



Corporate &
Investment Banking

BBVA Global Risk Premia Strategy

QIS Thematics: Greed and fear

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Creating Opportunities



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Corporate &
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BBVA Global Risk Premia Strategy

01

Summary

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Creating Opportunities

Greed and fear

- **“Be greedy when others are fearful”** is probably one of the most famous Warren Buffett quotes, and somewhat reminiscent of current market dynamics. US equities had delivered a strong >20% return in each of the last two years, most if not all driven by AI / Magnificent 7 stocks. Positioning, as a result, became extremely overweight AI, so much so that if an investment manager was underweight AI, they underperformed peers. The year-to-date correction has now finally made positioning cleaner in several of the secular growth themes. All the AI stocks have been down >20% since the start of the year. We are by no means trying to pick the bottom of the market; nonetheless, several of the secular growth themes are now starting to look reasonably priced.
- **Rise in hedging demand:** Over the last six months, we have also seen risk appetite fade and the demand for protection rise. We have noticed the VIX drifting higher on average, with the equity skew making new post-COVID highs. We see this as a sign of capitulation, with investors already well protected for the downside but not enough for the upside. Historically, a rise in the skew to extreme levels tends to be a strong driver of future returns in equity markets, although timing is key. Tariff risk remains for sectors with a global supply chain like autos, commodity producers, and consumer-focused stocks in particular. With positioning cleaner now, we expect long-term earnings growth to be rewarded again.
- **Once-in-a-career shift:** We have been living in unprecedented times since the start of the year, with a once-in-a-career shift in German fiscal policy, US trade policy and transatlantic relations. Each of these individual changes has the potential to significantly impact the financial markets, and, with all three events combined, predicting market performance and writing market outlooks has never been more challenging. We have once again seen consensus trades underperform despite strong fundamentals, as in the case of the AI thematic.
- **End of US exceptionalism?** The consensus expectation at the start of the year was for US exceptionalism, but market performance has been to the contrary, with non-US markets leading the equity rally. In Europe, value has performed strongly YtD, with a notably robust performance from European banking stocks. Positioning is key here. For the past two years, the Magnificent 7 led the global equity rally and a well-diversified portfolio underperformed as a result. However, this year's diversification is reaping benefits, with global equities staging a comeback.
- **Looking ahead:** With positioning now cleaner on the consensus trades of the past two years, we believe investors should consider some of the long-term themes highlighted in this publication. Here, we launch a multi-factor ranking of our thematics based on price momentum, valuations, quality, growth, earnings momentum and technical factors. Currently, our scorecard suggests a high ranking for the infrastructure, and health and wellness themes based on strong technical and quality scores, respectively. In addition, we remain constructive on the AI and VR theme and, after the valuation reset, we see the current entry point as attractive for long-term allocation.

Trade of the month: Global Infrastructure

- Global Infrastructure:** Currently, Global Infrastructure ranks highest among the different thematic indices. The key driver of this performance is price momentum, which has been strong in the latest rotation out of growth factor into value factor since the start of the year. Currently, this index scores poorly in terms of growth factor ranking. We believe this could change going forward as European fiscal policy is implemented. Germany has announced a fiscal package of 1.2% of annual GDP to be spent on infrastructure projects over the next decade. We don't believe the earnings upside from the monumental change in European fiscal policy is in the price yet.
- Fundamental comparison vs. benchmark:** The BBVA index has notably outperformed the benchmark of developed markets equities and developed market industrials since the start of the year. The index is exposed to 50% industrial stocks and 50% other value cyclical sectors like energy, utilities and communication services. Despite the outperformance, the index trades at a valuation discount to its benchmark based on forward P/E and EV/EBITDA, with a stronger balance sheet and recent earnings momentum.
- Key catalyst:** German infrastructure spending of EUR500bn over the next decade is likely to provide a much-needed boost to Germany's public infrastructure. Infrastructure spend as a percentage of GDP has declined in western economies for the past several decades. If the German package proves to be the catalyst for change, then we could see continued upside from industrials and infrastructure companies in the decade ahead.

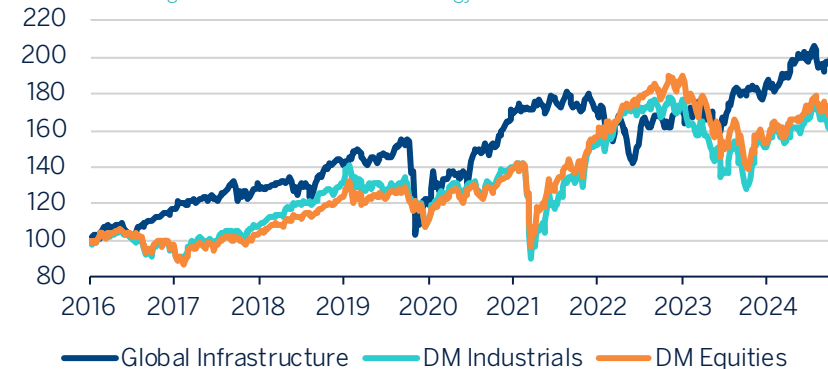
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Global Infrastructure	DM Industrials	DM Equities
Price chg (1M)	1.2	-1.2	-5.8
Price chg (3M)	3.1	0.7	-3.9
Price chg (YtD)	4.6	4.3	-0.8
12m FWD PE	17.4	20.1	18.5
EV / EBITDA	9.0	12.5	12.2
12m RoE (%)	9.4	17.0	15.8
Net debt/ EBITDA	-3.4	0.6	1.2
1Y fwd Earnings Growth	4%	17%	13%
2Y fwd Earnings Growth	5%	10%	11%
Earnings Mo 1M (%)	3.1	2.4	0.6
Earnings Mo 3M (%)	-3.1	0.8	-0.2

Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



BBVA Thematics: Key highlights

- **BBVA Thematics:** In this publication, we launch a new framework to analyse BBVA thematic indices based on fundamental, price and technical factors. We use a blend of price momentum, valuations, quality, growth, earnings momentum and technical factors to rank various BBVA thematic strategies.
- **Key takeaways:**
 - **Global Infrastructure:** Currently, Global Infrastructure ranks highest among the different thematic indices. The key driver of this performance has been price momentum, which has been strong in the latest rotation out of growth factor into value factor since the start of the year. Currently, this index scores poorly in terms of growth factor ranking. We believe this could change going forward as European fiscal policy is implemented. Germany has announced a fiscal package of 1.2% of annual GDP to be spent on infrastructure projects over the next decade. We don't believe the earnings upside from the monumental change in European fiscal policy is in the price yet.
 - **Global health and wellness:** Defence is your best offence in times of market stress. During such periods, global healthcare stocks give investors quality exposure. Healthcare tends to be the best performing sector during the later stages of the economic cycle. If indeed we see a continued slowdown in the US economy on the back of tariff risks and DOGE cuts, then our global health and wellness index could be an attractive option.
 - **AI has lost momentum:** For us, the key thematic focus for 2025 was the continuation of the AI rally. Since the start of the year, this expectation has been wrong. The key driver of the underperformance was reallocation away from US assets to non-US equity markets, driving US equities to underperform year-to-date. In addition, news around China's progress in AI has also raised investor concerns. Despite recent weakness in price performance, we still believe AI adoption is here to stay. During the latest earnings season, AI-related companies all beat expectations, raising their forward guidance. Increasing global competition in the AI space will only drive faster AI adoption, in our view, and we see the latest weakness as an interesting opportunity for long-term investors.
 - **US small cap index waiting for rate cuts:** The US exceptionalism theme has underperformed year-to-date, again driving US small caps to underperform. Despite the underperformance of the Russell 2000, the BBVA small cap select index has performed in line with US equities year-to-date. This supports our rationale of selecting quality within the small-cap space as key to positioning. The recent underperformance of small caps could be attributed to the anticipated slowdown in the US economy. As we highlighted in our prior publication ([Welcome to Trump 2.0](#)), we need a strong US economy and lower rates for small caps to outperform. Growth momentum in the US has slowed recently, which creates a risk to this trade.

BBVA Thematics: Multi-factor ranking

BBVA risk-premia framework

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Performance (USD)					Factor Score					Composite Factor Score
	1M	3M	YtD	Since Launch (ann.)	Price Mo.	Valuation	Quality	Growth	Earnings Mo.	Technicals	
Global Infrastructure	1.2	3.1	4.6	4.7	1.2	0.9	0.7	-0.9	0.7	2.2	0.8
Health and Wellness	1.2	0.5	3.5	0.1	0.1	-0.2	1.9	0.2	0.5	-0.2	0.4
Energy Transition SIC	1.6	2.0	3.3	0.6	0.4	1.3	-1.2	0.1	0.2	0.5	0.2
Top Trends SIC	-2.8	-2.6	0.7	1.4	-0.2	0.5	0.3	-0.1	0.7	-0.2	0.2
Climate Action PAB Europe	1.2	6.9	9.8	0.8	1.5	0.1	-0.0	-1.0	-0.9	1.1	0.1
Climate Action CTB Europe	1.6	7.0	9.9	0.8	1.6	0.2	-0.1	-1.3	-0.9	1.1	0.1
Cybersecurity	-8.3	-7.7	-2.8	1.7	-0.5	-0.9	1.0	1.9	0.2	-0.9	0.1
Resource Scarcity	-2.5	-1.5	2.3	1.2	-0.2	0.8	-1.0	0.5	0.1	-0.2	0.0
ixG Global Gover. & Board Diversity	-2.0	0.3	3.5	1.0	0.4	0.8	-0.6	-0.4	-0.4	-0.0	-0.0
ixESG Global Leaders	-5.6	-3.6	-0.5	1.6	-0.6	1.0	-0.3	-1.2	1.4	-0.8	-0.1
Next Generation Networks	-7.3	-5.9	-2.0	1.8	-0.2	-0.7	-0.4	0.6	0.3	-0.7	-0.2
US Small Caps Select	-9.0	-9.6	-5.8	4.9	-1.6	0.6	-0.5	-0.3	0.8	-0.7	-0.3
US REITs	-0.8	-2.5	1.1	3.0	0.4	-2.0	-1.5	-0.9	0.8	0.9	-0.4
AI and VirtualReality	-13.2	-12.7	-8.0	17.3	-2.0	-1.5	1.8	1.6	-0.9	-1.7	-0.4
ixS Global Inclusive Growth	-3.5	-2.5	1.0	0.0	-0.4	-0.9	-0.4	1.1	-2.6	-0.4	-0.6

BBVA Thematics: Multi-factor ranking methodology

- **BBVA Thematics:** In this publication, we launch a new framework to analyse BBVA thematic indices based on fundamental, price and technical factors. We use a blend of price momentum, valuations, quality, growth, earnings momentum and technical factors to rank various BBVA thematic strategies. The final ranking on the previous slide is the average of the individual factor score. We take the simple average in an attempt to not overfit the results.
- **Composite factor score:** Average of price momentum, valuations, quality, growth, earnings momentum and technical factor scores.
 - **Price momentum score:** We calculate the price momentum score based on the 1-month, 3-month, year-to-date and 1-year returns of each of the thematic.
 - **Valuation score:** We calculate the valuation score based on the 12m forward P/E, price-to-book, PE/G and EV/EBITDA ratios.
 - **Quality score:** We calculate the quality score based on 12m forward ROE, profit margin, net debt/EBITDA and net debt to equity book value.
 - **Growth score:** We calculate the growth score based on long-term growth estimates, and earnings growth 1 year, 2 years and 3 years ahead.
 - **Earnings momentum score:** We calculate the earnings momentum score based on the 1-month, 3-month and 6-month change in EPS estimate for each of the thematics.
 - **Technical score:** This is based on 14-day RSI, price vs. 50-day moving average and price vs. 52-week highs.



Corporate &
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BBVA Global Risk Premia Strategy

02

Thematic monitor

PLEASE SEE IMPORTANT DISCLOSURES ON THE LAST FOUR PAGES OF THIS REPORT.

Creating Opportunities

AI & Virtual Reality

Artificial Intelligence is emerging as the next evolutionary leap. This refers to the exponential expansion of the predictive, problem-solving and interactive capacities of information processors built upon massive data analysis capabilities. These interactions are furthered by the parallel development of Virtual Reality and Augmented Reality environments and devices, through which users can experience highly reactive cyber-domains offering endless social and commercial possibilities.

Solactive BBVA Artificial Intelligence and Virtual Reality index selects companies shaping the traits of this new generation of digital systems, creating the core infrastructure and components, enhancing their accessibility and design, and ensuring their fitness for data management.

