Santander Private Banking

October 2022

Market Outlook

Inflation is the utmost priority

Since the central bankers' symposium in Jackson Hole at the end of August, the synthesis of which was a tougher dialectic, the widespread move from talk to action in the form of further interest rate hikes by monetary authorities in recent weeks has been the main catalyst for the latest corrective turn of events across most of the market's asset spectrum. Economic activity in the United States remains too robust to eradicate inflationary tendencies in that economy.

Europe, however, continues to experience inflationary tremors with energy prices at their epicenter. Doubts about energy supply cast a shadow over the growth outlook, and leading indicators of economic activity point to a significant slowdown in the coming quarters. In China, the repercussions of the property market adjustment continue to have a negative impact on the economy.

Our suggestion is to maintain a defensive tone in risk allocation in portfolios with less exposure to the most cyclical sectors and assets. A great deal of adjustment has already occurred but the dynamics of high inflation and lower growth still persist.

Markets continue to adjust to the new scenario

Still more work to do to fight inflation

The level of concern about the harmful effects of high inflation levels has reached heights unseen in recent decades. In Europe, uncertainty about energy supply has increased throughout the third quarter. Rising gas and electricity prices augur a difficult winter in terms of inflation figures and household budgets. In the United States, a turning point in the statistics is beginning to emerge, but the concern is shifting to services inflation.

Lower growth is the price to pay

The three main economic blocs assimilate the necessary cost of economic growth to mitigate the effects of economic policy errors. In the United States, the Fed assumes that it is necessary to slow down the economy in order to avoid inflationary risks arising from excessive monetary stimulus. In Europe, the geopolitical mistake of energy dependence on Russia will take its toll in the coming quarters, and the Chinese authorities face the difficulty of stabilizing the real estate sector and health risks. The market is beginning to assume the cost in global economic growth needed to stabilize inflation (United States), energy supply (Europe) and real estate leverage (China).

The adjustment in earnings is lagging

Fixed income markets have heard the message from central banks and have taken on greater doses of monetary tightening. The dramatic tightening of interest rates is already raising hopes of a turnaround in inflation and in high credit quality bonds' valuation. The adjustment in terms of growth is still incomplete and a deterioration in the performance of the most cyclically sensitive assets (credit and equities) is foreseeable. We maintain a defensive bias pending the adjustment in earnings expectations.

01 Unconditional focus on inflation

The escalation of gas prices at a global level, much higher in the European Union (where it has dragged the cost of electricity to new record highs), does not allow us to expect a rapid inflection of the inflationary process experienced up to now. The graph below shows how the tension in energy prices is more intense and persistent in Europe than in the United States. Electricity prices in Europe have soared so much that they are now equivalent to more than $1,000 per barrel of oil in Germany (a level five times higher than at the beginning of the year) according to Bloomberg. Gas shortages are the main driver, as supply cuts from Russia pushed the price of the fuel to about 13 times its seasonal norm, while heat waves and drought boosted electricity demand and reduced hydro and nuclear output.

Escalating energy prices in Europe reach unprecedented levels and keep upward pressure on inflation

Europe is preparing emergency measures to curb rising electricity prices and has asked its member countries to voluntarily reduce their gas consumption by 15% and to set up winter contingency plans. Gas supply from Russia is still not guaranteed with continued cuts and announcements of technical problems. On the positive side, the European Union is making very good progress towards its goal of achieving 80% gas storage capacity and is getting closer to ensuring energy security for the winter. At the same time, the EU is planning urgent action to reform the electricity market by reducing volatility in pricing systems. **If the current scenario of energy uncertainty continues, it is likely that inflation in the Eurozone will exceed 10% and the turning point in the escalation of prices will be postponed** to 2023.

Fragility of energy supply remains the European Union's Achilles heel

In the U.K. the new Prime Minister Liz Truss has appointed her new cabinet and has presented an ambitious **plan of tax cuts worth 45Bn GBP** aimed at reviving the economy. **The fiscal stimulus is in the opposite side of the monetary policy fight against inflation** which now will be under additional pressure to increase rates further than expected. Inflation already surpassed the 10% mark last July. The tightness of the UK labor market, the depreciation of the pound and the lesser degree of openness of the British economy after Brexit are additional factors that put into question the ability of the British inflation to decline.

U.S. energy prices are less stressed as a result of being energy independent both in terms of oil and natural gas

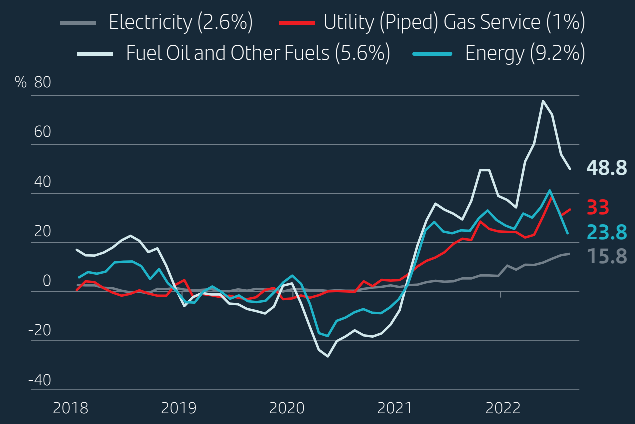
Inflation in the United States peaked as a result of the drop of gasoline prices and the fact that energy prices in United States are isolated from the European's energy problems. The chart below shows the recent fall in fuel prices in the United States, which has not been experienced to the same extent in Europe.

Geopolitical conflict intensifies in Europe, maintaining the energy shock

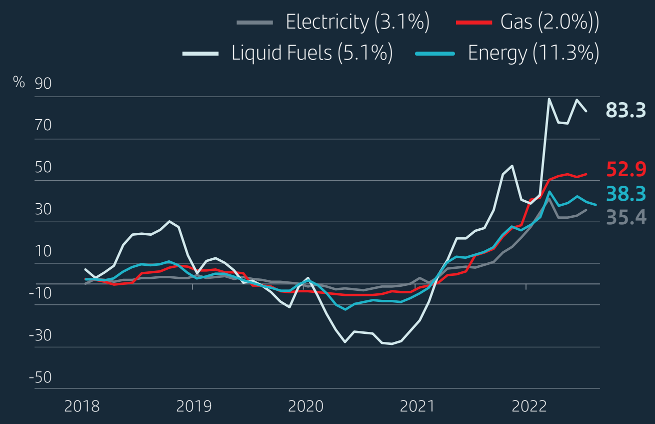
Source: Bloomberg. Data as of 9/16/2022

Energy markets in the US are starting to be less stressed but Europe is facing a tough winter ahead

US energy prices YoY (CPI components)



European Union energy prices YoY (CPI components)



Percentages in parenthesis are the weight of components within CPI

Central Banks' loud and clear message: higher rates

The turning point in inflation data in the United States generated a certain amount of hope in the market regarding a potential pivot by the Federal Reserve's monetary policy. This reading was erroneous given that different indicators of the U.S. economy still show a persistent labor shortage imbalance (strong job creation and minimum unemployment levels). This context of strong inflationary pressure and labor market is particularly conducive of further inflation persistence from goods to service inflation.

