and (2) Bloomberg.

3.2. Credit: focus on quality and diversification

Credit remains resilient but priced for perfection. Investors should climb the quality curve and stay diversified as the cycle matures.

17.8%
Average Tier 1 capital at a 20-year high, reflecting banking sector strength ⁽¹⁾

+7.1%

Average yield on Latin American US\$ bonds — among the most attractive in global credit markets ⁽²⁾

Credit markets enter 2026 in a delicate balance: strong fundamentals but demanding valuations and a narrow margin for error. Spreads have compressed to historic lows, despite macro uncertainty and isolated defaults. Solid corporate balance sheets and low default rates have encouraged greater risk-taking, yet the current equilibrium leaves little room for disappointment. With global growth stabilising and inflation moderating, investors face a mature phase of the credit cycle that requires greater selectivity and discipline.

As shown in the chart, yields in U.S. high yield and emerging-market segments remain high in absolute terms but largely reflect narrower risk premia rather than wider spreads. Within this environment, **emerging-market debt stands out for its attractive differentials, improving fundamentals, and the additional tailwind from a softer U.S. dollar.** Asian and Latin American issuers continue to diversify funding sources, extending maturities and broadening their investor base, which supports liquidity and performance across regions.

Given this backdrop of tight yields, **we emphasise the need for quality and diversification.** We favour investment-grade credit, which combines steady carry with stronger balance sheets and limited exposure to cyclical or refinancing risk. Preferred issuers are those with moderate leverage and longer maturities, offering stability if growth slows or volatility rises. For higher-yielding exposure, selective participation in subordinated financials or well-collateralised ABS can provide incremental return without compromising resilience.

From a sector perspective, the **financial issuers remain well positioned.** Leverage has fallen sharply, capitalisation is at multi-decade highs, and profitability remains solid. A more flexible regulatory framework could add modest tailwinds as funding conditions improve. We also see opportunities in structured credit and high-quality securitisations, where collateral quality and structural protection provide positive real income and portfolio diversification.

In summary, **credit markets reflect the broader paradox of this cycle: solid fundamentals, tight spreads, and asymmetric risk.** Carry remains attractive, but disciplined selection and diversification will be essential to preserve consistent returns as the cycle matures. The opportunity for investors lies in combining quality, duration, and global reach — positioning portfolios to benefit from resilience rather than chasing residual yield.

Emerging markets bond yields Strong carry keeps EM debt attractive

Source: Bloomberg. Data as of 10/31/2025



Financial sector total debt to total equity Stronger balance sheets underpin sector resilience

Source: Bloomberg. Data as of 10/31/2025



(1) European Banking Authority. Risk Dashboard. Q2 2025.
(2) Bloomberg.

Key Question #3

Can the AI boom be financed without creating credit stress?

The AI infrastructure surge marks one of the largest investment cycles in history. While spending keeps accelerating, concerns focus on whether financing can remain sustainable. Unlike past tech booms, today's expansion is backed by firms with strong balance sheets and abundant cash, yet the scale of capital needs and tighter funding conditions demand close attention.

>50%
Increase in hyperscalers' capex in 2025, the largest in a decade due to the AI race ⁽¹⁾

Artificial intelligence has become the main engine of U.S. growth in 2025. Massive investment in data infrastructure is offsetting weaker consumption and reshaping corporate spending. **Capital expenditure by leading technology firms — Microsoft, Amazon, Alphabet, Meta and Oracle — has reached record levels.** These hyperscalers are spearheading a new phase of technological expansion, building the computing and data capacity that powers advanced language models and productivity tools.

As past innovation cycles have shown, exuberance and transformation often move together. From railways to the internet, investment waves tend to overshoot in the short term but generate lasting efficiency gains. The current cycle reflects this pattern: **aggressive spending now aims to secure first-mover advantages, while monetisation and returns are expected to scale gradually as AI adoption accelerates.**

3x

TMT companies in 1998 carried over three times more debt than current leaders, making the current capex cycle far less vulnerable to credit stress ⁽²⁾

The parallels with history are clear. During the **telecom and media boom of the late 1990s**, companies borrowed heavily to fund the internet's physical backbone — fiber networks, routers, and data hubs — chasing immediate returns. Profits arrived later, but overinvestment and excess leverage triggered a wave of defaults once demand slowed.

The current AI cycle shares the ambition but not the fragility. Today's technology leaders maintain far stronger balance sheets: average debt-to-EBITDA ratios stand near 1.3x, compared with almost 4x in 1998. Their spending is financed by operating cash flow and the investment-grade bond market, not by speculative credit. These hyperscalers combine the roles of infrastructure builders, software developers, and platform operators, allowing for faster monetization and more efficient scaling of the AI ecosystem.

AI hyperscalers capex AI investment fuels a record tech spending surge

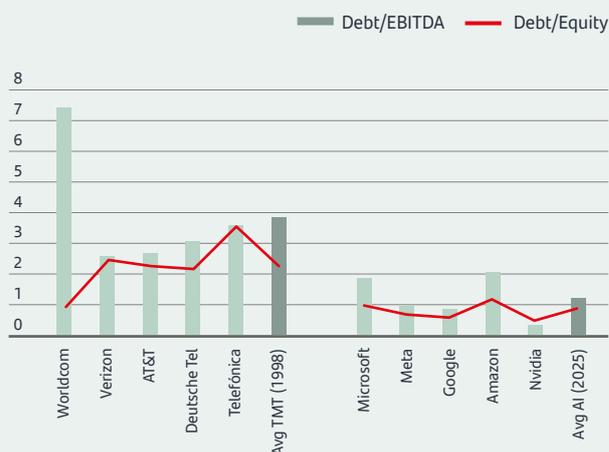
Source: Bloomberg. Data as of 10/31/2025



(1) MetLife Investment Management report — Data Center Investments: A 360-Degree View (June 2, 2025).
(2) Bloomberg and in-house calculations.

Two capex booms, two balance sheets Current capex surge rests on healthier financial foundations

Source: Bloomberg. Data as of 10/31/2025



30%
Accelerated revenue growth of cloud providers driven by AI and data demand ⁽³⁾

The key difference between today's AI boom and the internet revolution of the 1990s is the **speed of adoption**. ChatGPT surpassed 100 million users within months of its launch—compared with years for earlier technologies. In the 1990s, products like the internet, Facebook, or the iPhone scaled only gradually, as their growth depended on building entirely new infrastructure. Connecting to the web was slow and expensive, and monetization arrived later, once broadband, mobile networks, and smartphones made the digital economy scalable. That long **lag between investment and revenue generation** left the previous cycle vulnerable to financial stress.

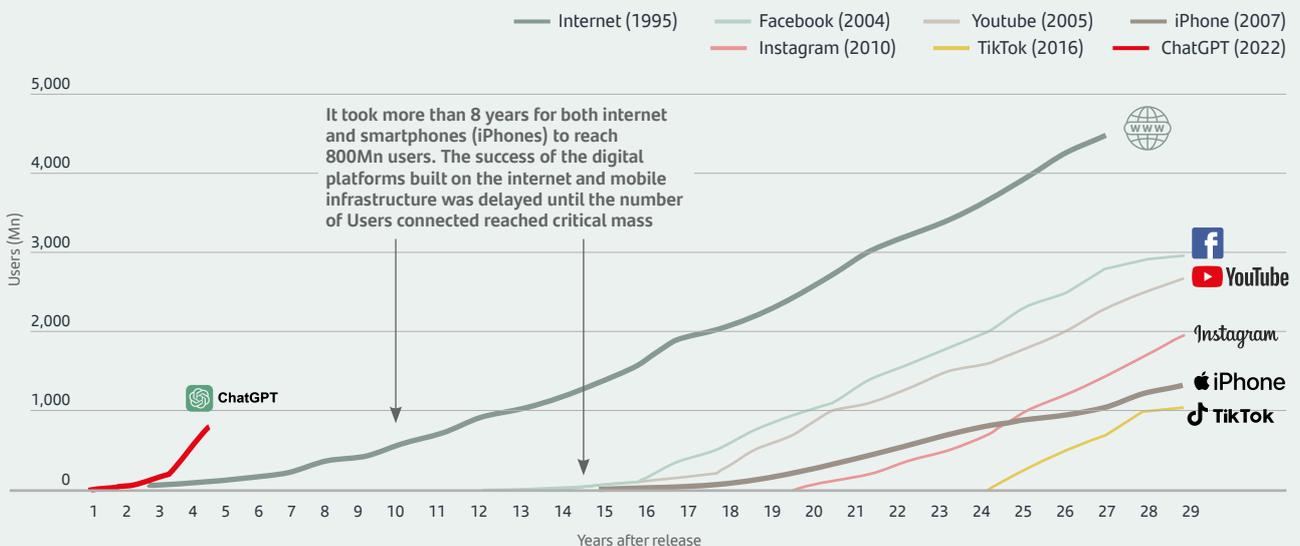
Artificial intelligence is following a completely different trajectory. The physical and digital foundations—cloud, data centers, and high-performance chips—were already in place before this wave began. Instead of creating new networks, **the AI cycle leverages the existing digital infrastructure, needing only to expand computing capacity.** Applications can achieve mass adoption from day one, running on pre-established systems. The explosive rise of ChatGPT illustrates this difference: a product able to monetize from launch through subscriptions, enterprise integrations, and APIs already embedded in existing software ecosystems.