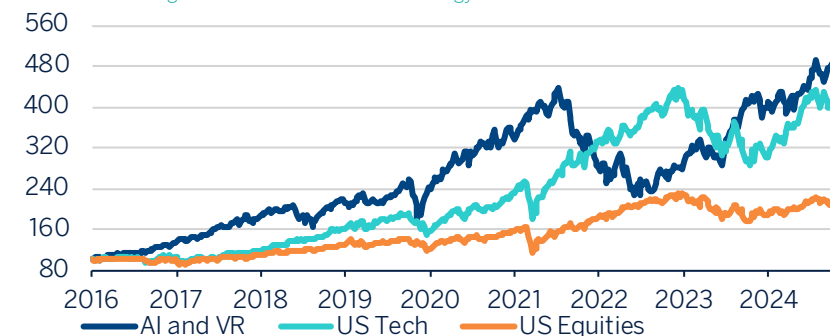
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	AI and VR	US Tech	US Equities
Price chg (1M)	-12.5	-10.5	-7.4
Price chg (3M)	-13.6	-12.0	-7.2
Price chg (YtD)	-9.9	-11.9	-5.0
12m FWD PE	24.0	25.1	20.3
EV / EBITDA	15.6	17.6	13.4
12m RoE (%)	12.7	29.7	19.2
Net debt/ EBITDA	0.1	-0.1	1.0
1Y fwd Earnings Growth	41%	31%	15%
2Y fwd Earnings Growth	15%	15%	12%
Earnings Mo 1M (%)	-5.4	0.9	-0.3
Earnings Mo 3M (%)	-4.7	-0.6	-0.9

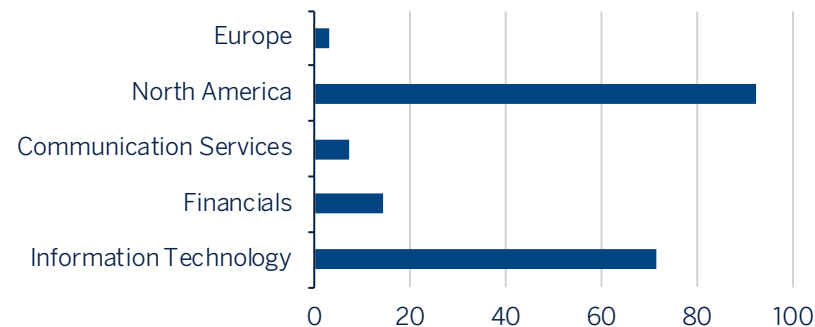
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Europe Climate Action

Solactive BBVA Climate Action PAB Europe index is a Paris-Aligned Benchmark (PAB) that invests in companies at the forefront of the climate transition, based on the EU Climate Benchmarks. Complying with the minimum requirements set by the EU, our strategy goes much further. Our goal is to leverage transitional opportunities, avoiding environmental risks, and targeting an average temperature increase well below 2°C, the most demanding scenario.

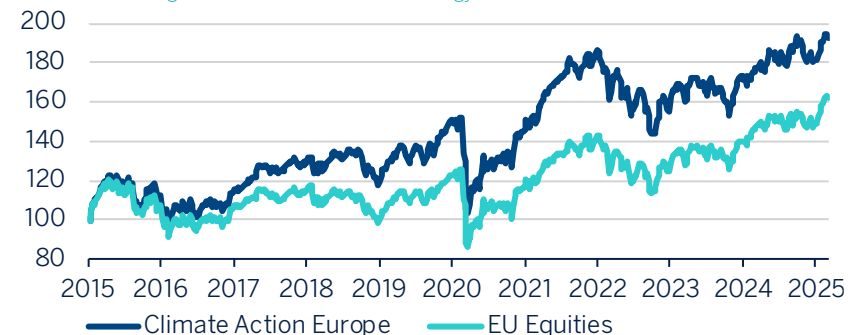
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Climate Action Europe	EU Equities	US Equities
Price chg (1M)	-1.7	-0.5	-11.4
Price chg (3M)	2.2	5.1	-10.6
Price chg (YtD)	3.9	7.1	-10.1
12m FWD PE	16.2	14.0	20.3
EV / EBITDA	9.7	9.5	13.4
12m RoE (%)	13.0	13.1	19.2
Net debt/ EBITDA	1.4	1.9	1.0
1Y fwd Earnings Growth	-1%	6%	15%
2Y fwd Earnings Growth	10%	9%	12%
Earnings Mo 1M (%)	-10.9	-1.7	-0.3
Earnings Mo 3M (%)	-11.2	-1.9	-0.9

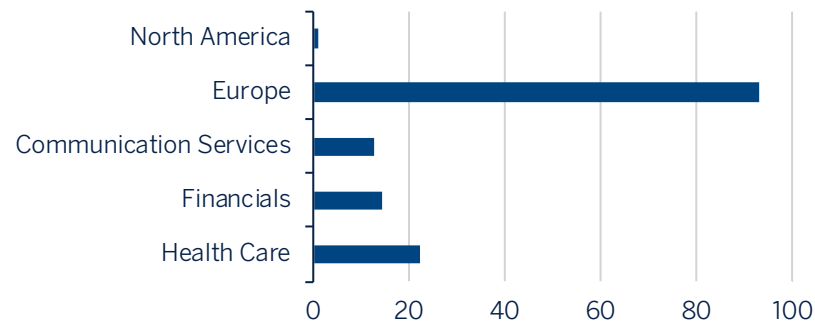
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Cybersecurity

The global cybersecurity market is projected to achieve a 9.7% CAGR in 2021-26, growing from USD217.9bn to USD345.4bn.

The fastest-growing market subsegment is **cloud security** due to the growing popularity of using non-PC devices to interact with core business processes.

Solactive BBVA Cybersecurity index selects companies on the front lines of digital security, providing data protection and cyber-risk insurance, creating secure online transaction platforms and heeding the call for cyber defense, thanks to the low-latency network infrastructure and components.

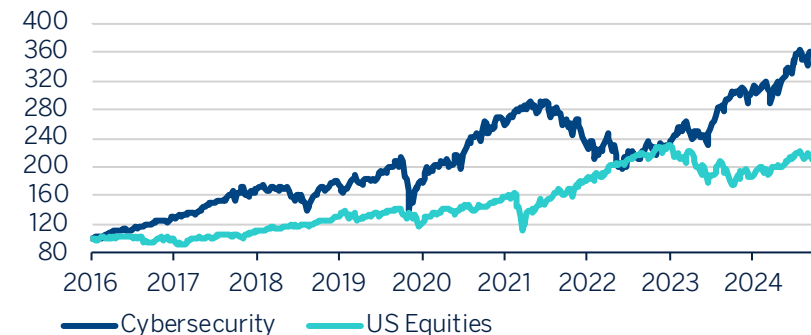
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Cybersecurity	US Equities
Price chg (1M)	-8.8	-7.4
Price chg (3M)	-8.3	-7.2
Price chg (YtD)	-5.3	-5.0
12m FWD PE	21.5	20.3
EV / EBITDA	15.3	13.4
12m RoE (%)	12.6	19.2
Net debt/ EBITDA	1.3	1.0
1Y fwd Earnings Growth	37%	15%
2Y fwd Earnings Growth	17%	12%
Earnings Mo 1M (%)	-3.9	-0.3
Earnings Mo 3M (%)	-6.3	-0.9