Fed members have been increasing their level of concern about their level of concern about the transmission of price pressures to wages and decided to send **a message of realism to the markets regarding the sacrifice needed to reorient the economy towards the 2% inflation target.** The problem for the Fed is that, while inflation is showing signs of softening, it is likely to remain well above the Fed's 2% target for some time. At its September meeting, the Federal Reserve maintained its aggressive tone and raised rates by 0.75% for the third consecutive meeting to 3.25%. Its new projections make it clear that through 2023 rates will remain high and a "pivot" (change of bias towards lower rates) in monetary policy would only be expected in 2024. The Fed's priority remains price control even if this comes at a significant cost in terms of growth.

The dilemma for the European Central Bank is even more complex for three reasons, the first being that a turning point in inflation data has not yet been reached because of the new energy shock in September. The second complicating factor for European monetary policy is the different nature of the inflationary upturn and the fact that it is not related to an overheated economy as in the case of the US. T**he ECB is aware that raising interest rates will not solve the problem of energy shortages and rising energy prices, but it cannot fail to act.** Finally, the ECB must act to avoid the danger of financial fragmentation in the Eurozone due to the widening of financing spreads among countries. Europe is facing a tough winter ahead dealing with geopolitical and economic uncertainties.

The trajectory and nature of the inflation problem differs on both sides of the Atlantic but there is a **common denominator in the need to bear the cost of rising interest rates and the costs of economic growth to avoid greater evils.** Central bankers have spoken clearly, and the market has finally understood the tough message that comes with prioritizing inflation control. **Rates need to be raised further and the economy needs to slow down.**

Central banks have not finished the fight against inflation, and they have given a clear message to prioritize price stability

In the United States, the inflation problem lies in excess demand and the Fed admits the need to restrict growth

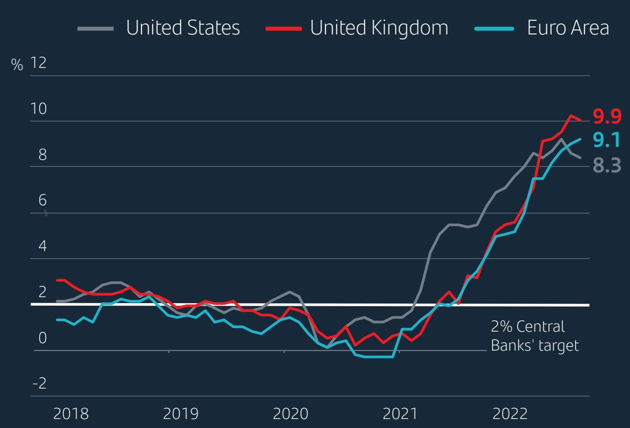
The nature of the inflationary problem is different in the Eurozone (lack of energy supply), but the ECB's medicine is similar to that of the Fed: rate hikes

Europe has an inflation problem due to a supply shock and the United States due to excess demand

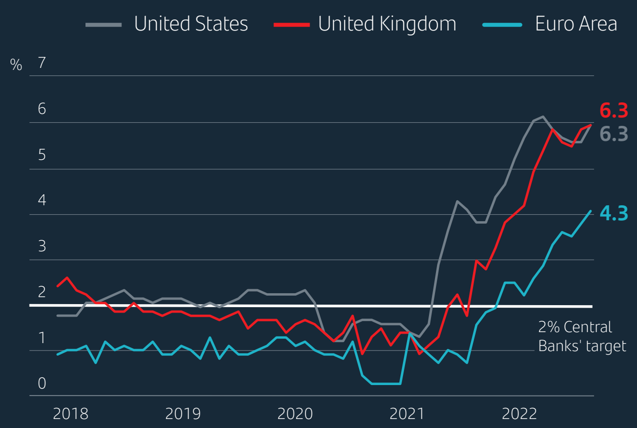
Source: Bloomberg. Data as of 09/16/2022

Inflation differs in nature, but its solution requires a slowdown in economic growth

Headline CPI (YoY)



Core CPI (excluding food and energy, YoY)



02 Recession risk is the price to pay

The end of the summer has come with a reality check for investors who have heard **a clear message from central banks: price control is the unconditional priority and the fight against inflation will come at a significant cost in terms of growth and unemployment.** Monetary policy has in recent decades been a key ally in the expansion of the economic cycle and the profitability of financial markets. In the coming years, investors will have to assume that central bankers have other priorities to address and that the wind of monetary stimulus has changed direction. **Uncertainty about the persistence of inflation, threatens the credibility of monetary authorities and the potential costs of acting too late, might increase the costs of economic growth.**

Deteriorating consumer purchasing power and high uncertainty cast a shadow over global growth outlook

This impact on the global economic growth expectations is occurring against a backdrop of different economic momentum in different geographical areas. Starting with the US economy, the GDP data published in the first half of the year surprised with a negative report and opened the debate as to whether the recession had begun in the United States. However, the factors that influenced negative growth in both quarters were originally cyclical (inventories and the external sector) while **the fundamentals of consumption and investment are still solid in the US economy.** This absence of signs of a slowdown was evidenced in the July and August Bureau of Labor Services (BLS) employment releases, which continue to show high inertia in job creation and strength in the supply of unfilled jobs. **The strength of the labor market is allowing consumption data to stay positive despite the deterioration of real disposable income** (nominal wages growth below the level of inflation). The deterioration of U.S. consumer purchasing power is being cushioned by a reduction in savings levels.

