

London, 28 April 2026

QIS Thematics

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AI security wars

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- [QIS Risk Premia: Carry vs. Trend](#) – 17 March 2026
- [QIS Risk Premia: Credit Focus](#) – 15 January 2026
- [QIS Risk Premia Outlook](#) – 6 November 2025
- [QIS Risk Premia Outlook: Carry on!](#) – 11 September 2025
- [Risk Premia: Keep calm and carry on!](#) – 10 June 2025
- [Risk Premia: After Liberation Day](#) – 23 April 2025
- [Risk Premia Outlook](#) – 11 March 2025

QIS Thematics

- [QIS Thematics: Cyclical upswing](#) – 03 February 2026
- [QIS Thematics: Shifting Paradigms](#) – 18 November 2025
- [QIS Thematics: Small things matter](#) – 18 Sept 2025
- [QIS Thematics: Sell in May?](#) – 8 May 2025
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Macro tactical ideas

- [QIS Tactical: US over Europe](#) – 4 March 2026
- [QIS Tactical: Carry EM on!](#) – 7 Oct 2025
- [QIS Tactical: De-dollarisation](#) – 13 May 2025
- [QIS Tactical: European Exceptionalism](#) – 31 March 2025

Deep Dives

- [Introducing the BBVA 11-stage cycle](#) – 03 March 2026
- [GM House View 2026: Navigating the growth plateau](#) – 04 December 2025
- [Introducing BBVA FCI](#) – 16 September 2025

BBVA QIS Trade Tracker

BBVA QIS TRADE TRACKER

Source: Bloomberg and BBVA Global Markets Strategy

Title	Publication		Performance					Since Launch	Launch date	Close Date	Comments
			1-month	3-month	6-month	year-to-date	1-year				
BBVA FX Latam Trend	QIS Risk Premia	BBFXLMTU	3.0	3.1	6.7	5.3	8.7	2.2	17 Mar 26		BBVA FX Trend benefits from some of the same dynamics as FC carry while adjusting allocation during highly volatile markets
BBVA Long US vs. Europe	QIS Tactical	BBXTUESU	-0.0	0.9	-0.8	-0.3	3.7	0.7	03 Mar 26		We see long US equities vs. Europe as a hedge against rising Geopolitical risks in middle east
BBVA Credit Trend	QIS Risk Premia	BBCITRUS	-2.2	-2.8	-1.5	-2.5	-2.0	-2.7	15 Jan 26		We like Credit Trend to increase allocation into the trend risk premia bucket as macro volatility subsides
BBVA EM vs. DM FX carry*	QIS Tactical	BBXTEDLU	3.9	3.5	7.2	5.4	16.6	7.6	07 Oct 25		FX carry currently remains our highest conviction idea
BBVA Small Cap Index*	QIS Thematics	RUTF40V	24.0	-1.3	19.9	19.3	85.7	19.0	18 Sep 25		We expect small caps to outperform as the Fed continues its rate-cutting cycle and US growth remains resilient
BBVA FX Latam Carry*	QIS Risk Premia	BBFXLCRU	3.3	4.5	8.7	7.4	19.5	18.2	23 Apr 25		FX carry currently remains our highest conviction idea
BBVA FX Global Carry*	QIS Risk Premia	BBFXGCRU	2.3	3.1	6.2	5.0	14.7	13.6	23 Apr 25		FX carry currently remains our highest conviction idea
BBVA Global Infrastructure	QIS Thematics	SBVGINUN	3.2	10.8	13.6	12.6	21.7	22.9	18 Mar 25		Global fiscal spending has helped this theme, which we expect to continue this year
BBVA Cybersecurity Index*	QIS Thematics	SBVCYBEN	11.0	11.0	14.1	15.7	57.7	29.6	31 Dec 24		Cybersecurity is no longer optional; it's fundamental to business continuity
BBVA AI and VR Index	QIS Thematics	SBVAVREN	9.9	-1.8	-13.0	-5.8	16.1	-10.5	31 Dec 24	10 Mar 26	AI theme is starting to see outflows into AI winners
BBVA De-Dollarisation Index	QIS Tactical	BBXTDDLU	1.2	-0.3	-0.5	-0.7	-2.2	0.6	13 May 25	03 Mar 26	Closed due to Iran conflict
BBVA Long Europe vs. US Equity	QIS Tactical	BBXTEUSU	-0.0	-1.2	0.2	-0.1	-4.8	-4.9	31 Mar 25	03 Mar 26	Closed due to Iran conflict
BBVA Long Europe vs. US FX	QIS Tactical	BBXTEFLU	1.7	0.8	1.9	1.3	2.3	7.4	31 Mar 25	03 Mar 26	Closed due to Iran conflict
BBVA Long Europe vs. US Credit	QIS Tactical	BBXTUICU	-0.8	0.2	-0.4	0.4	-0.6	-0.1	31 Mar 25	07 Oct 25	Closed
BBVA Credit Trend	QIS Risk Premia	BBCITRUS	-2.2	-2.8	-1.5	-2.5	-2.0	-2.4	11 Mar 25	23 Apr 25	Closed

*High conviction ideas
Table as of 22 April 2026

1. Summary

AI security wars

- **US growth seeing impact of energy crisis:** US economic momentum has slowed materially since the beginning of March, largely driven by higher energy and gasoline prices. While equity markets have remained resilient, underlying growth has begun to show signs of softness. US composite PMIs have also softened, falling toward the 50 threshold, with the latest readings around c.50.3 – levels consistent with near-stagnation and among the weakest in recent years. Equity markets, however, have remained focused on nominal GDP growth and resilient tech earnings, both of which have shown limited signs of stress so far. As a result, aggregate US earnings expectations have continued to be revised higher since the start of the year.
- **BBVA FCI falling after a positive reading in March:** BBVA FCI has moved back into negative territory after reaching a positive peak in March, reflecting an easing in financial conditions following the initial shock from the US-Iran conflict. The subsequent ceasefire has helped reduce macro volatility and supported a rebound in equity markets, driving the recent decline in our FCI. However, despite this normalisation in risk sentiment, energy prices remain elevated and transit through the Strait of Hormuz still faces significant disruption, ensuring the underlying volatility remain risks firmly in place.
- **Earnings the one true barometer:** as the US and EU earnings season begins, investors will increasingly focus on whether current expectations are still justified, particularly as valuations have already adjusted lower, with US equities now trading below 22x PE from around 24x at the start of 4Q25. In this environment, earnings are emerging as the key driver of equity performance, particularly against a backdrop of geopolitical tensions and normalising cross-asset volatility. EM, US tech and small caps are expected to deliver the biggest gains, while Europe lags. Looking ahead, the sustainability of these earnings trends will be critical, with earnings – rather than valuations – likely to remain the primary driver of market performance.
- **Trade of the month – Cybersecurity:** Anthropic’s Mythos marks a step-change in cybersecurity, with AI now capable of autonomously identifying vulnerabilities and generating exploits at scale, uncovering thousands of flaws – including decades-old bugs – and dramatically compressing the time between discovery and exploitation. This fundamentally **reinforces cybersecurity as a recession-proof theme**. Unlike cyclical sectors such as energy, where demand fluctuates with oil prices and economic growth, cyber risk is structural and continuously rising.
- **Sector of the month – US tech:** The US tech relative P/E ratio has declined sharply from its recent highs, reflecting a meaningful de-rating after an extended period of premium valuation. This suggests that the strong earnings delivery and stable prices are reducing the valuation premium. Looking ahead, while the fundamental outlook remains strong, the combination of recent de-rating, normalised positioning, and still-healthy earnings outlook could drive allocation back into the sector. We have already seen some evidence of this, with tech outperforming since the market trough in March.