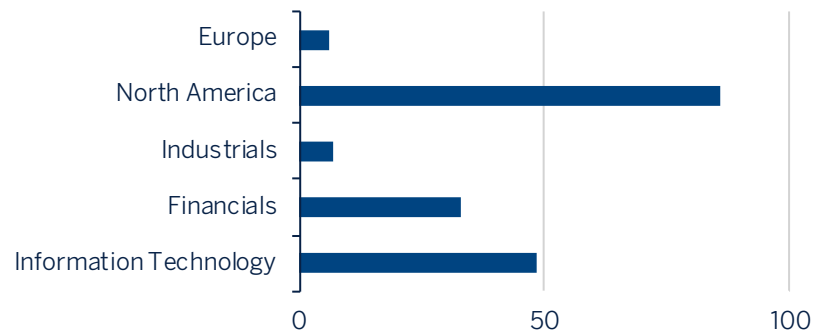
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Energy Transition

The path to net-zero emissions and the growing concern about energy security are triggering a transformation in the energy system worldwide.

The cumulative investment in the energy transition and related sectors over the next three decades is expected to exceed USD190 trillion, with a projected +80% capex increase from 2022 to 2050 (BNEF).

Solactive BBVA Energy Transition index selects companies on the front lines of energy resources, energy generation, its distribution and storage and enabling efficiency along the whole value chain from production to consumption.

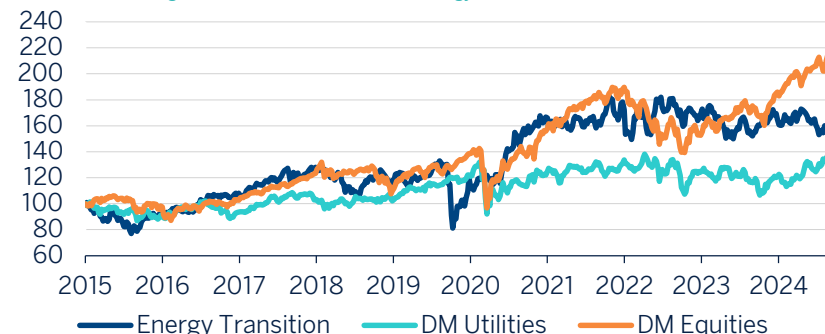
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Energy Transition	DM Utilities	DM Equities
Price chg (1M)	0.4	1.0	-5.2
Price chg (3M)	-1.5	2.4	-4.4
Price chg (YtD)	1.8	4.5	-2.0
12m FWD PE	14.4	15.7	18.5
EV / EBITDA	8.1	10.3	12.2
12m RoE (%)	11.1	11.1	15.7
Net debt/ EBITDA	2.5	4.6	1.2
1Y fwd Earnings Growth	8%	2%	13%
2Y fwd Earnings Growth	7%	7%	11%
Earnings Mo 1M (%)	-3.9	-1.2	0.7
Earnings Mo 3M (%)	-4.8	-2.1	-0.3

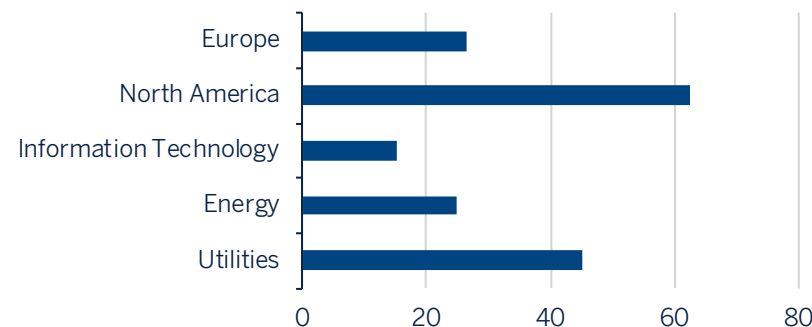
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Global Infrastructure

Infrastructure companies have proven to be stable and predictable cash generators, even during economic recessions, when countries have resisted by relying on networks managed by experienced operators. These companies have been able to cover society's main sanitation, commerce and communication needs, while consolidating the cash flow obtained from their fundamental services.

Solactive BBVA Infrastructure index selects companies that ensure the proper functioning of nations' infrastructure, optimising water and waste management, and facilitating transport flow and connectivity.

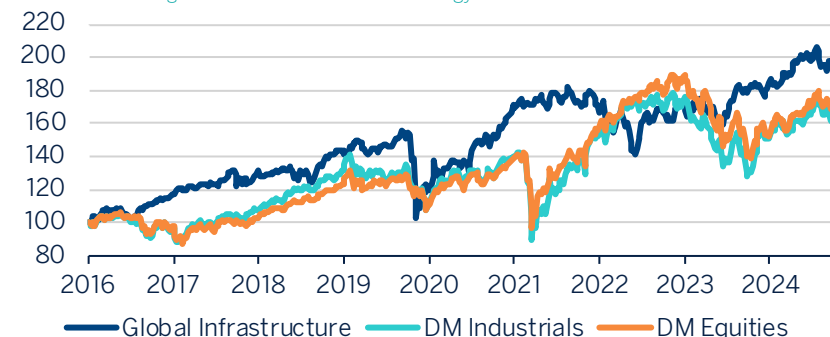
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Global Infrastructure	DM Industrials	DM Equities
Price chg (1M)	1.2	-1.2	-5.8
Price chg (3M)	3.1	0.7	-3.9
Price chg (YtD)	4.6	4.3	-0.8
12m FWD PE	17.4	20.1	18.5
EV / EBITDA	9.0	12.5	12.2
12m RoE (%)	9.4	17.0	15.8
Net debt/ EBITDA	-3.4	0.6	1.2
1Y fwd Earnings Growth	4%	17%	13%
2Y fwd Earnings Growth	5%	10%	11%
Earnings Mo 1M (%)	3.1	2.4	0.6
Earnings Mo 3M (%)	-3.1	0.8	-0.2

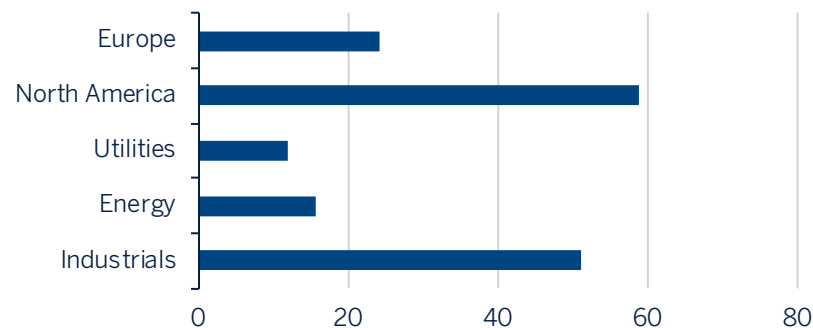
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Health & Wellness

The Covid-19 pandemic impacted people's lives in every way, but mainly, it prompted **global awareness of the importance of health**.