The technical recession in the United States (two negative GDP readings) is not real given the strength of the labor market and private consumption

The Federal Reserve's monetary tightening message channeled through deteriorating financial conditions is beginning to be transmitted to some economic sectors. In particular, indicators of the residential sector show the impact of monetary tightening with a sharp drop in house sales and construction activity. But **business confidence indicators remain solid** as evidenced by the August ISM release (and especially the ISM Services indicator). Hard data and sentiment indicators for the U.S. economy point to positive growth rates for third quarter. **There is still no evidence of deterioration in aggregate demand in the U.S. economy that would justify a change in the direction of the Fed's monetary policy.**

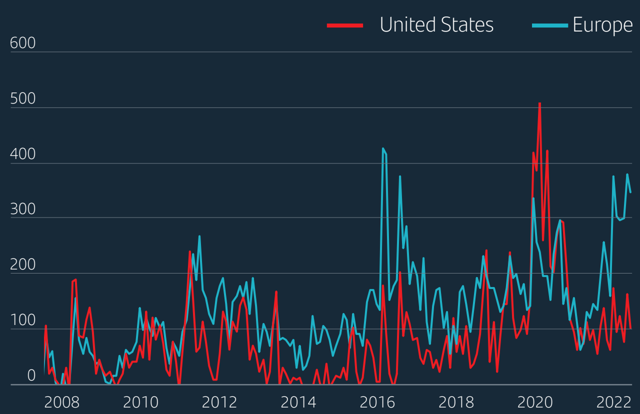
U.S. residential sector is the first to show clear signs of adjustment but the overall tone points to a recovery of growth in the second half of the year

The economic growth shock derived from the inflationary shock continues to increase

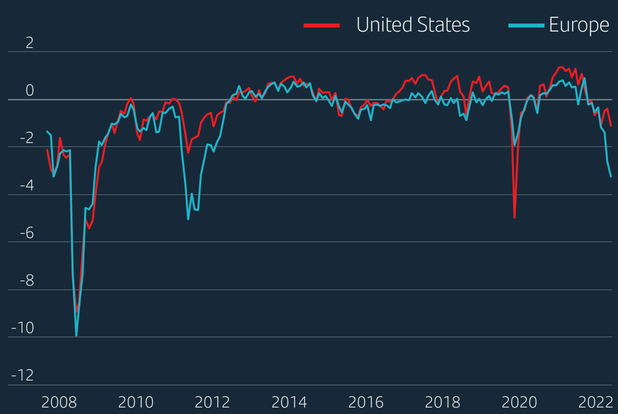
Source: 'Measuring Economic Policy Uncertainty' by Scott Baker, Nicholas Bloom and Steven J. Davis at www.PolicyUncertainty.com and Bloomberg. Data as of 9/29/2022

Growth expectations have been revised downward since the start of the conflict in Ukraine

Economic Policy Uncertainty Index



Bloomberg Financial Conditions Index*



* The Bloomberg Financial Conditions Index tracks the overall level of financial stress in the U.S. money, bond, and equity markets to help assess the availability and cost of credit. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions relative to pre-crisis (2008) norms.

European growth is facing a tough winter ahead

Although the European economy experienced higher growth than the U.S. economy, the outlook suggests a period of economic contraction in the coming quarters. The Bank of England was the first regulator to recognize the severity of the slowdown as a result of the new energy shock. **The Bank of England estimates that gas and electricity bill will reduce the household income by more than 3.5% in the period 2021-2023.** That is five times more than the increase UK households experienced during the 1970s' energy crisis. The Bank of England's latest forecasts take for granted a bleak outlook for the UK in 2022/23, with inflation peaking at 13%, GDP growth falling by more than 2% and a recession lasting more than a year.

The European consumer is facing a major adjustment due to the triple shock in its main cost-of-living benchmarks (food, energy and mortgages)

The Eurozone faces a similar picture and the outlook for the coming quarters is bleak if the gas market situation remains the same. On the one hand, Germany is considering that it will have to implement some gas demand rationing. On the other hand, the price increase effect implies an impoverishment in the euro area countries of such proportions that it will reasonably lead to some adjustment of domestic demand. **In the euro area, energy imports have risen from 1.5% of GDP to more than 6% of GDP.** In addition, high electricity prices may cause more companies to stop operations, which will eventually affect employment. **Retail sales and business confidence indicators already anticipate a severe slowdown in the coming quarters.** The European geopolitical decision of depending on Russia for energy supply will be particularly costly in terms of indebtedness (see chart showing the growing impact of energy rescue measures) and growth.

Euro area GDP could contract between 3Q22 and 1Q23, leading to a moderate recession

The Chinese economy suffered a sharp decline of 2.6% in the second quarter of 2022 as a result of the covid-19 health restrictions and the crisis affecting the real estate sector. Although the Chinese authorities have approved major fiscal and monetary stimulus programs, there are still no signs of recovery in the private sector.

New outbreaks of covid and real estate crisis abruptly slow China's growth

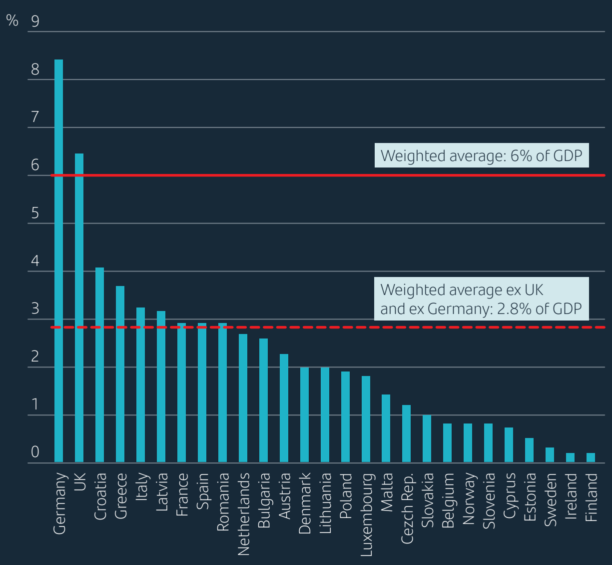
The three main economic blocs are facing economic slowdowns of a different nature, the evolution of which must be closely monitored. I**t is perhaps premature to speak of a global recession, but investors must assume that growth is showing clear signs of weakness and deceleration.**