US growth feeling the impact of the energy crisis

US growth is feeling the impact of energy crisis: US economic momentum has slowed materially since the beginning of March, largely driven by higher energy and gasoline prices. While equity markets have remained resilient, underlying growth has begun to show signs of softness. The Atlanta Fed GDPNow index has declined sharply, reflecting weaker consumption and investment trends. This brings the measure close to its lowest levels since 2022, excluding last year when inventory build-up ahead of tariffs related uncertainty drove temporary and largely superficial weakness in the data. In parallel, US composite PMIs have also softened, falling towards the 50 threshold, with the latest readings around c.50.3 – levels consistent with near-stagnation and among the weakest in recent years. Elevated gasoline prices are increasingly acting as a tax on consumers, weighing on real incomes and demand, while also pushing up input costs for businesses, thereby dampening overall economic activity. While consensus US growth expectations have only declined modestly from 2.5% to 2.2% since the start of the US/Iran conflict, these forecasts appear at risk of further downgrades should energy prices remain persistently high and if the Strait of Hormuz fails to reopen in the near term. Equity markets, however, have remained focused on nominal GDP growth and resilient tech earnings, both of which have shown limited signs of stress so far. As a result, aggregate US earnings expectations have continued to be revised higher since the start of the year.

US GROWTH FEELING THE IMPACT OF THE ENERGY CRISIS

Source: Bloomberg and BBVA Global Markets Strategy



US GASOLINE PRICES AT HIGHEST SINCE 2022

Source: Bloomberg and BBVA Global Markets Strategy



BBVA FCI back in negative territory

BBVA FCI falling after a positive reading in March: the BBVA FCI has moved back into negative territory after reaching a positive peak in March, reflecting an easing in financial conditions following the initial shock from the US–Iran conflict. The subsequent ceasefire has helped reduce macro volatility and supported a rebound in equity markets, driving the recent decline in our FCI. However, despite this normalisation in risk sentiment, energy prices remain elevated and transit through the Strait of Hormuz still faces significant disruptions, ensuring the underlying risks remain firmly in place. The closure and restricted access to the Strait - through which roughly 20% of global oil supply flows - has triggered one of the biggest energy shocks in recent history, pushing oil prices sharply higher and weighing on global growth. As a result, the US economy appears to have shifted from an “expansion” phase into a “downturn” over the last month, with the growth outlook remaining challenging and highly dependent on the trajectory of energy prices. For financial conditions and macro volatility to normalise back to bottom-decile levels, similar to pre-conflict conditions, a meaningful correction in energy prices - potentially in the order of ~30% - would likely be required, which could in turn support a more rapid recovery in economic activity. In the absence of such a move, we expect volatility risk premia to remain elevated across asset classes, with risk sentiment appearing superficially stable but lacking conviction, leaving markets struggling to establish a clear directional trend.

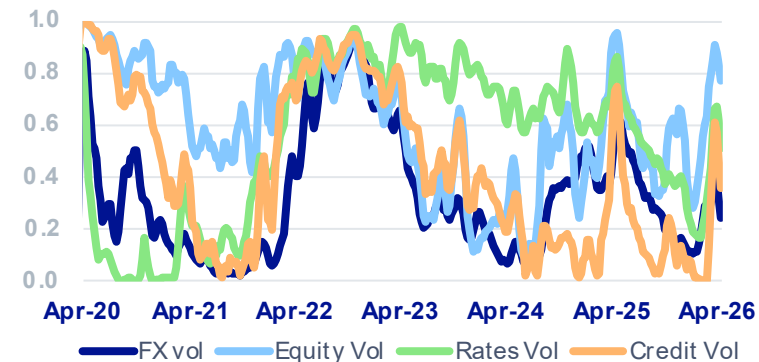
BBVA US FINANCIAL CONDITIONS INDEX (BBRIFCUS)

Source: Bloomberg and BBVA Global Markets Strategy



MACRO VOLATILITY ON A DOWNTREND

Source: Bloomberg and BBVA Global Markets Strategy

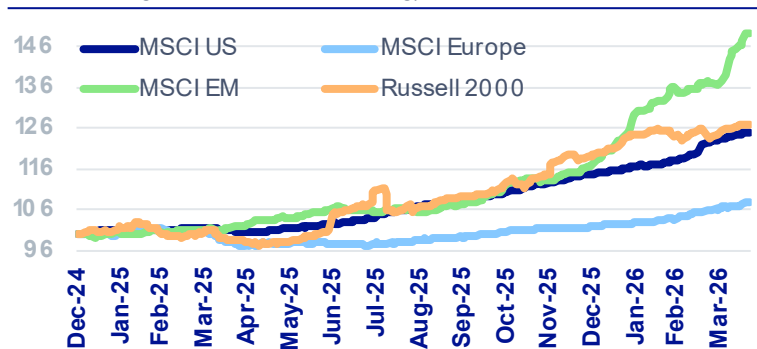


Earnings Dashboard

Earnings the one true barometer: as the US and EU earnings season begins, investors will increasingly focus on whether current expectations remain justified, particularly as valuations have already adjusted lower, with US equities now trading below 22x PE from around 24x at the start of 4Q25. In this environment, earnings are emerging as the key driver of equity performance, particularly against a backdrop of geopolitical tensions and normalising cross-asset volatility. The charts highlight strong equity market earnings revisions year-to-date - led by emerging markets and supported by the US and small caps – together with robust 2026 EPS growth expectations, with EM, US tech and small caps expected to deliver the biggest gains, while Europe lags. Importantly, this strength comes despite the usual seasonal pattern of downward revisions early in the year, suggesting that corporate fundamentals remain resilient even as macro data softens. In the US, earnings growth over recent years has been heavily concentrated in large-cap technology, but the current outlook points to a broadening cycle. Small caps, which have faced an earnings recession due to higher rates, are now expected to deliver some of the strongest growth as policy normalises and fiscal support improves. This shift is consistent with a more cyclical recovery dynamic, where earnings growth expands beyond mega-cap leadership. Overall, while macro indicators such as PMIs signal slowing growth - consistent with GDP running closer to ~1–1.5% - and rising energy prices continue to weigh on sentiment and demand, equity markets remain anchored by strong earnings expectations. Looking ahead, the sustainability of these earnings trends will be critical, with earnings - rather than valuations - likely to remain the primary driver of market performance.