In a society long concerned with aging and healthcare affordability, renewed interest in disease "prevention" over "treatment" is growing rapidly, paving the way for innovative therapies and major advancements in biopharmaceuticals, medical technology and consumer care products and services.

Solactive BBVA Health & Wellness index selects companies with human health at their core, leading the fight against infectious and chronic diseases, serving the needs of the elderly, refining healthcare management and favouring healthy lifestyles and well-being.

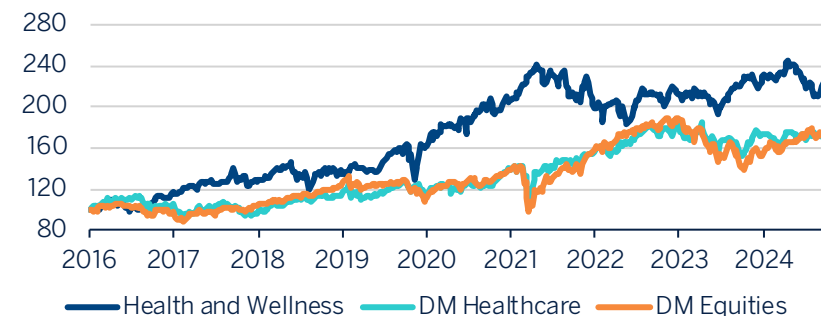
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Health and Wellness	DM Healthcare	DM Equities
Price chg (1M)	-0.2	-0.3	-5.2
Price chg (3M)	-1.5	2.1	-4.4
Price chg (YtD)	3.3	5.7	-2.0
12m FWD PE	17.5	17.5	18.5
EV / EBITDA	12.4	12.7	12.2
12m RoE (%)	17.9	18.9	15.7
Net debt/ EBITDA	0.5	0.9	1.2
1Y fwd Earnings Growth	15%	23%	13%
2Y fwd Earnings Growth	11%	10%	11%
Earnings Mo 1M (%)	-2.9	0.5	0.7
Earnings Mo 3M (%)	-3.9	-1.4	-0.3

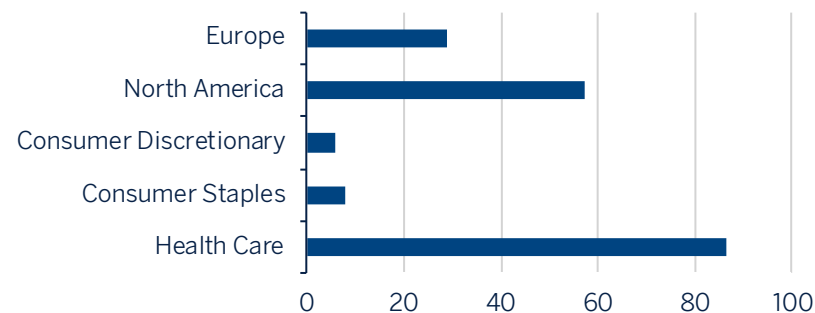
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



ixESG Global Leaders

Solactive BBVA ixESG Global Leaders index offers **investors the opportunity to achieve their ESG investment goals by selecting the leading companies in ESG according to their Sustainalytics ESG rating. It includes two innovative features:**

- **Innovative dynamic exclusion of controversial activities:** Thresholds for activity exclusions decrease over time (in particular for nuclear and thermal coal power generation) to 0% for 2035.
- **Fast exit rule:** Companies that lose their ESG quality are excluded in a monthly review.

Fundamental comparison vs. benchmark

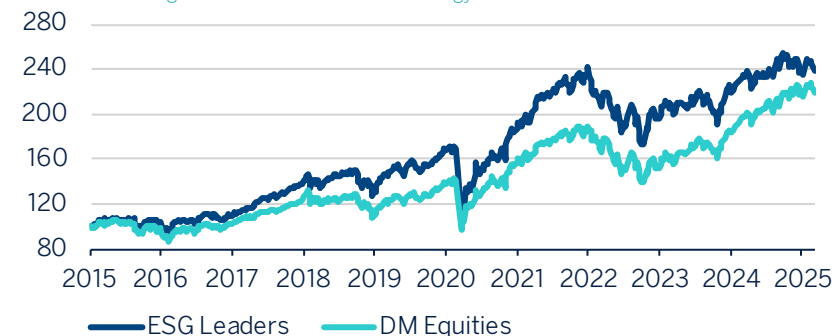
Source: Bloomberg and BBVA Global Markets Strategy

Theme	ESG Leaders	DM Equities
Price chg (1M)	-5.4	-5.2
Price chg (3M)	-5.5	-4.4
Price chg (YtD)	-1.0	-2.0
12m FWD PE	16.4	18.5
EV / EBITDA	12.4	12.2
12m RoE (%)	13.8	15.7
Net debt/ EBITDA	1.9	1.2
1Y fwd Earnings Growth	14%	13%
2Y fwd Earnings Growth	9%	11%
Earnings Mo 1M (%)	1.7	0.7
Earnings Mo 3M (%)	2.7	-0.3

PLEASE SEE IMPORTANT DISCLOSURES ON THE LAST THREE PAGES OF THIS REPORT.

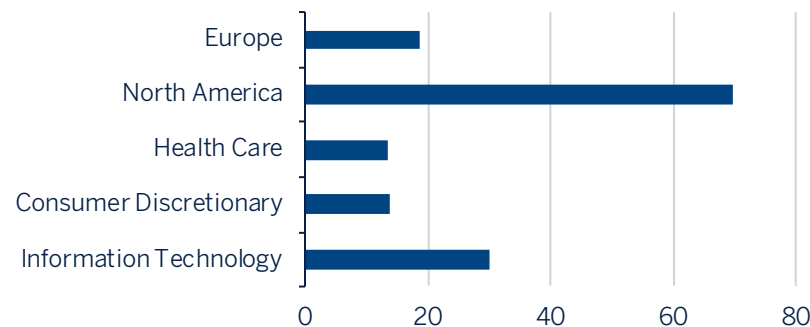
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



ixG Global Governance & Board Diversity

Solactive BBVA ixG Global Governance & Board Diversity index selects the global leaders in corporate governance, according to Sustainalytics G rating. Moreover, it overweights companies with a better diversity board score.