This compressed timeline has reshaped the economics of innovation. The long delay between investment and return that characterized past revolutions has largely disappeared. In the 1990s, telecom operators built the networks, but other players captured most of the profits. Today, companies investing in AI infrastructure integrate it directly into their platforms and services. Microsoft and Google are embedding generative tools in productivity, search, and cloud software, generating recurring revenue from infrastructure they already own. Simultaneous monetization and investment represent a structural shift from previous technology booms. The AI capex cycle can be financed with fewer liquidity strains because infrastructure owners are also the beneficiaries of its returns. This convergence of funding and profit generation marks a new model of technological expansion—one where innovation scales faster, balance sheets remain stronger, and financial sustainability replaces the fragility that characterized earlier eras.

800Mn
ChatGPT users in three years, surpassing the early growth of the internet and social networks ⁽⁴⁾

The fastest technological adoption in history AI adoption (ChatGPT) has outpaced all previous technologies

Source: World Bank, Visual Capitalist, company websites and own elaboration



Year 0 = 1995 – Internet and smartphone era. Year 0 = 2022 – Artificial intelligence era.

⁽³⁾ Companies' earnings calls Q3'25.

⁽⁴⁾ Visual Capitalist.

5Trn\$

NVIDIA, the first to reach this valuation, a symbol of AI's global impact ⁽⁵⁾

Behind this acceleration lies a **compact and well-capitalized ecosystem**. The AI value chain — from investors to chipmakers and cloud operators — is dominated by a small group of hyperscalers with strong balance sheets and ample access to capital. Unlike previous investment cycles, systemic leverage is limited, even as markets penalize firms with uncertain monetization, like Meta, or with rising debt, such as Oracle.

The new disruptors — OpenAI, Anthropic, DeepMind, Llama, and xAI — exemplify this shift. They are funded by hyperscalers or long-term investors such as Sequoia Capital and Andreessen Horowitz, relying less on credit or quick IPOs. They are **supported by patient capital focused on scale and integration with major technology platforms**.

This structure has created a more **efficient yet increasingly interconnected financing loop**. Hyperscalers fund the developers who, in turn, become their main clients for cloud services and AI chips. Partnerships such as OpenAI with Microsoft or Anthropic with Amazon and Oracle channel long-term capital into computing infrastructure, accelerating monetisation and scale. This circular relationship enhances efficiency and self-financing capacity but also **concentrates exposure within a few dominant players**. The mounting volume of bond issuance by Meta, Alphabet, Oracle, and OpenAI—with maturities stretching decades—has begun to lift the cost of capital and draw investor scrutiny. **The market now questions how far this spending cycle can extend before debt-financing conditions tighten further**.

1Trn\$

Investment agreements announced between OpenAI, Microsoft, Oracle, and others ⁽⁶⁾

NVIDIA remains the key beneficiary, capturing record profits from AI hardware, while hyperscalers secure recurring revenues from cloud and software services. The result is a **financially sound yet tightly linked ecosystem—efficient but increasingly sensitive to shifts in funding costs and investor sentiment**. Unlike the 1990s, today's AI expansion is better financed and more disciplined, supported by strong cash flows and vertical integration. Still, rising leverage and higher financing costs signal that the margin for error is narrowing, reminding investors that even sustainable supercycles face financial limits.

An ecosystem built on scale and interconnection The same players fund, build, and host the AI revolution

Source: Own elaboration

Key investors	SEQUOIA SoftBank	Microsoft	lightspeed amazon	Google	Meta	andriessen horowitz						
LLM key players	Sam Altman	Dario Amodei	Demis Hassabis	Mark Zuckerberg	Elon Musk							
AI product	ChatGPT	Copilot	Claude	Gemini	Grok	Palantir						
Chips infrastructure	NVIDIA Jensen Huang	tsmc	SAMSUNG ELECTRONICS	QMS TRANSILIA EU	Google	Micron arm	APPLIED MATERIALS	LAM RESEARCH	MARVELL	intel	BROADCOM	
Cloud infrastructure	Azure	ORACLE	amazon web services	Google Cloud	IBM	paloalto	cloudware	snowflake	NTT DATA	databricks	SEA GATE	CLOUDFLARE
Datacenters infrastructure	STARGATE	CoreWeave	DIGITAL BRIDGE	DIGITAL REALTY	Storage & Power	JUNIPER	ABB	EATON	SK hynix	VERTIV	Schneider Electric	EQUINIX EnerSys

(5) and (6) Bloomberg.

3.3 Equities: earnings support valuations

Earnings strength continues to justify elevated equity valuations, though concentration in AI and technology raises sustainability questions. Markets remain supported—but vulnerable to any earnings slowdown.

12%
Forecast for global earnings growth, extending a long expansionary streak ⁽¹⁾

Equities remain the main beneficiaries of global expansion. Despite trade frictions and uneven growth, performance has exceeded expectations, supported by solid labor markets, lower inflation, and the ongoing investment cycle in artificial intelligence. This combination has kept profit expectations intact and extended the market's bullish streak through 2025. While political and trade risks persist, the **global earnings outlook remains favorable**, particularly in the United States, where productivity gains and strong margins continue to drive leadership.

As valuations rise alongside profits, **investors are increasingly questioning how long earnings momentum can last.** The next In-Depth section explores whether the revaluation of AI leaders and the market's narrowing concentration could eventually inflate a bubble. For now, earnings — rather than speculation — remain the main driver of equity performance. The durability of this trend will depend on the breadth of profit growth beyond the large-cap technology segment, as well as the **ability of global firms to translate productivity gains into sustained margins.**

Recent earnings reports confirm the resilience of corporate profitability. The 2025 season was among the strongest of the past decade, with broad-based strength supported by wider margins and steady revenue growth. Forecasts still point to double-digit earnings expansion through 2026, led by technology as the key engine of both profit and innovation. Companies linked to AI are driving earnings surprises and revenue upgrades, while more cyclical and defensive sectors lag behind. As the chart illustrates, S&P 500 earnings are expected to grow by about 12% annually, roughly three times faster than Europe's Stoxx 600, whose smaller exposure to technology continues to weigh on returns.

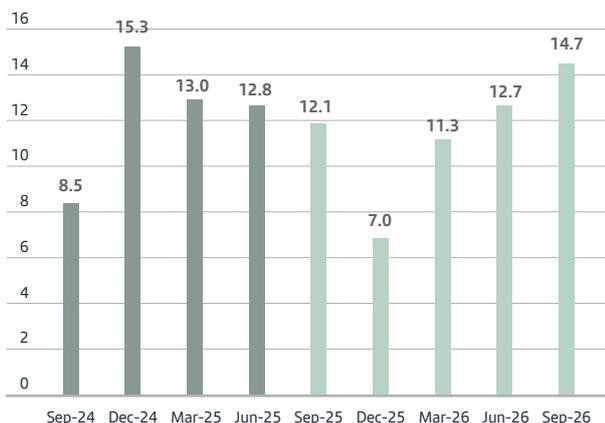
20x P/E

High valuations that require sustained earnings growth ⁽²⁾

Valuations are undeniably rich, but they remain supported by solid fundamentals. Strong earnings and cash generation justify current levels, though future returns are likely to rely more on realized profits than on multiple expansion. AI-driven productivity gains and robust margins continue to support equities, but narrow market leadership and elevated valuations leave markets increasingly sensitive to any slowdown in earnings or shift in policy expectations. **The equity cycle thus enters 2026 well supported — but with a smaller cushion for error.**

S&P 500 earnings growth Earnings stay strong, led by tech and efficiency

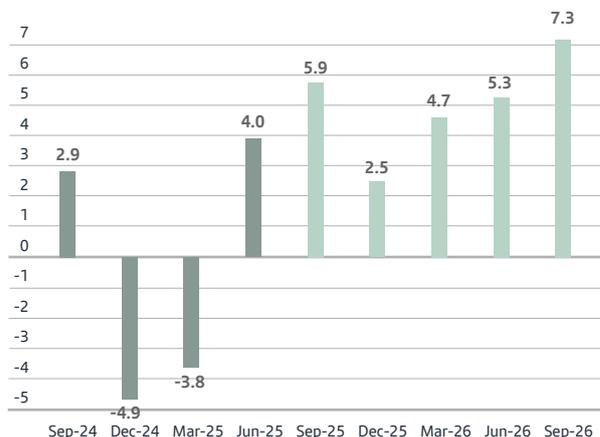
Source: Bloomberg. Data as of 10/31/2025



(1) and (2) Bloomberg.