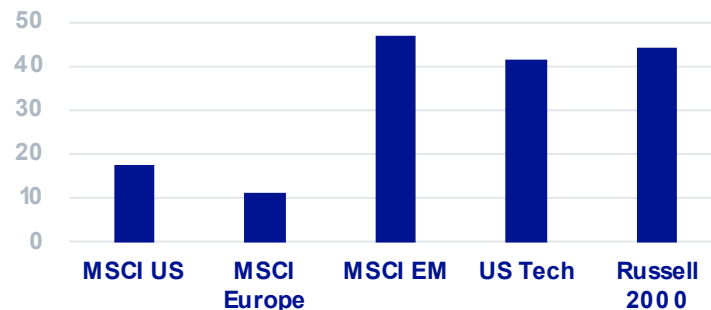
POSITIVE US EARNINGS REVISIONS IN EM

Source: Bloomberg and BBVA Global Markets Strategy



SMALL-CAP EARNINGS REBOUNDING

Source: Bloomberg and BBVA Global Markets Strategy

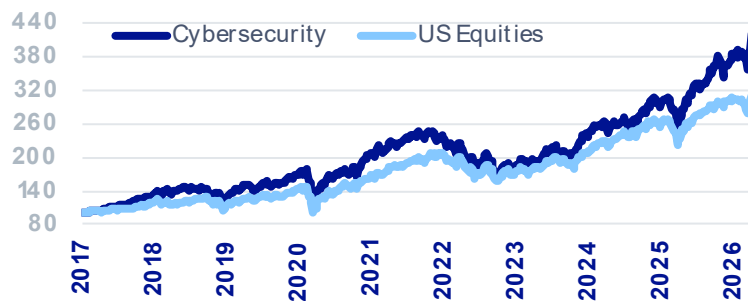


Trade of the month: Cybersecurity

Mythos changing the Cybersecurity landscape: Anthropic's Mythos marks a step-change in cybersecurity, with AI now capable of autonomously identifying vulnerabilities and generating exploits at scale, uncovering thousands of flaws - including decades-old bugs - and dramatically compressing the time between discovery and exploitation. This fundamentally **reinforces cybersecurity as a recession-proof theme**. Unlike cyclical sectors such as energy, where demand fluctuates with oil prices and economic growth, cyber risk is structural and continuously rising. As AI accelerates the scale and sophistication of attacks, organisations are forced to invest in defense regardless of macro conditions. The dual-use nature of Mythos - both as a defensive tool and a potential offensive weapon - further elevates cyber risk to a systemic level, particularly for critical infrastructure and financial systems. This shifts cybersecurity spending from discretionary to mission-critical, as firms must proactively secure their systems before vulnerabilities are exploited. Initiatives like Project Glasswing, involving major global companies, highlight how cybersecurity is becoming embedded across industries rather than tied to specific economic cycles. As a result, even in an environment of high energy prices or slowing growth, cybersecurity demand remains resilient. In fact, periods of macro stress can amplify cyber threats, reinforcing the need for continued investment. The emergence of AI-driven tools like Mythos signals that cybersecurity is no longer just a defensive function, but a **core pillar of economic stability**, capable of outperforming traditional sectors irrespective of oil price dynamics.

CYBERSECURITY STOCKS HAVE OUTPERFORMED YtD

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Cybersecurity	US Equities	US Tech
Price chg (1M)	14.8	9.8	17.0
Price chg (3M)	13.0	3.6	9.0
Price chg (YtD)	17.9	4.6	6.8
12m FWD PE	11.5	20.8	23.1
EV / EBITDA	8.3	14.0	16.5
12m RoE (%)	31.5	20.8	36.6
Net debt/ EBITDA	-0.5	0.7	-0.4
1Y fwd Earnings Growth	82%	23%	44%
2Y fwd Earnings Growth	16%	14%	21%
Earnings Mo 1M (%)	6.3	1.0	0.4
Earnings Mo 3M (%)	46.4	5.3	10.6

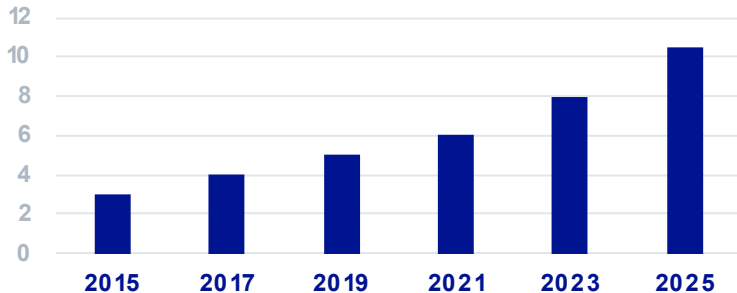
2. Trade of the month: Cybersecurity

AI disruption of cybersecurity

Mythos is emerging as a disruptive force in the cybersecurity space by rethinking how organisations approach threat detection, response, and resilience. Traditional cybersecurity models have long relied on perimeter-based defences and reactive strategies, often leaving systems vulnerable to increasingly sophisticated attacks. Mythos challenges this paradigm by embracing a more adaptive, intelligence-driven framework that prioritises continuous monitoring, contextual awareness, and rapid automation. At the core of Mythos' disruption is its use of advanced artificial intelligence and machine learning to analyse vast volumes of data in real time. Instead of relying solely on predefined rules or signatures, Mythos systems learn from evolving threat patterns, enabling them to identify anomalies that might otherwise go unnoticed. This proactive stance significantly reduces response times and minimises the potential damage caused by breaches. Another key differentiator is Mythos' emphasis on integration and interoperability. In many organisations, security tools operate in silos, creating gaps in visibility and coordination. Mythos addresses this by unifying disparate systems into a cohesive ecosystem, allowing for seamless data sharing and centralised control. This holistic approach not only improves efficiency but also enhances the overall security posture. Moreover, Mythos is reshaping the human element of cybersecurity. By automating routine tasks and providing actionable insights, it empowers security teams to focus on strategic decision-making rather than manual analysis. This shift is particularly important given the global shortage of skilled cybersecurity professionals. Ultimately, Mythos is not just introducing new tools - it is redefining the philosophy of cybersecurity. By combining intelligent automation, real-time analytics, and integrated systems, it offers a forward-looking model that is better equipped to handle the complexities of modern digital threats.