European Energy Crisis Rescue Funds by country since September 2021

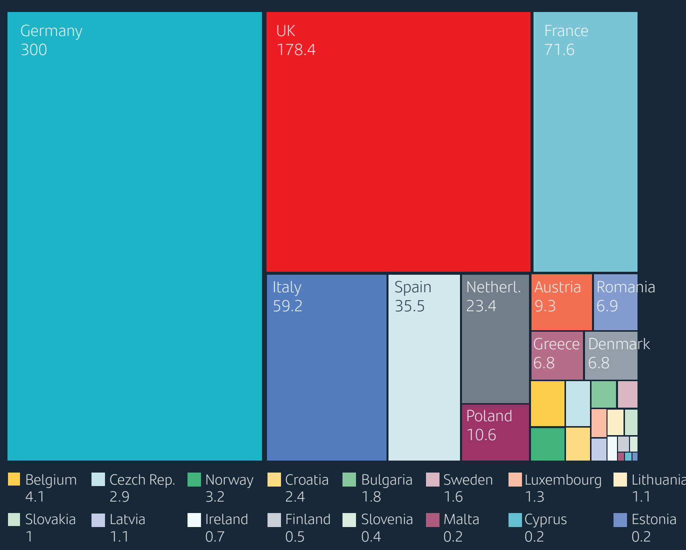
Source: Sgaravatti, G., S. Tagliapietra, G. Zachmann (2021) 'National policies to shield consumers from rising energy prices', Bruegel Datasets, first published 4 November 2021, available. Latest data as of 09/21/2022

Governments have to act given the broad-based impact of energy prices

Europe and UK are dedicating 6% of GDP for energy rescue measures



Energy rescue plans amount over 700Bn Euros



03 Markets need to adjust further

The outlook for investment portfolios during 2022 is the most complex in recent decades as they face a double impact of a stagflationary (high inflation and low growth) nature. In addition to the adjustment caused by the extraordinary tightening of monetary policies (which has mainly affected fixed income), there has been a change in growth expectations due to the rise in the cost of the energy shock (with the most cyclically sensitive assets - credit and equities - being the biggest victims). **After a brief lull in optimism at the end of June (the MSCI World experienced a 14% rally), market sentiment deteriorated again as investors realized that the adjustment in rates and growth was far from over.** The message from monetary authorities at their meeting in Jackson Hole at the end of August was enlightening regarding the magnitude of the task ahead in readjusting economic imbalances and in particular inflationary pressures.

Markets have assimilated the tightening bias of monetary policy. Curves already reflect the new reality of interest rates above neutrality

Interest rate curves and bond market valuations have shown the most virulent reaction to this stark bath of realism about the magnitude of the adjustment ahead. Bond markets in Europe have been particularly hard hit, experiencing the largest price declines in decades fueled by concerns about Russian supply and its monetary implications. The declines in US dollar bond prices have also been very significant although the movement in the curves has been of a lesser magnitude as **the Federal Reserve's monetary tightening process is more advanced.** Nevertheless, we believe that the negative impact of interest rate hikes is already largely reflected in the interest rate curves of developed economies. The inflation inflection point is starting to become visible in some segments of the economy and soon the base effects will allow a turnaround, and this should mean that **we are close to the peak of interest rates in this cycle.**

The upward adjustment of interest rates is largely in the wake of the largest correction in decades

The charts below show how the **interest rate adjustment (measured by the level of the 12-month money market rate) has already surpassed the neutral levels of both the Fed and the ECB.** We can also see how this rate level compares to long-term inflation expectations (10-year breakevens). 2022 has seen a tough adjustment in interest rate levels, but if we look at the current situation from a forward-looking perspective we can see that **for the first time in a long time investors in low-risk bonds (high credit quality and low duration) can enjoy yields higher (US$ curve) or similar (Euro curve) to long-term inflation.**

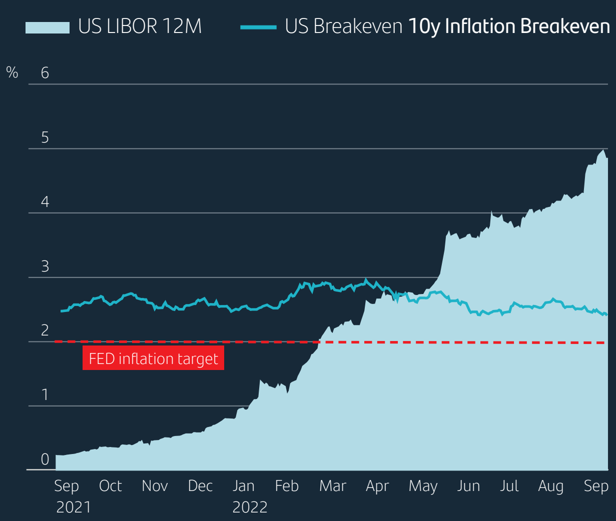
Thanks to interest rate hikes, short-term fixed income investors are no longer penalized relative to long-term inflation levels

Continued upward adjustments in interest rate levels allow for high short-term yields

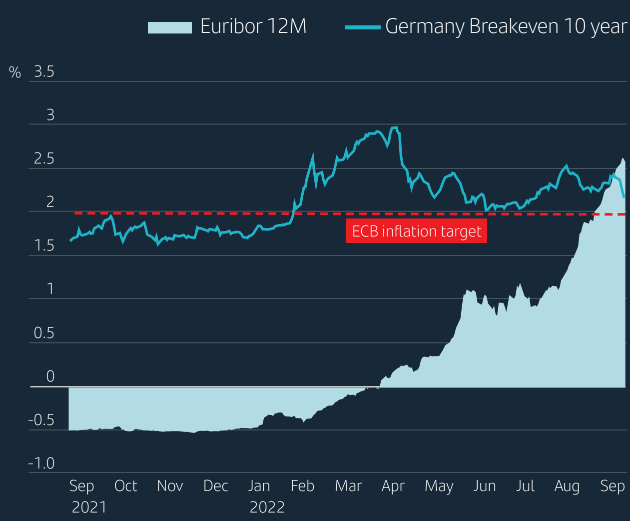
Source: Bloomberg. Data as of 9/29/2022

Interest rates start to offer real value relative to long-term inflation

12M yield and 10y Inflation Breakeven



12M yield and 10y Inflation Breakeven



Not yet the time for cyclical assets

Within fixed-income markets, corporate bonds have a dual sensitivity: to central bank yield curves and to the economic cycle via the risk premium for the probability of issuer default. As economic experts downgraded economic growth estimates, corporate bond prices fell as they reflected a higher probability of default. The upward adjustment in credit spreads is significant but there is still significant adjustment risk in the lower credit quality segments ("high yield"). **Our investment suggestion would be to favor issuers with strong credit quality fundamentals as credit spreads could continue to widen further during the next quarters.**