Stoxx 600 earnings growth European profit growth stays modest

Source: Bloomberg. Data as of 10/31/2025



Key Question #4

Are equity valuations justified by AI-driven earnings growth?

AI enthusiasm has fuelled a historic re-rating of global technology shares. The question now is whether corporate earnings and productivity gains can sustain valuations that already price in near-perfect growth and profitability.

34%

Annualized return of the global technology sector over the past three years ⁽¹⁾

One of the hardest questions in finance is how to value exceptional growth. Every technological revolution brings both excitement and exuberance, moments when innovation reshapes expectations faster than models can adjust. Valuation becomes particularly complex when companies defy historical patterns of profitability, scale, and speed. The current AI-driven expansion exemplifies this challenge: revenues are accelerating at record pace, margins are extraordinary, and the potential uses of AI across industries are vast—difficult even to grasp in their full scope. The question for investors is how to assess this growth without overestimating its permanence.

2x

The technology sector is doubling the profit growth pace of the dot-com boom, but on much stronger foundations ⁽²⁾

The experience of past cycles offers perspective. During the dot-com boom of the late 1990s, valuations tripled while earnings barely moved, and when the bubble burst, nearly 80% of market value was erased. Yet innovation endured, transforming entire industries and productivity for decades. The parallel is tempting, but this cycle rests on stronger foundations. Corporate tech earnings have surged by roughly 17% annually since 2020—twice the pace of the 1990s—while valuation multiples have expanded far less. **The current rally in technology shares has been powered by profits and efficiency, not speculation.**

At the company level, today's leaders are translating innovation into tangible results. NVIDIA stands out with exceptional revenue and profit growth, reflecting record demand for AI hardware. Firms such as Microsoft, Palantir, and Amazon are embedding generative capabilities into existing platforms, transforming productivity and expanding recurring revenues. Together, these examples illustrate a new market phase in which investors reward execution and financial discipline rather than distant promises. **The challenge now is to determine whether these exceptional fundamentals can continue to support valuations that already assume near-perfect outcomes.**

Global Technology: A profit-driven cycle, not a valuation boom Tech gains now stem from profits, not valuations

Source: Bloomberg (MSCI World Technology Sector index) and own elaboration

Earnings growth (CAGR) 1995-2001



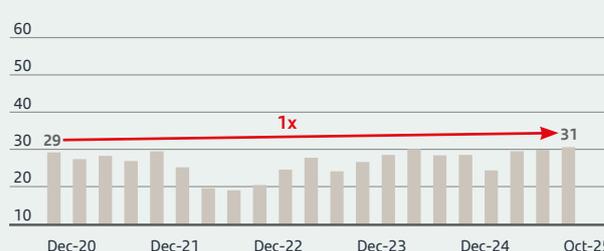
Earnings growth (CAGR) 2020-2025



Valuation multiples (P/E ratio) 1995-2001



Valuation multiples (P/E ratio) 2020-2025



(1) and (2) Bloomberg and in-house calculations.

60%

The “Magnificent Seven” accounted for most of the S&P 500’s performance in 2024–2025

After several years of extraordinary gains, AI-linked technology leaders now trade at demanding valuations and a narrow margin for error. Yet this is not a repeat of the dot-com era. The average forward P/E ratio for the main AI platforms—excluding Tesla—stands near 30 times earnings, well below the extremes of 2000 and comparable to the Nifty Fifty of the 1970s. Across the AI cohort—NVIDIA, Microsoft, Apple, Alphabet, and Amazon—valuations are high but supported by tangible profit growth rather than speculation. **Today’s market resembles a quality-growth phase built on earnings, not on expectations.**

Still, **the concentration of leadership is unprecedented.** The seven largest U.S. companies now represent almost 40% of the S&P 500’s capitalization, the highest share in history. **This narrow base amplifies sensitivity to any disappointment in earnings or regulation.** The same fundamentals that sustain the rally—exceptional profitability and scale—also heighten fragility if growth slows or competition accelerates.

40%

The “Magnificent Seven” now make up nearly half of the S&P 500’s weight, double their share a decade ago

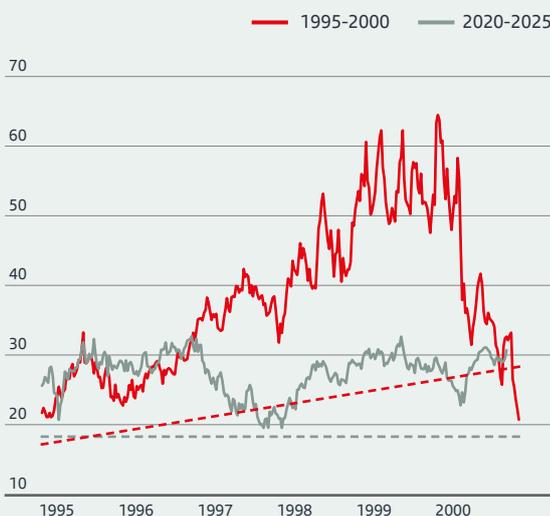
The sustainability of these valuations will depend on whether profit expansion can keep pace with investor optimism. The next phase will test if AI’s economic impact can extend beyond the current leaders and into the wider economy. As highlighted in the Exhibit in the next page, **monetization in this cycle has been exceptionally fast and efficient,** distinguishing today’s market from past booms. Stronger profitability and rapid scaling have created a more disciplined expansion, though one that leaves less room for error.

In short, **the market is expensive but not irrational.** Valuations are demanding yet grounded in solid earnings and strong balance sheets. As long as profits remain resilient and productivity advances, the AI-driven rally will continue to rest on execution and leadership rather than exuberance. But sustaining this pace of growth will require consistent performance and careful management of expectations as the cycle matures. Over time, the balance between valuation and fundamentals will become more delicate, as **investors shift focus from rapid expansion to the durability of earnings and the true depth of the AI productivity gains.**

Valuation and concentration: the two defining features of today’s market AI valuations are elevated, but market concentration is unprecedented

Source: Bloomberg

Microsoft’s valuation (P/E) now vs the Internet cycle



AI valuations (ex-Tesla) are elevated but below past extremes

AI Boom (2025)		Tech Bubble (2000)		Nifty Fifty (1968-1973)	
P/E ratio	Weight S&P500	P/E ratio	Weight S&P500	P/E ratio	Weight S&P500
NVIDIA	33 7.5%	Cisco	102 4.2%	IBM	36 7.1%
Microsoft	34 6.5%	Microsoft	53 4.5%	Kodak	44 3.6%
Apple	33 6.5%	Intel	42 3.6%	Sears	29 2.7%
Amazon	32 4.0%	Oracle	85 1.9%	GE	23 2.0%
Meta	26 3.1%	IBM	24 1.7%	Xerox	46 1.8%
Alphabet	27 5.3%	Lucent	38 1.6%	3M	39 1.4%
Tesla	220 2.5%	Nortel	86 1.5%	P&G	30 1.4%
Mag7 Agg	44 35.3%	Dot.com Agg	64 19.0%	Nifty50 Agg	36 20.0%
Mag7 ex TSLA	31				

(1) Actual P/E for Nifty50

Source: Datastream, Factset, Bloomberg and Goldman Sachs Investment Research

Exhibit: AI stands out as the most profitable technological disruption in history

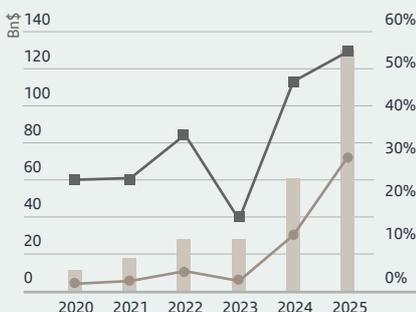
Source: Bloomberg, company filings and own elaboration

Among past innovation cycles, none has matched the scale and speed of AI's financial impact. GPUs, the core technology of this revolution, and NVIDIA, its dominant player, have redefined the economics of innovation. This cycle's profitability metrics surpass those of every previous technological breakthrough.