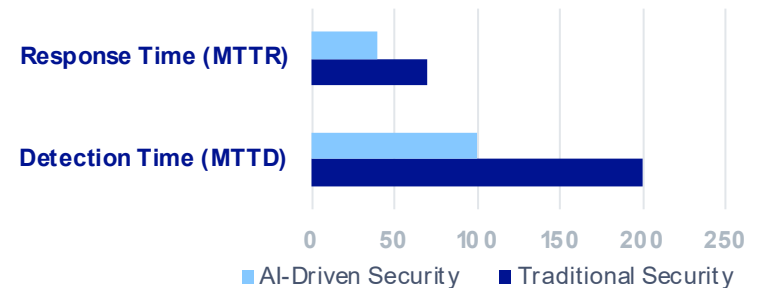
COSTS HAVE GROWN EXPONENTIALLY (USD trn)

Source: BBVA Global Markets Strategy



AI HELPING CYBERSECURITY EFFICIENCIES

Source: IBM and BBVA Global Markets Strategy

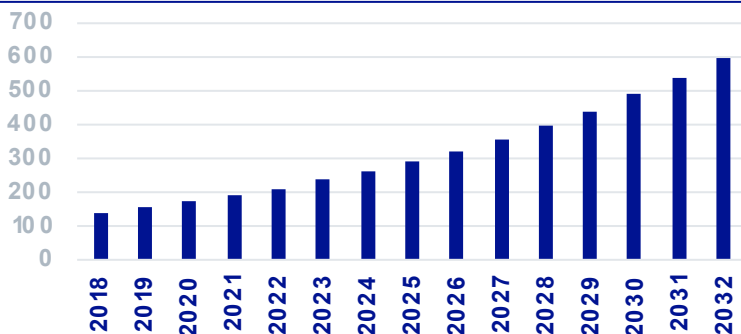


Cybersecurity: growth accelerated by AI

Cybersecurity: growth accelerated by AI: the global cybersecurity market is entering a phase of accelerated expansion as organisations worldwide respond to an increasingly complex and AI-driven threat landscape. Industry estimates suggest cybersecurity spending reached approximately USD235–260bn in 2023–2024 and is projected to grow to around USD490–600bn by 2030–2032, implying a compound annual growth rate (CAGR) of roughly 11–13% over the forecast period. This sustained growth is being driven by several structural factors. The rapid proliferation of IoT devices and hyper-connected infrastructure, combined with enterprise-wide cloud migration, has significantly expanded the attack surface. At the same time, the emergence of AI-enabled cyberattacks - including automated phishing, deepfakes, and adaptive malware - has increased both the scale and sophistication of threats. In response, organisations are investing heavily in AI-powered defense systems, real-time analytics, and automation. Additionally, the tightening of regulatory and compliance requirements across regions is making cybersecurity a board-level priority. Sub-segments such as zero-trust architecture, cloud security, identity and access management, and AI-driven threat detection are expected to grow even faster, with CAGRs in the range of 15–25%+, reflecting both rising demand and rapid technological innovation. These dynamics underscore a clear long-term trend: cybersecurity is transitioning from a reactive IT function to a strategic, non-discretionary investment.

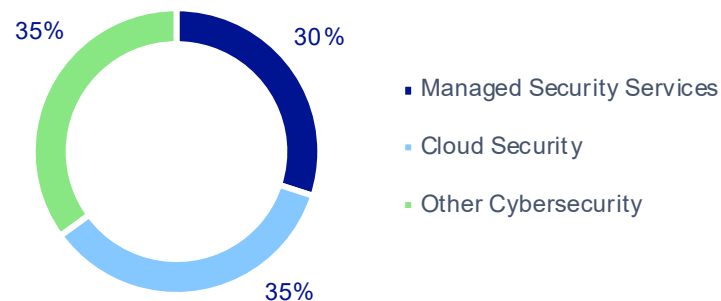
CYBERSECURITY MARKET EXPECTED TO DOUBLE BY 2032

Source: Bloomberg and BBVA Global Markets Strategy



CLOUD SECURITY LIKELY TO BECOME A KEY PART OF CYBERSECURITY BY 2032

Source: Bloomberg and BBVA Global Markets Strategy



Cybersecurity: growth at a reasonable price

Cybersecurity stocks have outperformed this year: cybersecurity stocks have delivered a strong performance across timeframes, outperforming the broader markets. Over the last three months, the Cybersecurity index gained 13%, well ahead of US equities (3.6%) and US tech (9.0%). Year-to-date, returns stand at 17.9% vs. 4.6% and 6.8% for both benchmarks, while 1-month performance (14.8%) remains robust and broadly in line with US tech. Despite this momentum, valuations remain compelling. Cybersecurity trades at 11.5x forward P/E, a significant discount to US equities (20.8x) and US tech (36.6x). This discount is also evident on an EV/EBITDA basis (8.3x vs. 14.0x and 16.5x). Profitability is strong, with ROE at 31.5%, ahead of US equities, and supported by a net cash position (-0.5x net debt/EBITDA). Growth is a key driver, with 1-year forward earnings growth at 82%, far exceeding US equities (23%) and US tech (44%). Earnings momentum is also strong, with +45.8% revisions over three months. Overall, cybersecurity offers high growth, solid profitability, and discounted valuations, making it an attractive way to access structural tech themes. **Exposure:** the BBVA CyberSecurity has a 70% exposure to US equities and 72% exposure to the technology sector. While cybersecurity is a global theme, US tech stocks still seem to dominate the solution to the problem.

CYBERSECURITY: FUNDAMENTAL COMPARISON VS. BENCHMARKS

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Cybersecurity	US Equities	US Tech
Price chg (1M)	14.8	9.8	17.0
Price chg (3M)	13.0	3.6	9.0
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1Y fwd Earnings Growth	82%	23%	44%
2Y fwd Earnings Growth	16%	14%	21%
Earnings Mo 1M (%)	6.3	1.0	0.4
Earnings Mo 3M (%)	46.4	5.3	10.6

3. BBVA Fundamental Framework

BBVA Fundamental Framework: key highlights

Key takeaways:

- **Mythos is changing the Cybersecurity landscape:** Anthropic's Mythos marks a step-change in cybersecurity, with AI now capable of autonomously identifying vulnerabilities and generating exploits at scale, uncovering thousands of flaws - including decades-old bugs - and dramatically compressing the time between discovery and exploitation . This fundamentally **reinforces cybersecurity as a recession-proof theme**. As AI accelerates the scale and sophistication of attacks, organisations are forced to invest in defense regardless of macro conditions. This shifts cybersecurity spending from discretionary to mission-critical, as firms must proactively secure systems before vulnerabilities are exploited. Initiatives like Project Glasswing, involving major global companies, highlight how cybersecurity is becoming embedded across industries rather than tied to specific economic cycles. As a result, even in an environment of high energy prices or slowing growth, cybersecurity demand remains resilient. In fact, periods of macro stress can amplify cyber threats, reinforcing the need for continued investment. The emergence of AI-driven tools like Mythos signals that cybersecurity is no longer just a defensive function, but a **core pillar of economic stability**, capable of outperforming traditional sectors irrespective of oil price dynamics.
- **Small things matter:** prospects of an US economic slowdown increases the risks to our bullish small cap views, that said, the earnings momentum of small-cap stocks have continued unabated. Driven by earnings resilience, our small-cap high vol index has become the best performing recommendation YtD. We still like this theme in light of earnings resilience and the likely next move by the Fed being a rate cut. Unless these assumption change, we believe small-cap stocks can continue to recover after the years of underperformance since COVID.
- **US tech:** the US Tech relative P/E ratio has declined sharply from its recent highs, reflecting a meaningful de-rating after an extended period of premium valuation. This suggests that the strong earnings delivery and stable prices are reducing the valuation premium. Looking ahead, while the fundamental outlook remains strong, the combination of recent de-rating, normalised positioning, and still-healthy earnings outlook could drive allocation back into the sector. We have already seen some evidence of this with tech outperforming since the market trough in March.
- **Energy:** energy sector earnings have historically tracked oil price cycles, with past declines weighing on performance. However, renewed geopolitical tensions, particularly the US–Iran conflict, are driving oil prices higher, supporting a rebound in earnings expectations. Despite this improving outlook, the sector still trades at a discount to European equities. Overall, the energy sector is well positioned to outperform in the near term, supported by earnings momentum and attractive relative valuations.