Credit risk may continue to trend upwards and we favor overweighting quality (investment grade) issuers

With regard to equities, we believe that it is still too early to have a very aggressive exposure given the greater sensitivity of this asset class to the economic cycle. This cyclicality is linked to the high correlation between corporate earnings growth and macro economic growth levels. We can see in the charts below the level of corporate earnings growth from Bloomberg consensus expected in 2022 and 2023 for all companies listed on the S&P500 (US) and Stoxx600 (Europe). **Although analysts have lowered growth estimates, we believe that this adjustment to earnings expectations is insufficient given the level of macroeconomic slowdown implicit in our central scenario.** The adjustment process will be uneven across sectors and geographies, so our suggestion would be to **lower exposure to the more cyclical sectors and to economies such as Europe,** where there is a higher probability of adverse economic growth scenarios. With inflation likely to remain uncomfortably high, which will make policy makers unwilling to bail out markets even if growth slows, this is not a time to time to be risk-on.

We believe that the adjustment in earnings expectations is still incomplete, which leads us to remain cautious on equity exposure

In any case, **every adjustment process involves opportunities,** and the added value of advice consists precisely in identifying them. There are many **companies that have experienced sharp declines in their share prices but which market services and products that are experiencing an acceleration in demand: cybersecurity, food technology, energy infrastructure, renewables, artificial intelligence or bioengineering** to name but a few specific sectors.

In addition, there are strategies, sectors and vehicles that can benefit from this environment of high volatility and asset price cuts. **Investments in private markets (private equity and private debt) with a longer time horizon are an ideal vehicle for positioning in the recovery during the adjustment phases.**

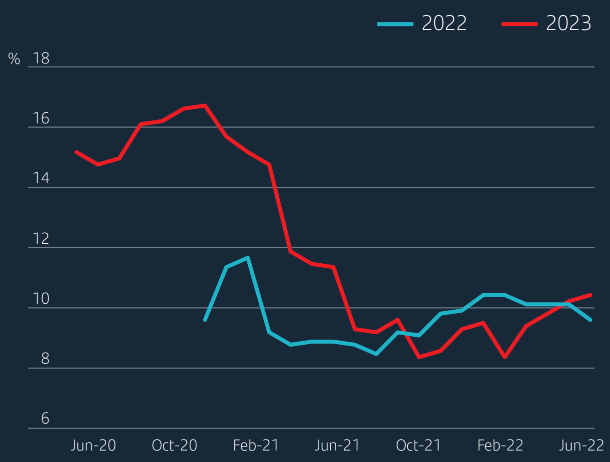
The new reality of higher interest rates and slower growth is gradually being reflected in the valuation of financial assets

The adjustment in profit levels does not yet reflect the deterioration of macroeconomic fundamentals

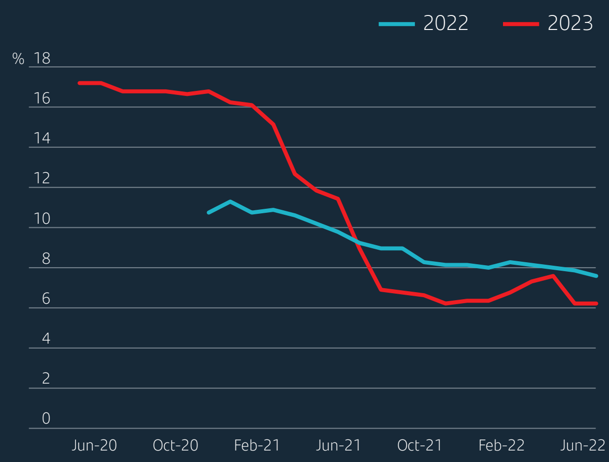
Source: Factset and Bloomberg

We consider elevated risk of downward earnings announcements in the coming quarters

S&P 500 - Earnings growth



Stoxx 600 Europe - Earnings growth



Appendix: Tables.

Returns of main assets in last 10 years.

Source: Bloomberg.

Data as of 09/30/2022

	Returns							Annualized returns		
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**YTD**	**3 years**	**5 years**	**10 years**
Short-term (USD) (1)	**0.4%**	**1.0%**	**1.9%**	**2.2%**	**0.4%**	**0.1%**	**0.8%**	**0.6%**	**1.1%**	**0.7%**
Short-term (EUR) (2)	**-0.3%**	**-0.4%**	**-0.4%**	**-0.4%**	**-0.5%**	**-0.5%**	**-0.3%**	**-0.4%**	**-0.4%**	**-0.3%**
Global Fixed Income (3)	**2.1%**	**7.4%**	**-1.2%**	**6.8%**	**9.2%**	**-4.7%**	**-19.9%**	**-5.7%**	**-2.3%**	**-0.9%**
Fixed Income (USD) (4)	**2.6%**	**3.5%**	**0.0%**	**8.7%**	**7.5%**	**-1.5%**	**-14.6%**	**-3.3%**	**-0.3%**	**0.9%**
Sovereign (USD) (5)	1.1%	1.1%	1.4%	5.2%	5.8%	-1.7%	-8.7%	-1.7%	0.2%	0.6%
Corporates (USD) (6)	6.1%	6.4%	-2.5%	14.5%	9.9%	-1.0%	-18.7%	-3.7%	0.0%	1.7%
High Yield (USD) (7)	17.1%	7.5%	-2.1%	14.3%	7.1%	5.3%	-14.7%	-0.5%	1.6%	3.9%
Fixed Income (EUR) (8)	**3.3%**	**0.7%**	**0.4%**	**6.0%**	**4.0%**	**-2.9%**	**-16.2%**	**-6.1%**	**-1.9%**	**1.0%**
Sovereign (EUR) (9)	3.2%	0.2%	1.0%	6.8%	5.0%	-3.5%	-16.7%	-6.4%	-1.7%	1.3%
Corporates (EUR) (10)	4.7%	2.4%	-1.3%	6.2%	2.8%	-1.0%	-14.6%	-4.7%	-1.7%	1.1%
High Yield (EUR) (11)	6.5%	6.2%	-3.6%	12.3%	1.8%	4.2%	-15.1%	-2.7%	-0.4%	3.6%
Emerging Global Fixed Income (USD) (12)	**9.9%**	**8.2%**	**-2.5%**	**13.1%**	**6.5%**	**-1.7%**	**-20.5%**	**-5.3%**	**-1.6%**	**1.4%**
LatAm (USD) (13)	16.3%	10.6%	-4.9%	12.3%	4.5%	-2.5%	-20.8%	-5.9%	-2.8%	0.6%
MSCI World (USD)	**5.3%**	**20.1%**	**-10.4%**	**25.2%**	**14.1%**	**20.1%**	**-26.4%**	**2.9%**	**3.5%**	**6.1%**
S&P 500 (USD)	9.5%	19.4%	-6.2%	28.9%	16.3%	26.9%	-24.8%	6.4%	7.3%	9.5%
MSCI Europe (EUR)	-0.5%	7.3%	-13.1%	22.2%	-5.4%	22.4%	-19.3%	-0.5%	-0.1%	3.5%
MSCI Emerging Markets (USD)	8.6%	34.3%	-16.6%	15.4%	15.8%	-4.6%	-28.9%	-4.4%	-4.1%	-1.3%
MSCI Asia Pac. ex-Japan (USD)	6.8%	37.0%	-13.9%	19.2%	22.4%	-2.9%	-26.4%	-1.1%	-0.6%	3.0%
MSCI Latin America (USD)	27.9%	20.8%	-9.3%	13.7%	-16.0%	-13.1%	-3.5%	-8.3%	-6.8%	-5.6%