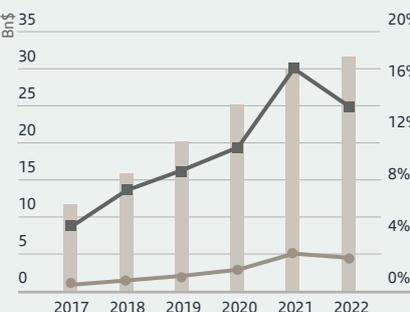
	NVIDIA	Netflix	Facebook	Apple	Google	Cisco	Microsoft	Intel	IBM
Period	2020-25	2017-22	2010-15	2005-10	2005-10	1995-00	1990-95	1987-92	1980-85
Tech innovation boosting growth	GPUs AI	Video streaming	Social Media	Smart-phones	Search / Digital adv.	Internet routers	Op. systems (Windows)	CPUs PCs	Computer mainframes
1) Revenue growth 5 years (CAGR)	64%	22%	55%	36%	37%	57%	38%	25%	14%
2) Net profit growth 5 yr (CAGR)	92%	52%	44%	60%	42%	46%	39%	29%	15%
3) Average margin 5 years	35%	11%	20%	15%	26%	15%	25%	20%	12%
4) Margin expansion 5 years	30%	9%	-10%	12%	5%	-6%	1%	10%	0,4%
Monetization Power Index (MPI)*	221%	94%	109%	124%	110%	114%	103%	84%	41%

Revenue (USD Bn) Net Income (USD Bn) Net Margin (%)

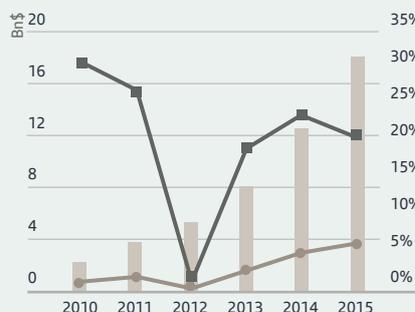
NVIDIA - GPUs AI



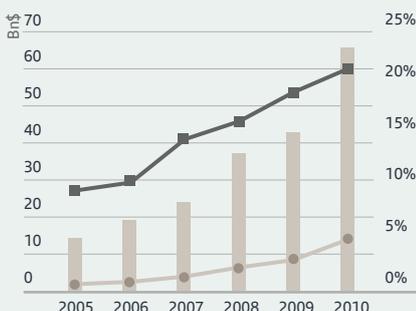
Netflix - Video Streaming



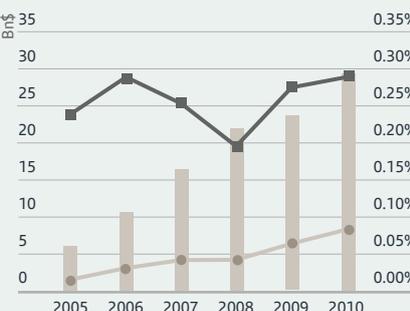
FACEBOOK - Social Media



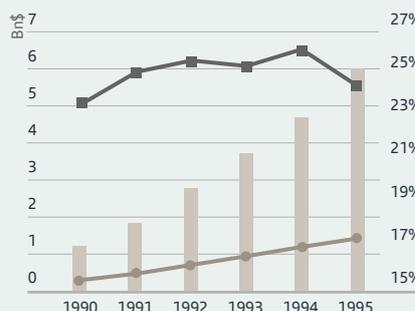
APPLE - Smartphones (iPhones)



Google - Search / Digital Adv.



MICROSOFT - Operating systems



CISCO - Internet routers



Intel - CPUs PCs



IBM - Computer mainframes



* The Monetization Power Index (MPI) is a composite indicator that summarizes the financial strength of innovation cycles. It combines four measures of corporate performance over a five-year period: two that capture growth (revenue and net profit) and two that reflect competitiveness (average operating margin and margin improvement). By adding these components, the index provides a simple measure of how effectively a company converts innovation into both scale and profitability — balancing expansion with efficiency.

3.4 Private Markets: key to financing the new economy

Private markets are consolidating their role as a structural pillar of global finance, channeling capital into innovation and offering investors new sources of long-term growth.

15%
Institutional investors allocate that share to private equity, now a long-term strategic pillar

As financing conditions normalize, **private markets continue to take a leading role in funding the real economy.** As the chart on the right shows, their size has more than doubled over the past decade, though it remains modest compared with public markets and the banking system. This steady expansion reflects the growing commitment of institutional investors — who now allocate more than 15% of their portfolios to private equity — seeking diversification through assets that offer longer horizons, higher liquidity premiums, and access to innovations that are rarely available in public markets.

After a phase of adjustment marked by tighter monetary conditions and slower deal activity, the asset class is entering a more balanced phase. **Private equity is regaining momentum as valuations stabilize and deal visibility improves.** With capital availability returning to normal levels, investors are focusing on disciplined deployment and operational value creation. At the same time, **venture capital continues to play a leading role in innovation financing.** As shown in the left chart, AI-related ventures now account for more than 70% of U.S. tech funding, reinforcing the country's position as the global hub of the new technology cycle.

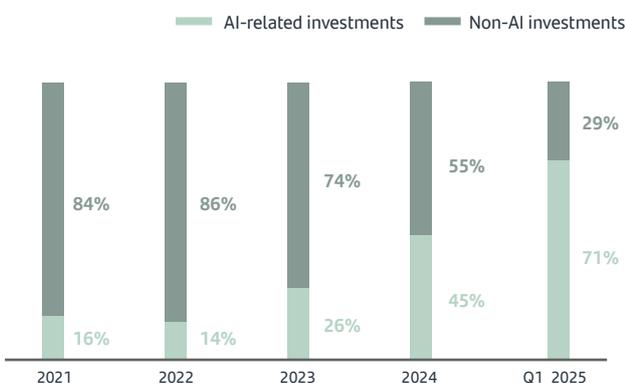
2x

There are already twice as many companies owned by private equity as there are publicly listed ones — a sign of structural change

Meanwhile, **private credit and infrastructure** have emerged as structural pillars within alternative investments. In today's environment, they offer attractive real yields and play an **essential role in financing the next wave of the economy** — from data centers and digital networks to clean energy and industrial modernization supported by fiscal programs. These strategies allow investors to participate directly in the major transformation themes — technology, energy, and sustainability — while securing a more stable and predictable stream of income over time.

U.S. venture capital funding AI ventures capture a growing share of capital

Source: Crunchbase



* Sources of cash investments include VC firms, corporate investors, other private equity firms and individuals

Public and private markets' size Private equity has grown over 250% since 2013

Source: SIFMA, BIS, PitchBook, Apollo Chief Economist. Note: Data as of 2024 and 2025Q1 (BIS data)





Investing with discipline

4.0 Investing with discipline

2026 will demand discipline and focus. Lower rates and a new wave of investment in artificial intelligence, energy, and automation are creating opportunities across real assets and private credit. These forces mark a shift from rapid recovery to structural renewal, where innovation and policy support act as twin engines of growth. In this environment, maintaining balance between opportunity and selectivity becomes essential.

Four ideas shape this strategy: innovation, infrastructure, income, and global diversification.



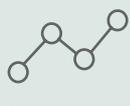
Industrial Renaissance

Artificial intelligence is driving a new wave of physical investment in data centers, energy systems, and automation. This industrial renewal strengthens global growth by combining technology, infrastructure, and productivity — opening a sustainable cycle of alternatives in real assets.