BBVA thematics: multi-factor ranking

BBVA THEMATICS SCORECARD

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Performance (USD)					Factor Score					Composite Factor Score
	1M	3M	YtD	1Y	Price Mo.	Valuation	Quality	Growth	Earnings Mo.	Technicals	
Cybersecurity	14.8	13.0	17.9	64.9	1.6	0.8	2.7	1.9	2.5	1.5	1.9
Next Generation Networks	16.8	16.8	19.3	61.0	1.9	-0.2	0.8	0.7	1.7	1.9	1.1
Energy Transition SIC	9.3	14.9	24.9	51.1	1.3	0.7	-0.5	-0.1	0.6	0.5	0.4
Resource Scarcity	8.2	9.2	16.3	35.6	0.5	0.7	0.1	-0.5	0.7	0.1	0.3
Top Trends SIC	9.0	6.4	12.4	35.2	0.3	0.5	0.3	-0.4	0.0	0.6	0.2
ixESG Global Leaders	10.4	2.0	8.2	34.2	0.0	0.0	-0.6	-0.3	-0.3	0.7	-0.1
AI and VirtualReality	13.6	-0.1	-4.1	21.3	-0.5	-1.8	1.0	2.1	-0.7	-0.4	-0.0
ixG Global Gover. & Board Diversity	8.1	5.1	9.8	31.4	-0.0	0.3	-0.4	-1.1	-0.0	0.4	-0.1
Climate Action PAB Europe	9.0	0.6	2.0	15.3	-0.7	0.6	-0.3	-0.1	-0.6	-0.6	-0.3
Climate Action CTB Europe	8.9	0.8	2.3	15.0	-0.7	0.6	-0.3	-0.5	-0.6	-0.6	-0.3
US Small Caps Select	6.8	0.8	7.8	23.2	-0.5	0.5	-0.5	-0.8	-0.2	-0.4	-0.3
ixS Global Inclusive Growth	6.9	-2.7	1.0	13.0	-1.1	-0.9	-0.1	1.1	-1.0	-0.6	-0.4
Global Infrastructure	3.1	10.7	12.5	21.6	-0.2	0.6	-1.4	-0.6	-0.4	-0.7	-0.5
Health and Wellness	2.6	-5.4	-2.5	7.9	-1.7	0.1	0.3	-0.3	-1.0	-2.2	-0.8
US REITs	7.5	7.3	9.7	10.6	-0.3	-2.6	-1.2	-1.1	-0.7	-0.4	-1.1

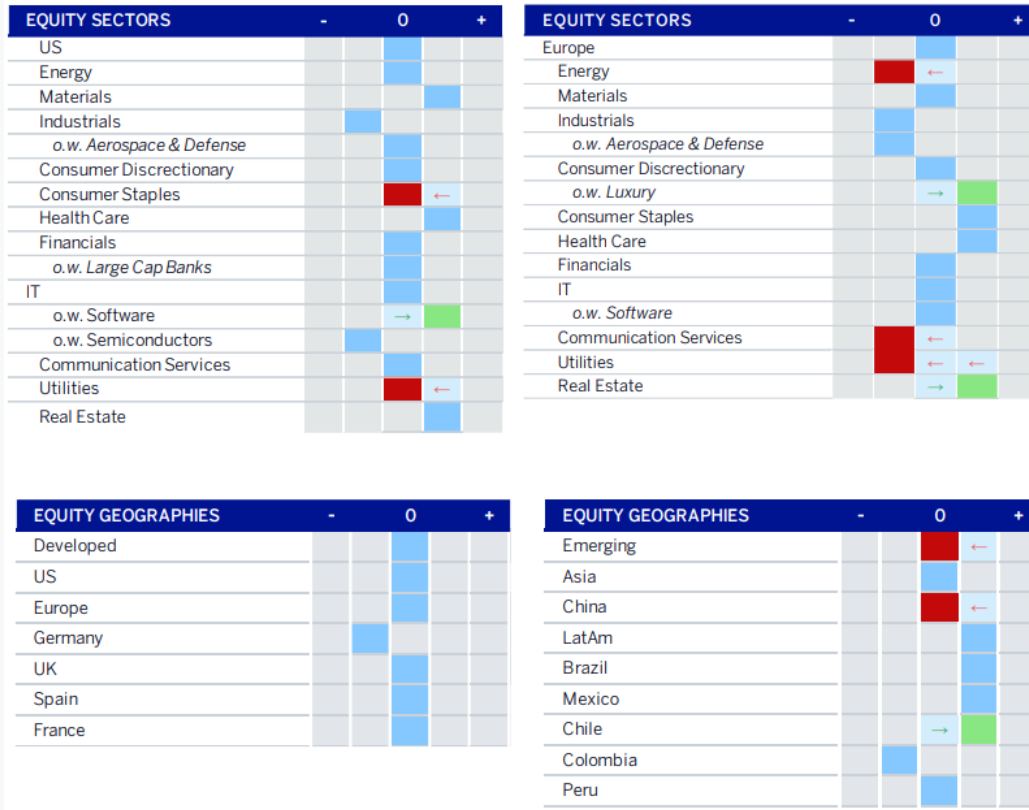
BBVA sector: multi-factor ranking

BBVA SECTOR SCORECARD

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Performance (LOC)				Factor Score						Composite Factor Score
	1M	3M	YtD	1Y	Price Mo.	Valuation	Quality	Growth	Earnings Mo.	Technicals	
US Technology	17.7	9.4	33.8	63.6	0.9	-1.4	2.4	1.8	0.2	2.2	1.0
Europe Energy	-0.3	31.1	54.2	64.1	0.9	1.0	-0.4	-1.2	2.1	0.2	0.4
Europe Basic Resources	16.3	11.8	65.5	84.2	1.5	0.6	-0.5	-0.2	0.2	0.8	0.4
Euro Banks	10.9	-4.2	87.2	51.5	0.7	0.9	1.0	-0.4	-0.4	-0.2	0.3
Europe Automotives	9.5	-6.2	-8.8	-1.4	-1.1	1.3	0.3	1.7	-1.2	-0.9	0.0
US Energy	-4.2	15.8	34.1	39.6	-0.2	0.4	-0.8	-0.7	1.3	-0.8	-0.1
US Financials	7.1	-3.5	9.5	12.8	-0.8	-0.0	-0.3	-0.3	-0.4	0.2	-0.3
US Industrials	7.3	5.7	39.4	48.6	0.2	-1.6	-0.7	0.2	-0.5	0.3	-0.3
Europe Health Care	4.3	-4.8	6.2	14.7	-1.0	-0.6	-0.3	-0.7	-0.7	-0.9	-0.7
US Healthcare	0.8	-7.3	8.0	9.8	-1.2	-0.5	-0.7	-0.2	-0.6	-1.0	-0.7