The components are selected according to the best Sustainalytics G rating, preserving the sectoral and country weight of its parent index.

Thresholds for activity exclusions decrease over time (in particular for nuclear and thermal coal power generation) to 0% for 2035. Companies that lose their G quality are excluded in a monthly review.

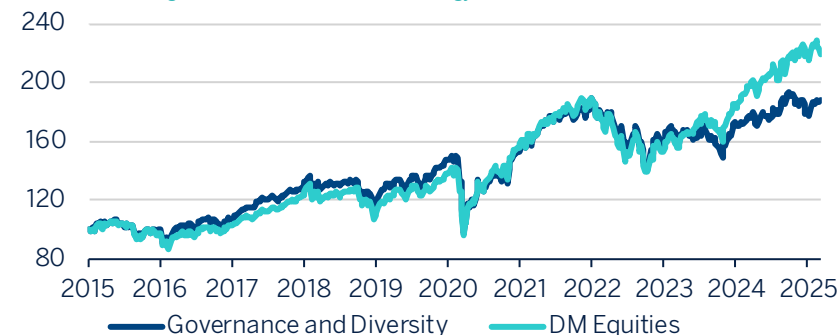
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Governance and Diversity	DM Equities
Price chg (1M)	-2.2	-5.2
Price chg (3M)	-1.8	-4.4
Price chg (YtD)	3.1	-2.0
12m FWD PE	15.9	18.5
EV / EBITDA	10.1	12.2
12m RoE (%)	13.4	15.7
Net debt/ EBITDA	1.9	1.2
1Y fwd Earnings Growth	4%	13%
2Y fwd Earnings Growth	9%	11%
Earnings Mo 1M (%)	-8.0	0.7
Earnings Mo 3M (%)	-8.4	-0.3

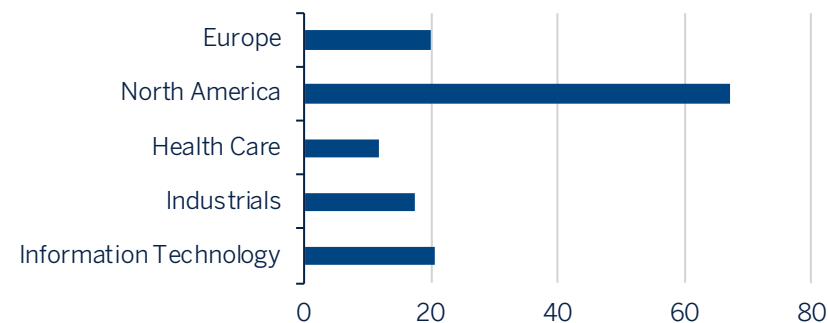
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



ixS Global Inclusive Growth

Solactive BBVA ixS Global Inclusive Growth index offers investors the opportunity to invest in leading growth companies at a reasonable price, together with a social focus according to the UN Sustainable Development Goals with a global scope.

The index seeks firms poised for sustained, above-average earnings growth, not yet fully reflected in the stock's price, based on PEG and EV/EBITDA to EBITDA growth metrics. We emphasise companies that secure future growth through the investment cycle.

The social tilt is included in both the exclusion process and weighting process. Social UN SDGs are considered as per the ICMA Social Bond Principles Mapping (1 - 11).

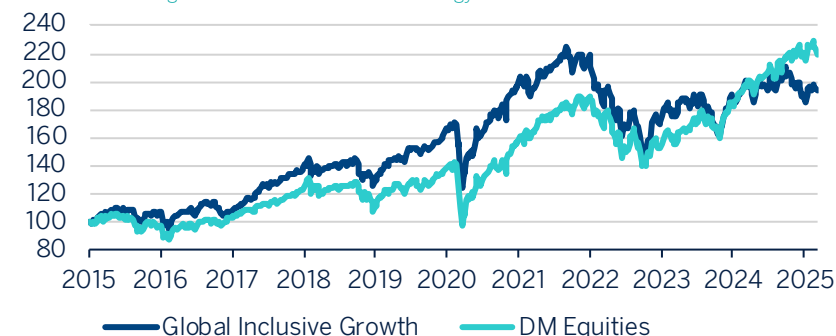
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Global Inclusive Growth	DM Equities
Price chg (1M)	-3.1	-5.2
Price chg (3M)	-4.4	-4.4
Price chg (YtD)	0.1	-2.0
12m FWD PE	25.2	18.5
EV / EBITDA	15.0	12.2
12m RoE (%)	13.5	15.7
Net debt/ EBITDA	1.7	1.2
1Y fwd Earnings Growth	4%	13%
2Y fwd Earnings Growth	16%	11%
Earnings Mo 1M (%)	-21.0	0.7
Earnings Mo 3M (%)	-22.1	-0.3

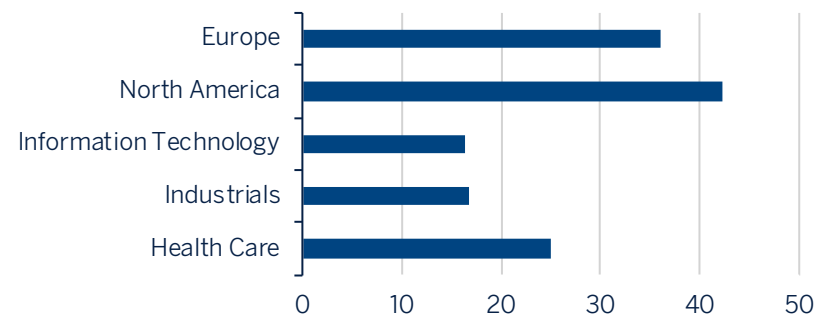
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Next Generation Networks

The true potential of 5G lies in the increased densification of the network that will service millions of intelligent devices for the Internet of Things (IoT), in addition to the installation of new fibre-optic sections that enable the speed and response characteristics of the new network. This should promote new business models in several industries.

Solactive BBVA Next Generation Networks index selects the leading global companies in the deployment of the 5th (and subsequent) generation of telecommunications networks.