AI Agents Revolution

New digital infrastructure is transforming the services industry through artificial intelligence. Intelligent agents assist in analysis, customer service, and advisory tasks, enhancing productivity and lowering costs. This “digital co-worker” revolution will continue to create long-term investment opportunities.



Lower interest rates

Falling rates benefit most assets and penalize excess liquidity. In a lower-yield environment, investors can manage duration, diversify geographically, and focus on high-quality credit. Structured products and private markets gain appeal as sources of stable and efficient income.



US\$ rebalancing

The new geopolitical landscape calls for portfolio diversification and new sources of protection. Critical metals, energy independence, and sectors supported by fiscal policy—such as defense and cybersecurity—are gaining relevance. Adapting to a more complex, multipolar world means expanding exposure to strategic themes, real assets, and regions.

4.1 Powering the industrial renaissance

The industrial renaissance signals the return of the physical economy — a new investment cycle where energy, data, and automation drive global growth.

The industrial renaissance brings together energy, technology, and automation to rebuild the foundations of global growth. A new wave of investment in grids, industrial plants, and digital infrastructure is strengthening productivity and competitiveness across the real economy.

As AI and electrification accelerate, **demand for power and efficiency is reshaping capital spending worldwide.** Governments and companies are investing in generation, transmission, and storage to modernize industry, reinforce supply chains, and decarbonize the economy. This renewal marks the start of a long-term cycle of sustainable, productivity-led expansion.

4 key investment areas:

Utilities & grid upgrading	Data infrastructure	Energy security & storage	Industrial automation
<p>Power grids, renewable energy, and efficiency are expanding globally, opening new long-term investment prospects.</p> <p>Investing in transmission operators and technology providers that digitize the grid allows investors to capture stable, inflation-linked income and benefit from the worldwide energy transition.</p>	<p>Data-center developers, energy providers, and electrical manufacturers are at the center of a fast-growing digital infrastructure buildout.</p> <p>Investing in advanced cooling, power networks, and high-capacity connectivity captures the structural growth of AI computing and global digitalization.</p>	<p>Energy security is now a defining driver of investment across storage, batteries, and modular networks.</p> <p>Positioning in storage, batteries, modular reactors, and advanced nuclear technologies provides exposure to structural growth in the energy transition and stable income linked to supply resilience.</p>	<p>Industrial robotics, factory automation, and electrical systems are driving productivity gains and supporting global competitiveness.</p> <p>Investing in equipment, sensors, and industrial software enhances efficiency and accelerates technological upgrading worldwide.</p>
<p>20 Trn\$ Electric grid investment needed by 2050. ⁽¹⁾</p>	<p>3x Global data-center power capacity set to triple by 2030. ⁽²⁾</p>	<p>15x Global energy-storage capacity expansion by 2030. ⁽³⁾</p>	<p>260 Bn\$ Global robotics and automation market projected at US. ⁽⁴⁾</p>

Sources: (1) IEA / Deutsche Bank, (2) McKinsey, (3) Bloomberg NEF, (4) Global X / BCG

4.2 Investing in the agentic AI revolution

Agentic AI is to services what robotics was to industry — a decade-long shift reshaping productivity and business models through cognitive automation.

Agentic AI represents a new era of cognitive automation, transforming the services economy through intelligent systems that reason, plan, and act. These AI copilots enhance productivity and efficiency across finance, healthcare, mobility, and other data-driven industries.

The rise of agentic AI is creating a structural shift in software and services, driven by scalability and recurring revenues. Leading innovators are embedding AI into existing platforms, monetizing intelligence itself. Early adopters stand to benefit most as **this revolution reshapes business models and defines the next frontier of digital productivity.**

4 key investment areas:

AI assistants & copilots	AI-driven advice and automation	Research agents	AI challengers
<p>Enterprise software, service automation, and generative AI platforms are expanding rapidly, reshaping how companies operate and serve clients.</p> <p>Investing in digital copilots, productivity tools, and autonomous logistics solutions offers exposure to the structural growth of applied artificial intelligence.</p>	<p>Personalized AI is emerging as the next engine of efficiency and customer-service transformation across finance, health, and consumer sectors.</p> <p>Investing in digital assistants, predictive analytics, and recommendation platforms offers exposure to the structural growth of applied artificial intelligence and the automation of customer engagement.</p>	<p>Scientific software, biotechnology, and advanced materials are entering a new phase of AI-driven discovery and innovation.</p> <p>Investing in AI-assisted discovery, computational simulation, and predictive analytics provides access to a new productivity frontier in R&D and to a global disruption in innovation.</p>	<p>Agentic AI innovation is being financed primarily through private markets, as new platforms emerge and traditional service models come under pressure.</p> <p>For investors, AI challengers offer a dual opportunity: early-stage growth via venture and private equity, and protection against structural disruption through selective strategies.</p>
<p>80% of routine service interactions could be automated by 2030 through AI ⁽¹⁾</p>	<p>40% Personalized AI is expected to lift customer-service productivity. ⁽²⁾</p>	<p>50% AI-enabled discovery is expected to cut R&D cycle. ⁽³⁾</p>	<p>2x Private-market funding for AI-native start-ups is set to double by 2027. ⁽⁴⁾</p>

Sources: (1) McKinsey & Company, *Seizing the Agentic AI Advantage* (2025), (2) Capgemini Research Institute – *Final AI Agents Report* (2025), (3) PwC – *Agentic AI Playbook* (2025), (4) Allianz GI – *Agentic AI Thematic Pulse* (2025).

4.3 Benefit from lower rates

Lower rates reward active management. Combining quality income and real assets helps preserve purchasing power and stability.

The monetary shift opens a new phase for income strategies. With lower rates and a steadier financial backdrop, bonds, credit, and structured solutions regain prominence as predictable sources of yield. Credit spreads and asset dispersion still offer room for active management focused on selectivity, duration, and quality.

This environment favors strategies centered on sustainable income and diversification. Investors can secure long-term returns through quality bonds, private credit, and structured instruments, while private markets continue to offer higher potential yields. With moderate inflation, balanced portfolios combining income, protection, and real assets can deliver both stability and long-term growth.

4 key investment areas:

Add quality income	Explore private markets	Leverage active management	Protect real returns
<p>High-quality government and corporate bonds are regaining appeal as yields rise, offering stable income and potential appreciation.</p> <p>With lower rates and softer inflation, current yields offer stable income and potential appreciation. Extending maturities and diversifying across issuers helps rebuild a solid income base with resilience.</p> <p>2x Global investment-grade yields near 4.8%, double their 10-year average. ⁽¹⁾</p>	<p>Private credit, senior debt, and real-asset finance provide higher returns with stable cash flows and low correlation to public markets.</p> <p>Investing in infrastructure, clean energy, and asset-based lending provides exposure to superior yields and long-term income visibility.</p> <p>80% Growth in private-debt assets in five years. ⁽²⁾</p>	<p>Active management is gaining renewed importance amid wider dispersion and shorter cycles.</p> <p>Managers able to adjust duration, rotate sectors, and combine flexible, structured, or protected bond strategies can better balance yield and risk control.</p> <p>70 bps Level of tightening by investment-grade spreads since late 2022. ⁽³⁾</p>	<p>Even as inflation moderates, it remains a structural challenge for investors seeking to protect real income.</p> <p>Investing in inflation-linked bonds, infrastructure debt, real estate, and commodities helps preserve purchasing power and diversify sources of real income.</p> <p>3% Projection of global core inflation through 2026. ⁽⁴⁾</p>

Sources: (1) Bloomberg, (2) Preqin Global Private Debt Report 2025, (3) Bloomberg (4) IMF World Economic Outlook, October 2025.

4.4 Shield against US\$ weakness

Global fragmentation demands a renewed approach to defensiveness. Seek international diversification and exposure to real assets.

The dollar's dominance is being challenged, though not replaced. Globalization is splintering into regional blocs prioritizing self-sufficiency and security. Energy, critical minerals, and regional alliances are becoming the new centers of economic power. For investors, this is not about abandoning the dollar but diversifying into real and strategic assets that preserve value in a more competitive environment.

Geopolitical competition is reshaping the global economy. Europe is strengthening its defense and energy, the United States is rebuilding industrial capacity, and Asia is securing materials and technology. In this transition, investment in security, supply chains, and infrastructure provides protection against political and monetary volatility.