BBVA equity strategy views



[BBVA GM Equity Views 2Q26: Tweets, Tensions and Tactical Alpha](#)

BBVA Fundamental Framework: ranking methodology

BBVA Fundamental Framework: in this publication, we update our framework to analyse BBVA thematic indices and BBVA European and US sector 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: the 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 one-month, three-month, year-to-date and one-year returns of each 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 one year, two years and three years ahead.
- **Earnings momentum score:** we calculate the earnings momentum score based on the one-month, three-month and six-month change in EPS estimate for each thematic.
- **Technical score:** this is based on 14-day RSI, price vs. 50-day moving average and price vs. 52-week highs.

5. Thematic monitor

AI & Virtual Reality

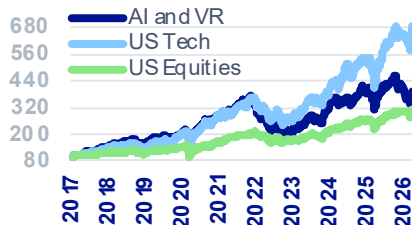
Artificial intelligence is emerging as the next evolutionary leap.

This refers to the exponential expansion of the predictive, problem-solving and interactive capacities of information processors built on 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.

The 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 suitability for data management.

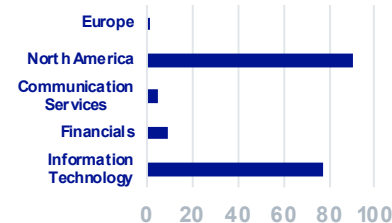
PERFORMANCE VS. BENCHMARK (s)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	AI and VR	US Tech	US Equities
Price chg (1M)	13.6	17.0	9.8
Price chg (3M)	-0.1	9.0	3.6
Price chg (YTD)	-4.1	6.8	4.6
12m FWD PE	24.4	23.1	20.8
EV / EBITDA	15.8	16.5	14.0
12m RoE (%)	16.4	36.6	20.8
Net debt/ EBITDA	0.1	-0.4	0.7
1Y fwd Earnings Growth	46%	44%	23%
2Y fwd Earnings Growth	20%	21%	14%
Earnings Mo 1M (%)	-0.3	0.4	1.0
Earnings Mo 3M (%)	1.3	10.6	5.3

Cybersecurity

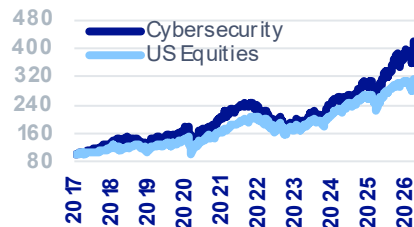
The global cybersecurity market is projected to achieve a **12.9% CAGR in 2024-30e**, growing from USD245.6bn in 2024 to USD500.7bn in 2030e.

The fastest-growing market subsegment is **cloud security** (estimate of 25.9% CAGR growth) due to the growing popularity of using non-PC devices to interact with core business processes.

The 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 defence, thanks to the low-latency network infrastructure and components.

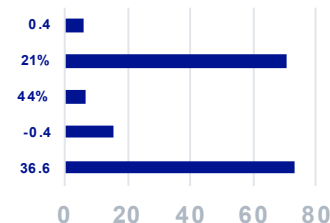
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Cybersecurity	US Equities	US Tech
Price chg (1M)	14.8	9.8	17.0
Price chg (3M)	13.0	3.6	9.0
Price chg (YTD)	17.9	4.6	6.8
12m FWD PE	11.5	20.8	23.1
EV / EBITDA	8.3	14.0	16.5
12m RoE (%)	31.5	20.8	36.6
Net debt/ EBITDA	-0.5	0.7	-0.4
1Y fwd Earnings Growth	82%	23%	44%
2Y fwd Earnings Growth	16%	14%	21%
Earnings Mo 1M (%)	6.3	1.0	0.4
Earnings Mo 3M (%)	46.4	5.3	10.6

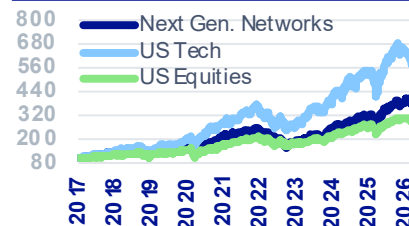
Next Generation Networks

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.

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

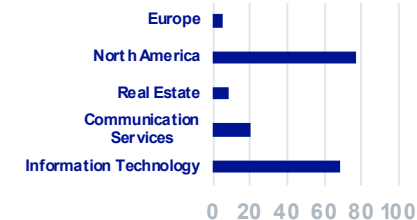
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Next Gen. Networks	US Tech	US Equities
Price chg (1M)	16.8	17.0	9.8
Price chg (3M)	16.8	9.0	3.6
Price chg (YtD)	19.3	6.8	4.6
12m FWD PE	16.6	23.1	20.8
EV / EBITDA	10.0	16.5	14.0
12m RoE (%)	25.0	36.6	20.8
Net debt/ EBITDA	0.7	-0.4	0.7
1Y fwd Earnings Growth	52%	44%	23%
2Y fwd Earnings Growth	20%	21%	14%
Earnings Mo 1M (%)	8.5	0.4	1.0
Earnings Mo 3M (%)	27.6	10.6	5.3

Top Trends

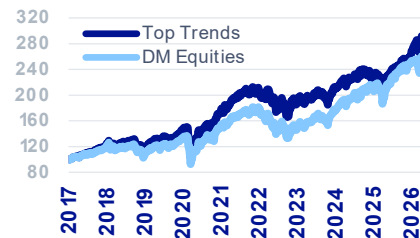
Megatrends are transformative movements and drivers that will change societies and economies in the upcoming years.