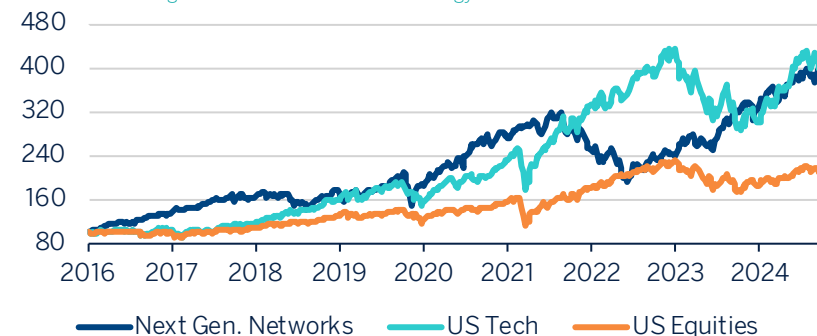
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Next Gen. Networks	US Tech	US Equities
Price chg (1M)	-7.5	-10.5	-7.4
Price chg (3M)	-6.0	-12.0	-7.2
Price chg (YtD)	-3.8	-11.9	-5.0
12m FWD PE	21.2	25.1	20.3
EV / EBITDA	11.0	17.6	13.4
12m RoE (%)	16.1	29.7	19.2
Net debt/ EBITDA	1.9	-0.1	1.0
1Y fwd Earnings Growth	11%	31%	15%
2Y fwd Earnings Growth	15%	15%	12%
Earnings Mo 1M (%)	-4.0	0.9	-0.3
Earnings Mo 3M (%)	-4.3	-0.6	-0.9

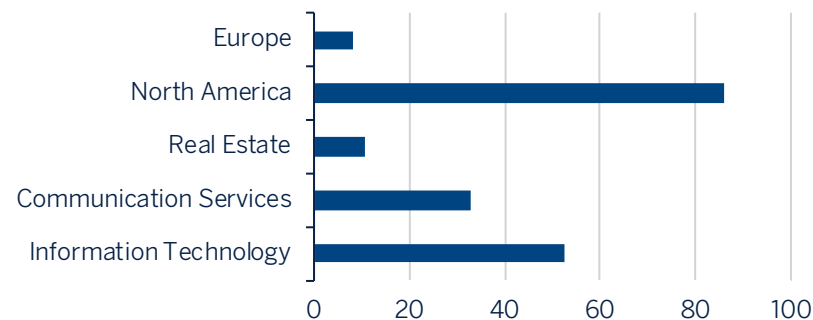
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Resource Scarcity

The unmatched level of human development and prosperity achieved in the last few decades has run parallel with the overuse and erosion of natural resources. Today, these valuable resources appear more critical than ever to the needs of a global society increasingly concerned with the effects of rapid population growth and climate change.

In this context, some firms are actively gearing their businesses to ensure the flow of these natural assets and promote maximum efficiency in their usage.

Solactive BBVA Resource Scarcity index selects the companies harnessing nature's most unscattered riches, easing water and food supply, improving forestry and mineral harvesting, managing urban physical space and providing the energy of tomorrow.

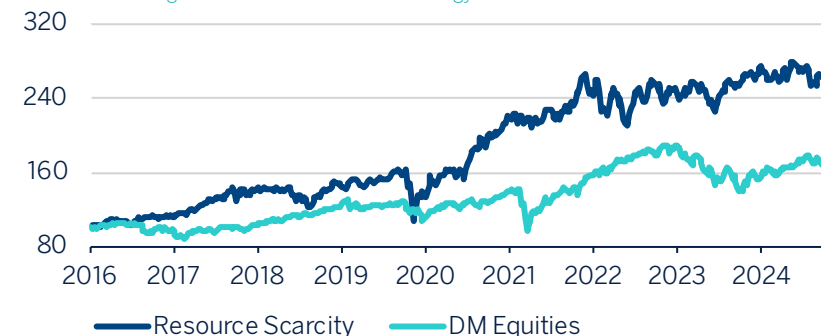
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Resource Scarcity	DM Equities
Price chg (1M)	-2.3	-5.2
Price chg (3M)	-5.1	-4.4
Price chg (YtD)	0.8	-2.0
12m FWD PE	17.0	18.5
EV / EBITDA	8.8	12.2
12m RoE (%)	9.2	15.7
Net debt/ EBITDA	1.6	1.2
1Y fwd Earnings Growth	40%	13%
2Y fwd Earnings Growth	14%	11%
Earnings Mo 1M (%)	-3.4	0.7
Earnings Mo 3M (%)	-4.9	-0.3

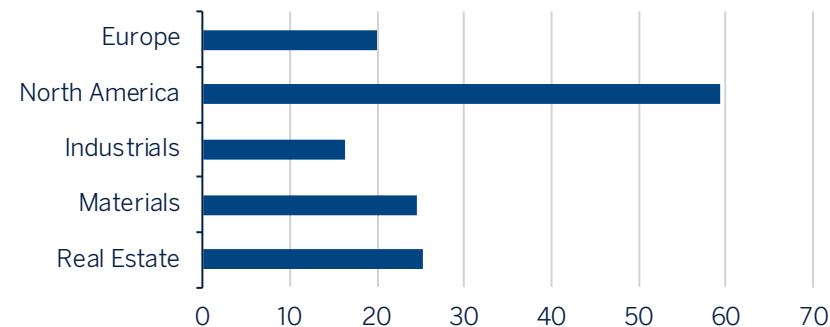
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



Top Trends

Megatrends are transformative movements and drivers that will change societies and economies in the upcoming years.

Solactive BBVA Top Trends index selects the leading global companies from the most relevant revolutions:

- ESG revolution
- Energy Transition revolution
- Technological Breakthrough revolution
- Future Healthcare revolution
- Urbanisation revolution

Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Top Trends	DM Equities
Price chg (1M)	-3.5	-5.2
Price chg (3M)	-4.2	-4.4
Price chg (YtD)	-0.3	-2.0
12m FWD PE	17.0	18.5
EV / EBITDA	9.9	12.2
12m RoE (%)	14.0	15.7
Net debt/ EBITDA	1.1	1.2
1Y fwd Earnings Growth	15%	13%
2Y fwd Earnings Growth	12%	11%
Earnings Mo 1M (%)	-0.4	0.7
Earnings Mo 3M (%)	-0.7	-0.3

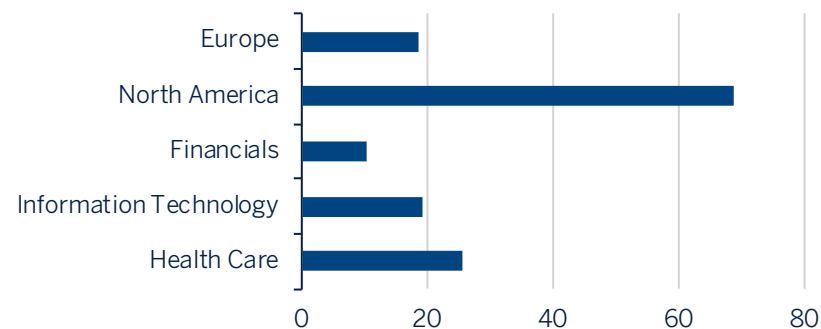
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



US REITs

Real Estate Investment Trusts present an outstanding opportunity to gain exposure to the real estate sector through a liquid, diversified and tax-efficient vehicle.