4 key investment areas:

Geopolitical Hedges: Gold & Critical Minerals	Security and self-reliance	Hard assets & infrastructure	Emerging markets shift
<p>Gold, mining, and critical minerals such as copper, lithium, and rare earths provide protection against inflation and instability.</p> <p>Exposure to materials linked to electrification and AI supports the energy transition and long-term industrial growth.</p> <p>40% Emerging-market gold holdings out of global reserves, up from 25% a decade ago. ⁽¹⁾</p>	<p>Defense, cybersecurity, semiconductors, and power networks are expanding rapidly, supported by committed spending and political backing.</p> <p>These sectors offer stable income and visibility in an increasingly uncertain and fragmented geopolitical landscape.</p> <p>75% Global cybersecurity growth since 2021. ⁽²⁾</p>	<p>Critical infrastructure and essential real assets — from renewable energy to data networks and ports — are drawing renewed investor attention.</p> <p>Inflation-linked income and public support make these projects a cornerstone of diversification and long-term purchasing-power protection.</p> <p>4Trn\$ Annual global infrastructure investment by 2030. ⁽³⁾</p>	<p>A weaker dollar and stronger capital inflows are reinforcing the growth momentum of emerging economies.</p> <p>Local bonds, currencies, and equities combine yield, diversification, and geopolitical balance, enhancing resilience as emerging markets gain global share.</p> <p>60% Global growth until 2030 accounted for by emerging markets. ⁽⁴⁾</p>

Sources: (1) World Gold Council, (2) IDC Worldwide Security Spending Guide 2025, (3) OECD Infrastructure Outlook 2025, (4) IMF World Economic Outlook Oct 2025

Annex

Main asset returns over the last 10 years

Source: Bloomberg and own elaboration

Data as of 11/14/2025

	Returns						YTD	Annualized returns			
	2019	2020	2021	2022	2023	2024		1 Años	3 years	5 years	10 years
Liquidity (USD) ⁽¹⁾	2.2%	0.4%	0.1%	1.7%	5.2%	5.4%	3.8%	4.5%	5.0%	3.2%	2.2%
Liquidity (EUR) ⁽²⁾	-0.4%	-0.5%	-0.5%	0.1%	3.4%	3.9%	2.1%	2.5%	3.2%	1.8%	0.7%
Global fixed income ⁽³⁾	6.8%	9.2%	-4.7%	-16.2%	5.7%	-1.7%	7.7%	7.1%	4.5%	-1.8%	1.3%
U.S Fixed Income ⁽⁴⁾	8.7%	7.5%	-1.5%	-13.0%	5.5%	1.3%	6.7%	6.6%	5.0%	-0.3%	2.0%
U.S. Governments (USD) ⁽⁵⁾	5.2%	5.8%	-1.7%	-7.8%	4.3%	2.4%	5.9%	6.3%	4.4%	0.5%	1.7%
U.S. Corporate (USD) ⁽⁶⁾	14.5%	9.9%	-1.0%	-15.8%	8.5%	2.1%	7.0%	6.7%	6.6%	0.2%	3.2%
U.S. High Yield (USD) ⁽⁷⁾	14.3%	7.1%	5.3%	-11.2%	13.4%	8.2%	7.2%	7.3%	9.8%	4.9%	6.1%
Euro Fixed Income ⁽⁸⁾	6.0%	4.0%	-2.9%	-17.2%	7.2%	2.6%	1.6%	2.0%	3.2%	-2.0%	0.3%
Euro Governments (EUR) ⁽⁹⁾	6.8%	5.0%	-3.5%	-18.5%	7.1%	1.9%	1.1%	1.4%	2.5%	-2.7%	0.1%
Euro Corporate (EUR) ⁽¹⁰⁾	6.2%	2.8%	-1.0%	-13.6%	8.2%	4.7%	3.1%	3.5%	5.2%	0.1%	1.4%
Euro High Yield (EUR) ⁽¹¹⁾	12.3%	1.8%	4.2%	-11.1%	12.8%	9.1%	4.1%	5.1%	8.8%	4.0%	3.8%
Global Emerging Fixed Income (USD) ⁽¹²⁾	13.1%	6.5%	-1.7%	-15.3%	9.1%	6.6%	10.3%	10.1%	10.0%	1.8%	4.0%
Latam Emerging Fixed Income (USD) ⁽¹³⁾	12.3%	4.5%	-2.5%	-13.2%	11.1%	10.5%	12.2%	12.2%	12.9%	3.8%	5.0%
MSCI World (USD)	27.7%	15.9%	21.8%	-18.1%	23.8%	18.7%	18.9%	17.7%	19.7%	13.2%	12.0%
S&P 500 (USD)	31.5%	18.4%	28.7%	-18.1%	26.3%	25.0%	15.8%	14.7%	21.2%	15.1%	14.8%
MSCI Europe (EUR)	23.8%	5.4%	16.3%	-15.1%	19.9%	1.8%	31.7%	29.3%	17.8%	11.2%	8.2%
MSCI Emerging Markets (USD)	18.4%	18.3%	-2.5%	-20.1%	9.8%	7.5%	33.7%	32.8%	17.3%	6.0%	8.1%
MSCI Asia Pac. Ex Japan (USD)	19.2%	22.4%	-2.9%	-17.5%	7.4%	10.2%	30.2%	29.3%	16.8%	6.0%	8.6%
MSCI Latin America (USD)	17.5%	-13.8%	-8.1%	8.9%	32.7%	-26.4%	50.5%	35.4%	12.3%	11.7%	7.7%

(1) Barclays Benchmark Overnight USD Cash Index; 2) Barclays Benchmark 3mEUR Cash Index; 3) Bloomberg Barclays Global Aggregate Total Return Index Value Un; 4) Bloomberg Barclays U.S. Agg Total Return Value Unhedged USD; 5) Bloomberg Barclays U.S. Intermediate Treasury TR Index Value Unhedged U; 6) Bloomberg Barclays U.S. Corporate Total Return Value Unhedged USD; 7) Bloomberg Barclays U.S. Corporate High Yield Total Return Value Unhedged USD; 8) Bloomberg Barclays EuroAgg Total Return Index Value Unhedged EUR; 9) Bloomberg Barclays EuroAgg Treasury Total Return Index Value Unhedged EUR; 10) Bloomberg Barclays Euro Aggregate Corporate Total Return Index Value Unhedged EU; 11) Bloomberg Barclays Pan-European Aggregate High Yield TR Index Value Unhedged; 12) Bloomberg Barclays EM USD Aggregate Total Return Value Unhedged; 13) Bloomberg Barclays Emerging Markets Latam Total Return Value Unhedged USD. Equity indices include dividends (TR Index).