The **Solactive BBVA Top Trends index** selects the leading global companies associated with the most important revolutions:

- ESG revolution
- Energy Transition revolution
- Technological Breakthrough revolution
- Future Health Care revolution
- Urbanisation revolution

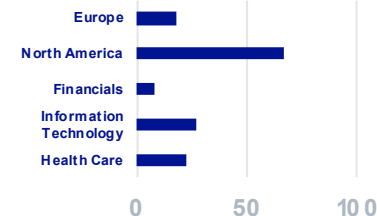
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Top Trends	DM Equities
Price chq (1M)	9.0	9.3
Price chq (3M)	6.4	3.4
Price chq (YtD)	12.4	5.1
12m FWD PE	16.5	19.1
EV / EBITDA	9.9	12.9
12m RoE (%)	17.2	17.3
Net debt/ EBITDA	0.8	1.1
1Y fwd Earnings Growth	25%	20%
2Y fwd Earnings Growth	10%	12%
Earnings Mo 1M (%)	2.0	1.4
Earnings Mo 3M (%)	13.2	4.2

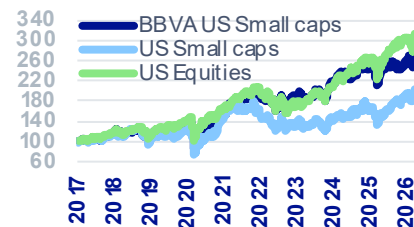
US Small Caps Select

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 in a variety of economic conditions and over different time periods.

The 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.

PERFORMANCE VS. BENCHMARK (s)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	BBVA US Small caps	US Small caps	US Equities
Price chg (1M)	6.8	14.3	9.8
Price chg (3M)	0.8	2.8	3.6
Price chg (YTD)	7.8	12.6	4.6
12m FWD PE	15.2	25.7	20.8
EV / EBITDA	8.7	9.2	14.0
12m RoE (%)	16.7	2.9	20.8
Net debt/ EBITDA	1.4	1.2	0.7
1Y fwd Earnings Growth	14%	72%	23%
2Y fwd Earnings Growth	10%	31%	14%
Earnings Mo 1M (%)	2.8	-0.5	1.0
Earnings Mo 3M (%)	4.3	-4.5	5.3

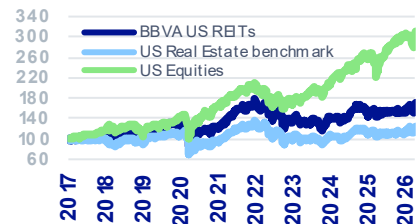
US REITs

Real Estate Investment Trusts present an opportunity to gain exposure to the real estate sector through a liquid, diversified and tax-efficient vehicle. US REITs tend to behave particularly well in periods of high inflation, acting as a safe haven, as rental fees tend to be CPI-linked.

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

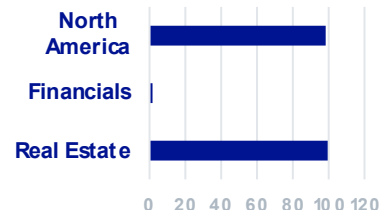
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	BBVA US REITs	US Real Estate	US Equities
Price chq (1M)	7.5	7.8	9.8
Price chq (3M)	7.3	9.4	3.6
Price chq (YtD)	9.7	11.6	4.6
12m FWD PE	33.8	39.0	20.8
EV / EBITDA	16.8	17.4	14.0
12m RoE (%)	7.7	6.1	20.8
Net debt/ EBITDA	4.8	4.9	0.7
1Y fwd Earnings Growth	9%	14%	23%
2Y fwd Earnings Growth	9%	10%	14%
Earnings Mo 1M (%)	0.4	0.1	1.0
Earnings Mo 3M (%)	0.0	0.0	5.3

Health & Wellness

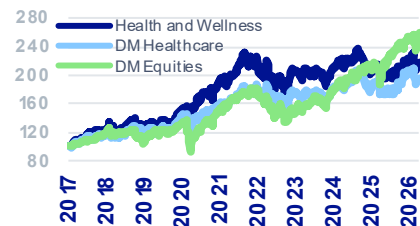
The COVID-19 pandemic impacted people's lives in every way, although it mainly prompted **global awareness about the importance of health.**

In a society long concerned with aging and health care 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.

The 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 health care management and favouring healthy lifestyles and well-being.

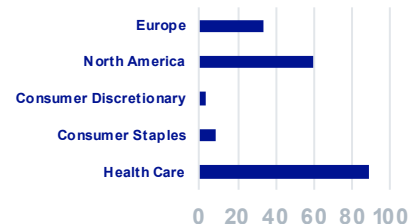
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Health and Wellness	DM Healthcare	DM Equities
Price chg (1M)	2.6	2.1	9.3
Price chg (3M)	-5.4	-6.4	3.4
Price chg (YTD)	-2.5	-4.2	5.1
12m FWD PE	16.4	17.0	19.1
EV / EBITDA	11.6	12.3	12.9
12m RoE (%)	18.4	19.1	17.3
Net debt/ EBITDA	0.9	0.8	1.1
1Y fwd Earnings Growth	15%	12%	20%
2Y fwd Earnings Growth	13%	12%	12%
Earnings Mo 1M (%)	-1.5	0.1	1.4
Earnings Mo 3M (%)	-0.8	-1.0	4.2

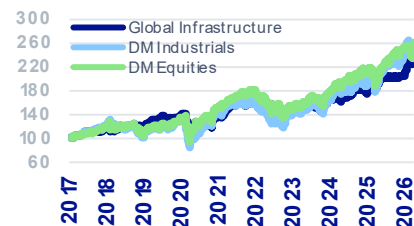
Global Infrastructure

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.

The 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.

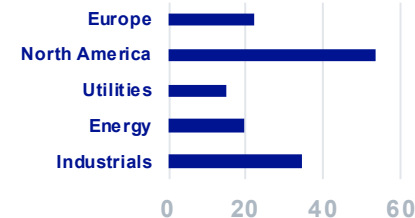
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Global Infrastructure	DM Industrials	DM Equities
Price chg (1M)	3.1	7.1	9.3
Price chg (3M)	10.7	3.6	3.4
Price chg (YtD)	12.5	10.4	5.1
12m FWD PE	19.8	24.1	19.1
EV / EBITDA	10.8	14.6	12.9
12m RoE (%)	11.4	17.3	17.3
Net debt/ EBITDA	3.3	1.0	1.1
1Y fwd Earnings Growth	13%	14%	20%
2Y fwd Earnings Growth	6%	14%	12%
Earnings Mo 1M (%)	1.7	0.3	1.4
Earnings Mo 3M (%)	2.2	-0.4	4.2

Resource Scarcity

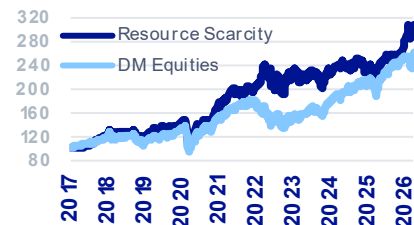
The unmatched level of human development and prosperity achieved in the last few decades has run parallel with the overuse and erosion of natural resources. These valuable resources now appear more critical than ever to the needs of a global society increasingly concerned with the effects of rapid population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

The 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.