(1) Barclays Benchmark Overnight USD Cash Index; 2) Barclays Benchmark 3mEUR Cash Index; 3) Bloomberg Barclays Global Aggregate Total Return Index Value Unhedged USD; 4) Bloomberg Barclays US Agg Total Return Value Unhedged USD; 5) Bloomberg Barclays US Intermediate Treasury TR Index Value Unhedged SD; 6) Bloomberg Barclays US Corporate Total Return Value Unhedged USD; 7) Bloomberg Barclays US 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 EUR; 11) Bloomberg Barclays Pan-European Aggregate High Yield TR Index Value Unhedged EUR; 12) Bloomberg Barclays EM Aggregate Total Return Value Unhedged USD; 13) Bloomberg Barclays Emerging Markets LatAm Total Return Value Unhedged USD

Equities indices.

Source: Bloomberg.

Data as of 09/30/2022

		Last Price	Change 12 months	Last 10 years Low	Range	High	Return 2020	2021	YtD	Annualized returns 1 year	3 years	5 years	10 years
US	S&P 500	3,586		1,412		4,766	16.3%	26.9%	-24.8%	-17.7%	7.2%	7.2%	9.5%
	DOW JONES INDUS.	28,726		13,026		36,338	7.2%	18.7%	-20.9%	-19.8%	3.1%	5.0%	7.9%
	NASDAQ	10,576		2,977		15,645	43.6%	21.4%	-32.4%	-31.8%	10.3%	10.2%	13.0%
Europe	Stoxx 50	3,332		2,525		3,818	-8.7%	22.8%	-12.7%	-9.7%	2.2%	0.9%	2.7%
	Eurozone (EuroStoxx)	3,318		2,504		4,298	-5.1%	21.0%	-22.8%	-21.9%	-1.0%	-1.6%	2.9%
	Spain (IBEX 35)	7,367		6,452		11,521	-15.5%	7.9%	-15.5%	-18.7%	-6.1%	-6.4%	-0.7%
	France (CAC 40)	5,762		3,429		7,153	-7.1%	28.9%	-19.4%	-15.6%	1.9%	1.5%	5.4%
	Germany (DAX)	12,114		7,261		15,885	3.5%	15.8%	-23.7%	-22.8%	0.5%	-1.3%	5.2%
	United Kingdom (FTSE 100)	6,894		5,577		7,749	-14.3%	14.3%	-6.6%	-4.7%	-0.9%	-1.5%	1.7%
	Italy (MIB)	20,649		15,239		27,347	-5.4%	23.0%	-24.5%	-23.2%	-1.0%	-2.0%	2.9%
	Portugal (PSI 20)	5,303		3,945		7,608	-6.1%	13.7%	-4.8%	-7.5%	2.9%	-0.4%	0.1%
	Switzerland (SMI)	10,268		6,595		12,876	0.8%	20.3%	-20.3%	-15.2%	1.7%	2.1%	4.5%
LatAm	Mexico (MEXBOL)	44,627		34,555		56,537	1.2%	20.9%	-16.2%	-13.0%	1.7%	-2.4%	0.8%
	Brazil (IBOVESPA)	110,037		40,406		126,802	2.9%	-11.9%	5.0%	6.3%	2.7%	8.2%	6.4%
	Argentina (MERVAL)	139,115		2,323		139,115	22.9%	63.0%	66.6%	66.5%	66.1%	39.5%	49.7%
	Chile (IPSA)	5,114		3,439		5,855	-10.5%	3.1%	18.7%	25.0%	0.8%	-1.0%	1.9%
Asia	Japan (NIKKEI)	25,937		8,928		29,453	16.0%	4.9%	-9.9%	-10.2%	6.7%	4.9%	11.4%
	Hong Kong (HANG SENG)	17,223		17,223		32,887	-3.4%	-14.1%	-26.4%	-32.1%	-13.0%	-9.0%	-1.9%
	South Korea (KOSPI)	2,155		1,755		3,297	30.8%	3.6%	-27.6%	-27.4%	2.0%	-2.1%	0.8%
	India (Sensex)	57,427		18,505		59,537	15.8%	22.0%	-1.4%	-3.2%	14.6%	12.9%	11.8%
	China (CSI)	3,805		2,140		5,352	27.2%	-5.2%	-23.0%	-22.5%	-0.1%	-0.2%	5.2%
World	MSCI WORLD	2,379		1,302		3,232	14.1%	20.1%	-26.4%	-25.1%	3.7%	3.5%	6.1%

Equities by factor and sector.

Source: Bloomberg.