Equities

Source: Bloomberg and own elaboration

Data as of 11/14/2025

		Last Price	Change	Last 10 years			Return			Annualized return			
			12 months	Low	Range	High	2023	2024	YTD	1 year	3 years	5 years	10 years
U.S.	S&P 500	6,737		1,932		6,840	24.2%	23.3%	14.6%	13.3%	19.4%	13.4%	12.8%
	DOW JONES IA	47,457		16,466		47,563	13.7%	12.9%	11.5%	8.5%	12.3%	10.0%	10.7%
	NASDAQ 100	22,870		4,558		23,725	43.4%	28.6%	18.4%	19.7%	26.9%	14.1%	16.6%
Europe	Stoxx 50	571		320		572	12.7%	6.0%	12.4%	12.6%	9.7%	8.2%	4.4%
	Eurozone (EuroStoxx)	5,645		2,787		5,662	19.2%	8.3%	15.3%	16.8%	13.2%	10.5%	5.3%
	Spain (IBEX 35)	16,248		6,452		16,248	22.8%	14.8%	40.1%	41.0%	25.8%	15.9%	4.9%
	France (CAC 40)	8,107		4,237		8,206	16.5%	-2.2%	9.8%	10.9%	7.0%	8.5%	5.4%
	Germany (DAX)	23,664		9,495		24,065	20.3%	18.8%	18.9%	22.8%	18.2%	12.6%	8.3%
	United Kingdom (FTSE 100)	9,631		5,577		9,717	3.8%	5.7%	17.8%	19.3%	9.3%	8.8%	4.6%
	Italy (MIB)	43,819		16,198		43,815	28.0%	12.6%	28.2%	27.5%	21.2%	16.0%	7.2%
	Portugal (PSI 20)	8,206		3,945		8,427	11.7%	-0.3%	28.7%	28.7%	12.4%	13.4%	4.7%
	Switzerland (SMI)	12,592		7,808		13,004	3.8%	4.2%	8.5%	6.9%	4.6%	3.7%	3.7%
LatAm	Mexico (MEXBOL)	62,529		34,555		62,916	18.4%	-13.7%	26.3%	23.7%	6.5%	8.9%	3.7%
	Brazil (IBOVESPA)	157,162		40,406		157,162	22.3%	-10.4%	30.7%	23.0%	11.6%	8.5%	12.9%
	Argentina (MERVAL)	2,883,333		11,306		3,002,607	360.1%	172.5%	13.8%	38.1%	166.3%	125.1%	71.4%
	Chile (IPSA)	9,671		3,487		9,671	17.8%	8.3%	44.1%	49.3%	22.2%	19.3%	9.9%
Asia	Japan (NIKKEI)	50,377		15,576		52,411	28.2%	19.2%	26.3%	30.7%	21.7%	14.7%	9.9%
	Hong-Kong (HANG SENG)	26,572		14,687		32,887	-13.8%	17.7%	32.5%	36.7%	14.7%	0.3%	1.7%
	South Korea (KOSPI)	4,012		1,755		4,108	18.7%	-9.6%	67.2%	65.8%	17.5%	10.0%	7.4%
	India (Sensex)	84,563		23,002		84,563	18.7%	8.2%	8.2%	9.0%	11.1%	14.1%	12.7%
	China (CSI)	4,628		2,877		5,352	-11.4%	14.7%	17.6%	14.6%	6.8%	-1.0%	2.1%
World	MSCI WORLD	4,358		1,547		4,390	21.8%	17.0%	17.5%	16.1%	18.0%	11.5%	10.2%

Equities by Style and by Sectors

Source: Bloomberg and own elaboration

Data as of 11/14/2025

	Last Price	Change	Last 10 years			Return			Annualized return				Ratios	
		12 months	Low	Range	High	2023	2024	YTD	1 year	3 years	5 years	10 years	PE Ratio	Dividend Yield
MSCI World	13,953		4,204		14,052	23.8%	18.7%	18.9%	17.7%	19.7%	13.2%	12.0%	19.88	1.80
Style MSCI World High Dividend Yield	3,151		1,365		3,151	9.1%	8.0%	16.6%	13.4%	11.8%	9.6%	8.4%	13.70	3.71
MSCI World Momentum	5,567		1,471		5,629	11.8%	30.2%	19.0%	18.0%	20.2%	11.8%	13.8%	21.77	1.14
MSCI World Quality	5,633		1,490		5,656	32.4%	18.4%	13.8%	11.1%	20.7%	12.7%	13.9%	25.50	1.27
MSCI World Minimum Volatility	5,620		2,608		5,645	7.4%	10.9%	10.6%	7.9%	10.1%	6.6%	8.1%	17.21	2.37
MSCI World Value	16,183		6,429		16,183	11.5%	11.5%	17.8%	13.6%	13.7%	12.1%	9.0%	14.52	2.96
MSCI World Small Cap	817		318		826	15.8%	8.2%	15.5%	12.5%	12.3%	8.7%	9.1%	17.60	2.14
MSCI World Growth	14,197		3,389		14,539	37.0%	25.9%	19.9%	21.6%	25.7%	13.7%	14.7%	29.76	0.74
Sector Energy	537		164		537	2.5%	-2.6%	13.8%	5.5%	4.7%	22.6%	6.9%	11.33	3.77
Materials	663		229		665	14.8%	5.8%	19.3%	12.1%	8.5%	8.0%	9.8%	18.10	2.67
Industrials	756		239		766	23.2%	-11.6%	22.6%	17.8%	19.5%	12.6%	11.5%	21.65	1.73
Consumer Discretionary	694		225		710	35.1%	-17.7%	6.8%	12.0%	17.8%	8.7%	11.2%	20.03	1.27
Consumer Staples	510		287		526	2.3%	-5.4%	8.2%	6.7%	6.4%	4.8%	6.2%	18.91	2.88
Health Care	582		246		598	3.8%	-1.1%	13.1%	7.7%	6.8%	6.5%	8.4%	20.29	1.72
Financials	417		125		417	16.2%	-21.1%	22.9%	21.0%	21.7%	17.8%	11.2%	13.30	2.83
Information Technology	1,190		153		1,247	53.3%	-24.7%	23.8%	24.4%	33.3%	19.8%	22.0%	31.49	0.66
Real Estate	2,120		1,345		2,450	10.1%	-2.1%	3.8%	-1.0%	5.1%	3.4%	4.8%	28.62	4.00
Communication Services	315		113		321	45.6%	-25.3%	25.5%	28.7%	33.2%	13.3%	10.9%	19.49	1.02
Utilities	448		189		448	0.3%	-11.5%	26.9%	23.6%	14.7%	8.4%	9.2%	15.29	3.71

Sovereign Bonds

Source: Bloomberg and own elaboration

Data as of 11/14/2025

	Rating (S&P)	Interest rate			Change 12 months	10 years			Variación en pb		Slope 10-2 years
		C. Banks*	2 years	10 years		Minimum	Last 10 years		Month	Year	
							Range	Maximum			
Developed											
U.S.	AA+	4.00%	3.56%	4.08%		0.53%		4.93%	-49	-9	0.52
Germany	AAA	2.00%	2.02%	2.69%		-0.70%		2.84%	32	60	0.67
France	A+	2.00%	2.24%	3.44%		-0.40%		3.53%	24	54	1.20
Italy	BBB+	2.00%	2.23%	3.45%		0.54%		4.78%	-8	17	1.22
Spain	A+	2.00%	2.10%	3.20%		0.05%		3.93%	14	41	1.10
United Kingdom	AA	4.00%	3.81%	4.52%		0.10%		4.72%	-5	28	0.71
Greece	BBB	2.00%	1.94%	3.33%		0.61%		10.22%	11	42	1.40
Portugal	A+	2.00%	1.98%	3.04%		0.03%		4.19%	19	50	1.06
Switzerland	AAA	0.00%	-0.16%	0.14%		-1.05%		1.58%	-13	-6	0.30
Poland	A-	4.25%	4.19%	5.30%		1.15%		8.34%	-58	-21	1.11
Japan	A+	0.50%	0.94%	1.71%		-0.27%		1.71%	61	66	0.77
Emerging											
Brazil	BB	15.00%	13.06%	13.71%		6.49%		16.51%	-145	31	0.65
Mexico	BBB	7.25%	7.49%	8.92%		5.55%		10.44%	-151	-114	1.43
Chile	A	4.75%	4.50%	5.40%		2.19%		6.79%	-33	-26	0.90
Argentina	CCC	29.00%	n.d.	n.d.		0.00%		0.00%	n.d.	n.d.	n.d.
Colombia	BB	9.25%	10.09%	11.97%		5.39%		13.79%	11	109	1.88
Turkey	BB-	39.50%	36.72%	30.34%		8.89%		32.35%	315	299	-6.38
Poland	A-	4.25%	4.21%	5.31%		1.16%		8.37%	-58	-21	1.10
China	A+	1.91%	1.43%	1.81%		1.63%		3.91%	14	-22	0.38
India	BBB	5.50%	5.80%	6.49%		5.84%		8.02%	-27	-26	0.69

* Intervention rate, except in Euro Zone countries, where the marginal deposit facility is used.