US REITs have steadily outperformed the S&P 500 over the past 20 years. Furthermore, they tend to behave especially well in periods of high inflation, acting as a safe haven, as rental fees tend to be CPI-linked.

Solactive BBVA US REITs index selects the best positioned US REITs that offer a recurrent dividend income source, avoiding excessive financial leverage in their undertakings and providing a critical hedge against raging inflation.

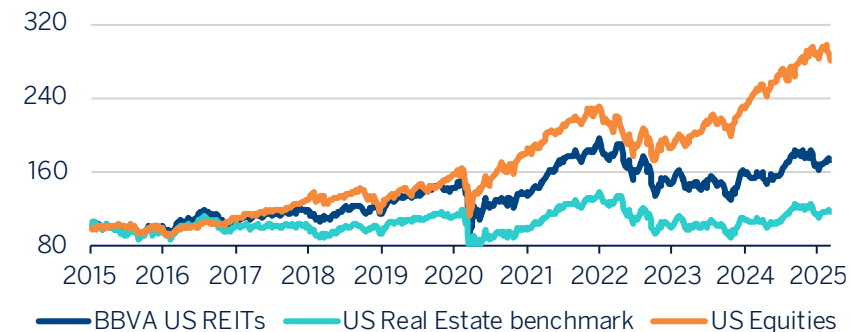
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	BBVA US REITs	US Real Estate benchmark	US Equities
Price chg (1M)	-0.6	-1.7	-7.4
Price chg (3M)	-3.3	-3.5	-7.2
Price chg (YtD)	1.5	0.5	-5.0
12m FWD PE	32.0	38.7	20.3
EV / EBITDA	16.9	17.1	13.4
12m RoE (%)	7.7	4.8	19.2
Net debt/ EBITDA	4.7	4.9	1.0
1Y fwd Earnings Growth	10%	18%	15%
2Y fwd Earnings Growth	9%	12%	12%
Earnings Mo 1M (%)	-0.3	-1.4	-0.3
Earnings Mo 3M (%)	-0.4	-1.9	-0.9

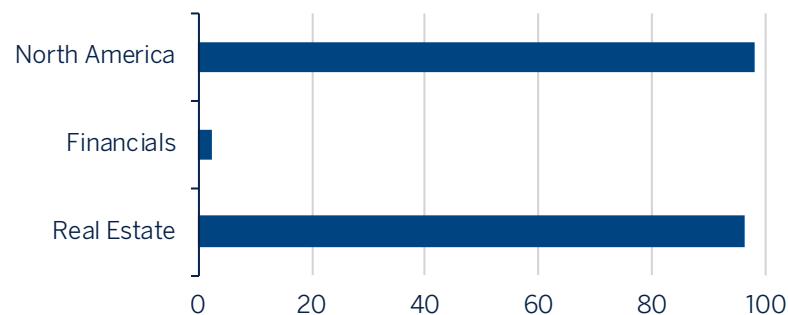
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



US Small Caps Select

Small-cap stocks tend to outperform large caps over time given their ability to grow more rapidly than larger companies. Moreover, most academic research finds small high-quality companies tend to significantly outperform their large-cap equivalents over a variety of economic conditions and time periods.

Solactive BBVA US Small Caps Select index picks the largest highly liquid small-cap companies by sector in the US, with a focus on balance sheet quality and profitability.

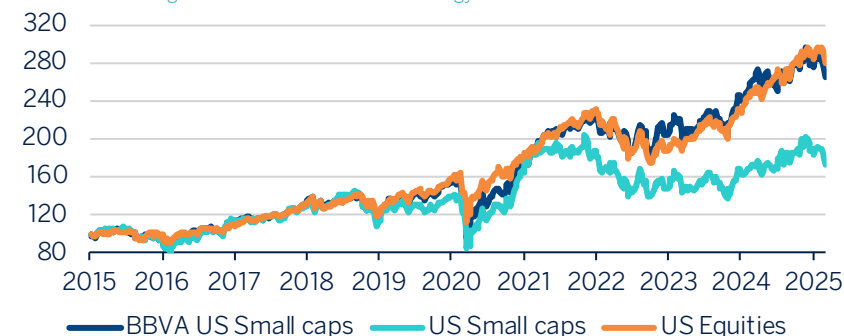
Fundamental comparison vs. benchmark

Source: Bloomberg and BBVA Global Markets Strategy

Theme	BBVA US Small caps	US Small caps	US Equities
Price chg (1M)	-9.0	-10.0	-7.4
Price chg (3M)	-11.2	-13.9	-7.2
Price chg (YtD)	-6.1	-9.1	-5.0
12m FWD PE	15.8	23.8	20.3
EV / EBITDA	9.0	11.4	13.4
12m RoE (%)	16.8	2.1	19.2
Net debt/ EBITDA	1.6	3.1	1.0
1Y fwd Earnings Growth	9%	56%	15%
2Y fwd Earnings Growth	12%	32%	12%
Earnings Mo 1M (%)	-1.0	-4.9	-0.3
Earnings Mo 3M (%)	-0.2	-5.2	-0.9

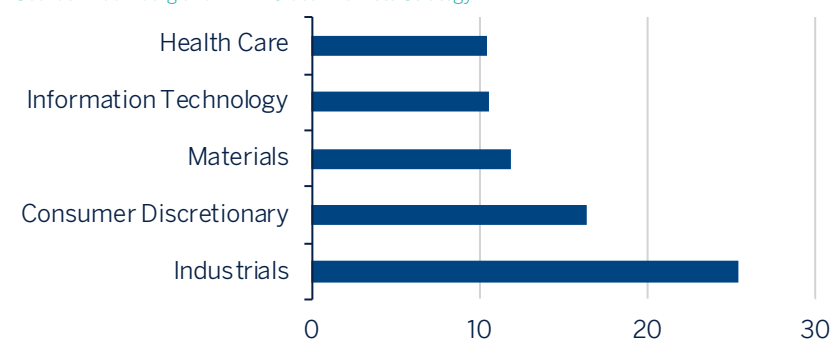
Performance vs. benchmark(s)

Source: Bloomberg and BBVA Global Markets Strategy



Top sector and region exposure

Source: Bloomberg and BBVA Global Markets Strategy



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