Data as of 09/30/2022

			Change	Last 10 years			Return			Annualized returns				Ratios	
		Last Price	12 months	Low	Range	High	2020	2021	YtD	1 year	3 years	5 years	10 years	PE Ratio	Dividend Yield
	MSCI World	2,379		1,302		3,232	14.1%	20.1%	-26.4%	-21.3%	3.7%	3.5%	6.1%	14.27	2.36
Factor	MSCI World High Dividend Yield	1,177		906		1,447	-3.0%	12.6%	-18.7%	-13.6%	-1.1%	-0.5%	2.5%	11.45	4.16
	MSCI World Momentum	2,847		1,076		3,978	28.3%	14.6%	-27.2%	-23.6%	5.0%	7.2%	9.9%	10.74	3.09
	MSCI World Quality	2,865		1,090		4,058	22.2%	25.7%	-29.4%	-22.7%	7.2%	8.3%	9.9%	16.88	1.98
	MSCI World Minimum Volatility	3,880		1,909		4,730	2.6%	14.3%	-18.0%	-12.2%	0.1%	3.9%	7.1%	16.76	2.58
	MSCI World Value	9,636		5,322		11,827	-1.2%	21.9%	-18.5%	-13.1%	2.6%	2.2%	6.1%	10.66	3.61
	MSCI World Small Cap	510		246		705	16.0%	15.8%	-26.6%	-25.6%	3.3%	2.3%	7.5%	14.07	2.41
	MSCI World Growth	6,553		2,547		9,693	33.8%	21.2%	-32.4%	-27.3%	7.0%	7.7%	9.7%	21.96	1.08
Sector	Energy	375		164		448	-31.5%	40.1%	22.2%	2.6%	1.6%	-0.8%	-0.7%	6.07	4.49
	Materials	437		229		590	19.9%	16.3%	-23.9%	10.0%	16.1%	8.9%	7.0%	8.98	4.28
	Industrials	375		185		509	11.7%	16.6%	-26.4%	5.6%	12.9%	8.3%	10.6%	14.81	2.41
	Consumer Discretionary	406		149		595	36.6%	17.9%	-31.7%	8.1%	20.7%	15.7%	14.8%	19.74	1.37
	Consumer Staples	391		207		465	7.8%	13.1%	-15.9%	9.7%	8.3%	7.3%	8.2%	18.56	2.78
	Health Care	433		156		518	13.5%	19.8%	-16.4%	8.1%	16.4%	11.4%	12.6%	15.59	1.86
	Financials	199		107		263	-2.8%	27.9%	-22.5%	3.2%	11.9%	6.4%	9.3%	10.59	3.54
	Information Technology	449		103		682	43.8%	29.8%	-34.1%	12.1%	29.3%	23.8%	20.1%	20.10	1.18
	Real Estate	367		254		517	-5.0%	28.7%	-29.1%	10.2%	7.4%	8.1%	7.5%	21.39	4.17
	Communication Services	128		86		220	23.0%	14.4%	-37.2%	-3.0%	15.4%	10.5%	8.5%	14.55	1.68
	Utilities	281		154		331	4.8%	9.8%	-14.1%	10.9%	5.9%	7.4%	7.5%	17.32	3.76

Government Bonds.

Source: Bloomberg.

Data as of 09/30/2022

					10 years							
	Rating (S&P)	Interest rate			Change	Last 10 years						Yield curve
		C. Bank*	2 years	10 years	12 months	Low	Range	High	Month	YtD	YoY	10-2 years
Developed												
U.S.	AA+	3.25%	4.28%	3.83%		0.53%		3.83%	64	232	228	-0.45
Germany	AAA	0.75%	1.76%	2.11%		-0.70%		2.11%	57	229	221	0.35
France	AA	0.75%	1.81%	2.72%		-0.40%		2.72%	57	252	245	0.91
Italy	BBB	0.75%	2.88%	4.52%		0.54%		4.96%	63	335	335	1.64
Spain	A	0.75%	2.13%	3.29%		0.05%		5.62%	55	272	268	1.16
United Kingdom	AA	2.25%	4.23%	4.09%		0.10%		4.09%	129	312	306	-0.14
Greece	BB+	0.75%	n.d.	4.86%		0.61%		17.77%	75	352	353	n.d.
Portugal	BBB+	0.75%	2.04%	3.18%		0.03%		8.19%	55	271	266	1.14
Switzerland	AAA	0.50%	0.69%	1.19%		-1.05%		1.19%	40	134	125	0.50
Poland	A-	6.75%	7.40%	7.15%		1.15%		7.15%	102	350	433	-0.26
Japan	A+	-0.10%	-0.05%	0.24%		-0.27%		0.86%	2	17	15	0.29
Emerging Markets												
Brazil	BB-	13.75%	11.89%	12.02%		6.49%		16.51%	-28	118	-20	0.13
Mexico	BBB	9.25%	10.35%	9.67%		4.49%		9.67%	61	210	216	-0.68
Chile	A	10.75%	9.16%	#N/A N/A		2.19%		6.79%	n.d.	n.d.	n.d.	n.d.
Argentina	CCC+	75.00%	n.d.	n.d.		0.00%		0.00%	n.d.	n.d.	n.d.	n.d.
Colombia	BB+	10.00%	11.74%	12.78%		4.85%		12.78%	70	459	n.d.	1.05
Turkey	B	12.00%	14.53%	n.d.		6.21%		23.00%	n.d.	n.d.	n.d.	n.d.
Russia	NR	7.50%	#N/A N/A	n.d.		5.55%		15.99%	n.d.	n.d.	n.d.	n.d.
China	A+	2.73%	2.12%	2.74%		2.51%		4.58%	10	-3	-22	0.63
India	BBB-	5.90%	6.51%	7.40%		5.84%		8.86%	21	94	101	0.88

*Central Bank lending facility, except in Eurozone countries, where the marginal deposit facility is used.

Currencies.

Source: Bloomberg.