Currencies

Source: Bloomberg and own elaboration

Data as of 11/14/2025

	Last Price	Change	Last 10 years			Return			Annualized return			
		12 months	Low	Range	High	YTD	1 year	3 years	5 years	10 years		
EUR/USD	1.1646		0.98		1.24	12.5%	10.6%	4.1%	-0.3%	0.8%		
EUR/GBP	0.88		0.74		0.92	-6.4%	6.4%	0.2%	-0.3%	2.3%		
EUR/CHF	0.92		0.92		1.20	2.3%	2.0%	2.0%	3.3%	1.7%		
EUR/JPY	179		114		180	10.3%	-8.3%	-7.0%	-7.2%	-3.0%		
EUR/PLN	4.23		4.15		4.86	1.1%	2.1%	3.6%	1.1%	0.0%		
GBP/USD	1.32		1.12		1.47	5.2%	4.0%	3.9%	0.0%	-1.4%		
USD/CHF	0.79		0.79		1.02	15.0%	12.8%	6.1%	3.0%	2.5%		
USD/JPY	154		101		161	2.0%	1.4%	-3.2%	-7.5%	-2.3%		
USD/MXN	18.36		16.56		24.17	13.5%	11.2%	1.8%	2.1%	-1.0%		
USD/ARS	1,408.06		12.93		1,445.23	-26.8%	-29.0%	-51.4%	-43.7%	-39.3%		
USD/CLP	930		594		995	7.0%	4.9%	-1.4%	-3.8%	-2.7%		
USD/BRL	5.30		3.11		6.18	16.6%	9.5%	0.2%	0.6%	-3.1%		
USD/COP	3.746		2.795		4.940	17.6%	19.8%	8.7%	-0.6%	-2.0%		
USD/CNY	7.10		6.28		7.32	2.8%	1.8%	-0.1%	-1.4%	-1.1%		
EUR/SEK	10.99		9.17		11.88	4.3%	5.4%	-0.5%	-1.3%	-1.6%		
EUR/NOK	11.73		8.88		11.97	0.5%	0.1%	-4.2%	-1.6%	-2.2%		

Commodities

Source: Bloomberg and own elaboration

	Last Price	Change	Last 10 years			Return			Annualized return			
		12 months	Low	Range	High	2023	2024	YTD	1 year	3 years	5 years	10 years
Crude Oil (Brent)	62.2		62		77	-4.6%	-4.5%	-16.0%	-15.4%	-13.3%	7.9%	3.9%
Crude Oil (W. Texas)	59.5		58		73	-10.7%	0.1%	-17.0%	-13.0%	-11.5%	8.2%	3.9%
Gold	4,118.8		2,641		4,119	13.4%	27.5%	56.0%	59.2%	32.3%	16.9%	14.3%
Copper	10,956.0		8,768		10,956	2.2%	2.4%	25.0%	21.1%	9.4%	9.4%	8.5%
CRB Index	302.4		287		309	-5.0%	12.5%	1.9%	7.9%	2.3%	14.8%	5.0%
Natural Gas (USA)	4.5		3		5	-18.8%	2.4%	3.5%	14.3%	-3.5%	10.7%	0.7%
Natural Gas (Europe)	31.0		31		52	-57.6%	51.1%	-36.6%	-29.1%	-35.2%	16.8%	6.2%

Periodic table of asset returns.

Type of Asset	Index	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 YTD	
U.S. Equities	S&P 500 TR	14.8% Global High Yield	37.3% Emerging Market Equities	2.4% Eurozone Sovereign	31.5% U.S. Equities	18.4% U.S. Equities	38.5% Commodities	22.0% Commodities	28.3% Japan Equities	25.0% U.S. Equities	45.6% Spain Equities	+
Japan Equities	Topix TR	12.0% U.S. Equities	22.4% Global Equities	-0.4% EUR Cash	28.2% Europe Equities	18.3% Emerging Market Equities	28.7% U.S. Equities	0.1% EUR Cash	28.0% Spain Equities	20.5% Japan Equities	33.7% Emerging Market Equities	
Spain Equities	Ibex35 TR	11.2% Emerging Market Equities	22.2% Japan Equities	-1.2% Europe IG	27.7% Global Equities	15.9% Global Equities	23.2% Europe Equities	-2.0% Spain Equities	26.3% U.S. Equities	20.0% Spain Equities	23.5% Japan Equities	
Emerging Markets Equities	MSCI EM TR	9.7% Commodities	21.8% U.S. Equities	-3.3% Global High Yield	19.6% Global 60:40	14.1% Global 60:40	21.8% Global Equities	-2.5% Japan Equities	23.8% Global Equities	18.7% Global Equities	18.9% Global Equities	
Europe Equities	Eurostoxx50 TR	7.5% Global Equities	16.6% Global 60:40	-4.4% U.S. Equities	18.4% Emerging Market Equities	8.0% Global High Yield	12.7% Japan Equities	-9.5% Europe Equities	22.2% Europe Equities	18.4% Commodities	18.0% Europe Equities	
Commodities	Commodity RB TR	5.9% Global 60:40	11.3% Spain Equities	-5.3% Global 60:40	18.1% Japan Equities	7.4% Japan Equities	10.8% Global 60:40	-13.2% Global High Yield	16.7% Global 60:40	11.0% Europe Equities	15.8% U.S. Equities	
Global Equities	MSCI World TR	4.8% Europe IG	10.2% Global High Yield	-8.7% Global Equities	16.6% Spain Equities	3.0% Gobierno Zona Euro	10.8% Spain Equities	-14.0% Europe IG	13.4% Global High Yield	10.5% Global 60:40	14.7% Global 60:40	Returns
Europe IG	ERLO TR	4.0% Eurozone Sovereign	9.2% Europe Equities	-10.7% Commodities	13.7% Global High Yield	2.7% Europe IG	1.4% Global High Yield	-17.0% Global 60:40	9.8% Emerging Market Equities	7.5% Emerging Market Equities	10.5% Global High Yield	
EUR Cash	Eonia TR	3.7% Europe Equities	2.5% Europe IG	-11.5% Spain Equities	11.8% Commodities	-0.5% EUR Cash	-0.5% EUR Cash	-17.8% Eurozone Sovereign	8.0% Europe IG	7.5% Global High Yield	5.7% Commodities	
Global High Yield	HW00 TR	2.6% Spain Equities	1.7% Commodities	-12.0% Europe Equities	6.3% Europe IG	-3.2% Europe Equities	-1.1% Europe IG	-18.1% U.S. Equities	5.6% Eurozone Sovereign	4.6% Europe IG	2.6% Europe IG	
Global 60:40	ESPAÑA 10 YR	0.3% Japan Equities	-0.4% EUR Cash	-14.6% Emerging Market Equities	3.0% Eurozone Sovereign	-9.3% Commodities	-2.5% Emerging Market Equities	-18.1% Global Equities	3.4% EUR Cash	3.9% EUR Cash	3.4% EUR Cash	
Eurozone Sovereign	ALEMANIA 10 YR	-0.3% EUR Cash	-1.4% Gobierno Zona Euro	-16.0% Japan Equities	-0.4% EUR Cash	-12.7% Spain Equities	-2.7% Eurozone Sovereign	-20.1% Emerging Market Equities	0.0% Commodities	0.6% Eurozone Sovereign	-0.7% Eurozone Sovereign	

*Data as of 11/14/2025

Total return indices track both the capital gains as well as any cash distributions, such as dividends or interest, attributed to the components of the index.

Source: Bloomberg

Investment Strategy Global Team

Santander Private Banking



Kamran Butt

Global Co-CIO at Santander Private Banking



Juan de Dios Sánchez-Roselly, CFA

Global Co-CIO at Santander Private Banking



Cristina González Iregui

Global Investment Strategy at Santander Private Banking



Josep Prats Marin-Lozano

Global Investment Strategy at Santander Private Banking



Julio Zapata

Head of Investment Strategy and AI Investment Applications. Santander Private Banking International



Michelle Chan

CIO at Santander Private Banking International



María del Pilar Pulecio Pinzón

Strategist at Santander Private Banking International



Miriam Thaler

CIO | Head of Products & Investments
at Banco Santander International SA



Alfonso García Yubero, CIIA, CESGA®, CEFA

ED Director de Análisis y Estrategia Santander Private Banking España



Felipe Arrizubieta

VP Análisis y Estrategia Santander Private Banking España



Kevin Esteban Iglesias

Research & Business Intelligence Analyst Santander Private Banking España



Joseba Hidalgo Vilela

Research & Business Intelligence Analyst Santander Private Banking España



Bruno Almeida

Oferta de Poupança e Investimento at Banco Santander Portugal



Piotr Tukendorf, CFA

Portfolio Manager at Santander Bank Polska S.A.



Gustavo Schwartzmann

MD of Discretionary Portfolio Management at Santander Private Banking Brazil



Christiano Clemente

CIO at Santander Private Banking Brazil



Priscila Deliberalli

Head of Economics at Santander Private Banking Brazil



Fernando Buendía

Head of Products & Investments UHNW at Banco Santander México



José Antonio Guzmán Lavin, CFA

Santander Private Banking Chile



Antonio Uriel

Santander Private Banking Argentina

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Country-specific addenda

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