Data as of 09/30/2022

	Last	Change			Last 10 years	Return				Annualized returns
	Price	12 months	Low	Range	High	YtD	1 year	3 years	5 years	10 years
EUR/USD	0.9802		0.98		1.39	-13.8%	18.3%	3.6%	3.8%	2.8%
EUR/GBP	0.88		0.70		0.92	-4.1%	-1.6%	0.4%	0.1%	-1.0%
EUR/CHF	0.97		0.97		1.24	-6.8%	12.0%	4.0%	3.4%	2.3%
EUR/JPY	142		103		148	8.4%	-8.5%	-6.0%	-1.3%	-3.4%
EUR/PLN	4.86		4.04		4.86	-5.5%	-4.6%	-3.4%	-2.3%	-1.6%
GBP/USD	1.12		1.12		1.71	-17.5%	20.2%	3.2%	3.7%	3.8%
USD/CHF	0.99		0.88		1.03	-7.5%	-5.3%	0.4%	-0.4%	-0.5%
USD/JPY	145		80		145	-20.5%	-22.6%	-9.3%	-4.9%	-6.0%
USD/MXN	20.14		12.13		24.17	1.9%	1.9%	-0.7%	-1.9%	-4.4%
USD/ARS	147.32		4.77		147.32	-30.3%	-33.0%	-26.9%	-34.8%	-29.1%
USD/CLP	969		471		969	-12.0%	-16.4%	-9.1%	-8.0%	-6.9%
USD/BRL	5.42		1.98		5.75	3.0%	0.0%	-8.4%	-10.2%	-9.4%
USD/COP	4,609		1,763		4,609	-11.5%	-16.7%	-9.0%	-8.6%	-9.0%
USD/CNY	7.12		6.05		7.16	-10.7%	-9.1%	0.2%	-1.3%	-1.2%
EUR/SEK	10.87		8.37		10.93	-5.3%	-6.1%	-0.5%	-2.4%	-2.5%
EUR/NOK	10.67		7.34		11.48	-6.0%	-4.7%	-2.4%	-2.5%	-3.6%

Commodities.

Source: Bloomberg.

Data as of 09/30/2022

	Last	Change			Last 10 years	Return				Annualized returns
	Price	12 months	Low	Range	High	YTD	1 years	3 years	5 years	10 years
Crude Oil (Brent)	86.2		21		120	51.4%	11.2%	12.9%	15.1%	-8.7%
Crude Oil (W. Texas)	79.5		19		115	58.7%	3.2%	13.7%	15.4%	-4.8%
Gold	1,662.4		1,060		1,971	-3.5%	-9.1%	4.3%	9.1%	-2.1%
Copper	7,560.0		4,561		10,375	25.2%	-22.2%	9.7%	5.3%	-2.7%
CRB Index	268.3		117		317	38.5%	15.5%	15.5%	13.6%	-4.6%
Rogers International	6.8		2		9	49.1%	78.7%	39.1%	33.2%	2.1%
Natural Gas	188.8		14		244	304.6%	190.7%	118.0%	123.8%	n.d.

"Periodic table" of asset returns.

Asset Class	Reference Index	Calendar Year Returns 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
US Equities	S&P 500 TR	28.1% Eurozone Government	54.4% Japan Equities	71.3% Eurozone Government	12.1% Japan Equities	14.8% Global High Yield	37.3% Emerging Market Equities	3.3% Spain Government	0.3% US Equities	18.4% US Equities	38.5% Commodities	16.6% Commodities
Japan Equities	Topix TR	20.9% Japan Equities	32.4% US Equities	61.3% Spain Government	6.4% Europe Equities	12.0% US Equities	22.4% Global Equities	0.1% Eurozone Government	0.3% Europe Equities	18.3% Emerging Market Equities	28.7% US Equities	-0.3% Liquidity
Spain Equities	Ibex35 TR	19.3% Global High Yield	27.8% Spain Equities	13.7% US Equities	1.4% US Equities	11.2% Emerging Market Equities	22.2% Japan Equities	-0.4% Liquidity	0.3% Global Equities	0.2% Global Equities	23.2% Europe Equities	-5.5% Japan Equities
Emerging Markets Equities	MSCI EM TR	18.2% Emerging Market Equities	26.7% Global Equities	10.3% Japan Equities	-0.1% Liquidity	9.7% Commodities	21.8% US Equities	-1.2% Europe IG	0.2% Emerging Market Equities	8.0% Global High Yield	21.8% Global Equities	-13.1% Spain Equities
Europe Equities	Eurostoxx50 TR	18.1% Europe Equities	21.5% Europe Equities	8.6% Spain Equities	-0.5% Europe IG	7.5% Global Equities	11.3% Spain Equities	-3.3% Global High Yield	0.2% Japan Equities	0.1% Japan Equities	12.7% Japan Equities	-15.2% Europe IG
Commodities	Commodity RB TR	16.0% US Equities	21.1% Spain Government	8.3% Europe IG	-0.8% Global Equities	6.6% Eurozone Government	10.2% Global High Yield	-4.4% US Equities	0.2% Spain Equities	6.4% Eurozone Government	10.8% Spain Equities	-15.3% Eurozone Government
Global Equities	MSCI World TR	15.8% Global Equities	8.0% Global High Yield	4.9% Global Equities	-3.6% Spain Equities	5.7% Spain Government	9.2% Europe Equities	-8.7% Global Equities	0.1% Global High Yield	4.4% Spain Government	1.4% Global High Yield	-16.0% Spain Government
Europe IG	ERL0 TR	13.2% Europe IG	2.4% Europe IG	4.0% Europe Equities	-4.2% Global High Yield	4.8% Europe IG	2.5% Europe IG	-10.7% Commodities	0.1% Commodities	2.7% Europe IG	-0.5% Liquidity	-18.9% Global High Yield
Liquidity EUR	Eonia TR	0.2% Liquidity	0.1% Liquidity	0.1% Liquidity	-10.5% Spain Government	3.7% Europe Equities	1.7% Spain Government	-11.5% Spain Equities	0.1% Spain Government	-0.5% Liquidity	-1.1% Europe IG	-21.0% Europe Equities
Global High Yield	HW00 TR	2.8% Spain Equities	-2.6% Emerging Market Equities	-0.1% Global High Yield	-16.3% Eurozone Government	2.6% Spain Equities	1.7% Commodities	-12.0% Europe Equities	0.1% Eurozone Government	-3.2% Europe Equities	-2.5% Emerging Market Equities	-23.9% US Equities
Spain Government	SPAIN 10 YR	-3.3% Commodities	-5.0% Commodities	-2.2% Emerging Market Equities	-14.9% Emerging Market Equities	0.6% Japan Equities	-0.2% Eurozone Government	-14.6% Emerging Market Equities	0.1% Europe IG	-0.1% Commodities	-2.7% Eurozone Government	-25.4% Global Equities
Eurozone Government	GERMANY 10 YR	-3.8% Spain Government	-46.6% Eurozone Government	-17.9% Commodities	-23.4% Commodities	-0.3% Liquidity	-0.4% Liquidity	-16.0% Japan Equities	0.0% Liquidity	-0.1% Spain Equities	-3.1% Spain Government	-27.20% Emerging Market Equities

\+ Returns -

*Data as of 09/30/2022
*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.

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