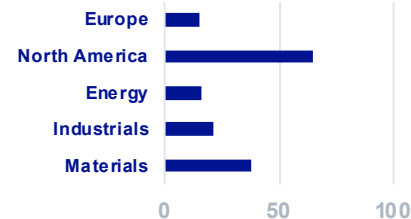
PERFORMANCE VS. BENCHMARK (s)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

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FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

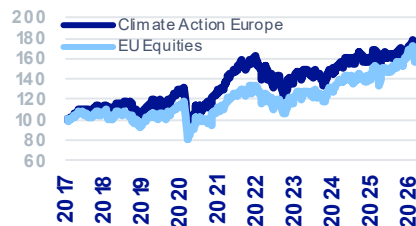
Theme	Resource Scarcity	DM Equities
Price chg (1M)	8.2	9.3
Price chg (3M)	9.2	3.4
Price chg (YtD)	16.3	5.1
12m FWD PE	19.1	19.1
EV / EBITDA	9.2	12.9
12m RoE (%)	12.8	17.3
Net debt/ EBITDA	1.1	1.1
1Y fwd Earnings Growth	30%	20%
2Y fwd Earnings Growth	4%	12%
Earnings Mo 1M (%)	6.0	1.4
Earnings Mo 3M (%)	18.1	4.2

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, which is the most demanding scenario.

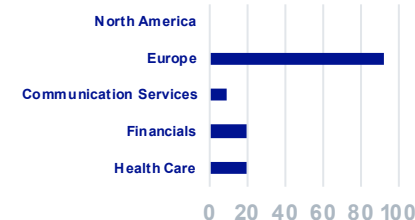
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Climate Action Europe	EU Equities	US Equities
Price chg (1M)	7.6	7.5	8.3
Price chg (3M)	1.2	1.6	3.9
Price chg (YtD)	2.7	4.5	4.8
12m FWD PE	15.8	14.9	20.8
EV / EBITDA	10.3	10.2	14.0
12m RoE (%)	14.5	14.0	20.8
Net debt/ EBITDA	1.8	2.3	0.7
1Y fwd Earnings Growth	22%	12%	23%
2Y fwd Earnings Growth	11%	9%	14%
Earnings Mo 1M (%)	0.2	1.3	1.0
Earnings Mo 3M (%)	3.4	2.9	5.3

Energy Transition

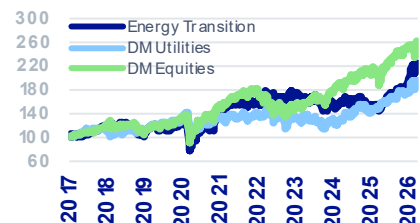
The path to net-zero emissions and the growing concern about energy security are triggering a transformation in the energy system worldwide.

The cumulative investment in the energy transition and related sectors over the next three decades is expected to exceed USD190trn, with a projected +80% capex increase from 2022 to 2050 (BNEF).

The 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 entire value chain from production to consumption.

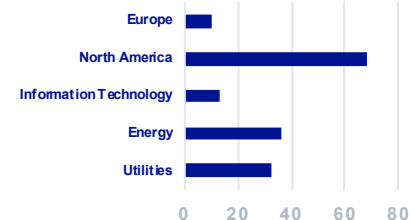
PERFORMANCE VS. BENCHMARK (S)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Energy Transition	DM Utilities	DM Equities
Price chg (1M)	9.3	3.0	9.3
Price chg (3M)	14.9	7.4	3.4
Price chg (YtD)	24.9	9.1	5.1
12m FWD PE	18.9	17.4	19.1
EV / EBITDA	9.5	11.0	12.9
12m RoE (%)	13.8	11.2	17.3
Net debt/ EBITDA	2.0	4.6	1.1
1Y fwd Earnings Growth	29%	12%	20%
2Y fwd Earnings Growth	7%	9%	12%
Earnings Mo 1M (%)	5.3	1.0	1.4
Earnings Mo 3M (%)	16.3	0.3	4.2

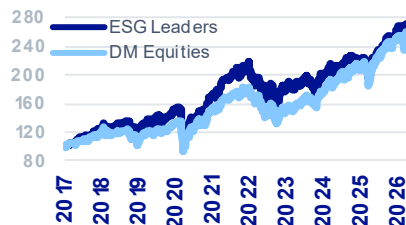
ixESG Global Leaders

The 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, and 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% by 2035.
- **Fast exit rule:** companies that lose their ESG quality are excluded in a monthly review.

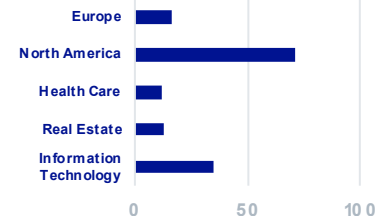
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	ESG Leaders	DM Equities
Price chg (1M)	10.4	9.3
Price chg (3M)	2.0	3.4
Price chg (YtD)	8.2	5.1
12m FWD PE	17.4	19.1
EV / EBITDA	12.3	12.9
12m RoE (%)	13.5	17.3
Net debt/ EBITDA	1.7	1.1
1Y fwd Earnings Growth	23%	20%
2Y fwd Earnings Growth	11%	12%
Earnings Mo 1M (%)	-0.4	1.4
Earnings Mo 3M (%)	9.9	4.2

ixG Global Governance & Board Diversity

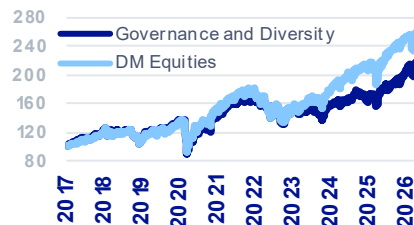
The Solactive BBVA ixG Global Governance & Board Diversity index selects the global leaders in corporate governance, according to their Sustainalytics G rating. Moreover, it overweights companies with a better diversity board score.

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

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

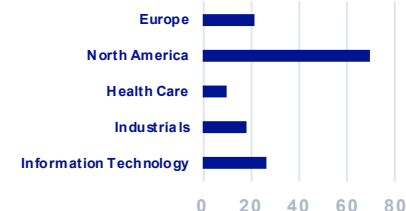
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Governance and Diversity	DM Equities
Price chq (1M)	8.1	9.3
Price chq (3M)	5.1	3.4
Price chq (YtD)	9.8	5.1
12m FWD PE	15.3	19.1
EV / EBITDA	10.4	12.9
12m RoE (%)	16.4	17.3
Net debt / EBITDA	1.8	1.1
1Y fwd Earnings Growth	24%	20%
2Y fwd Earnings Growth	9%	12%
Earnings Mo 1M (%)	-0.2	1.4
Earnings Mo 3M (%)	16.5	4.2

ixS Global Inclusive Growth

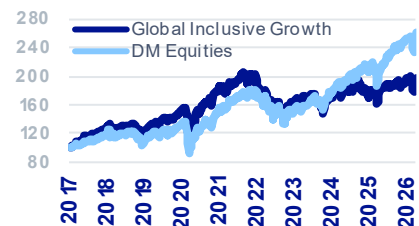
The Solactive BBVA ixS Global Inclusive Growth index offers investors the opportunity to invest in leading growth companies at a reasonable price, together with a social focus according to the UN Sustainable Development Goals with a global scope.

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

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

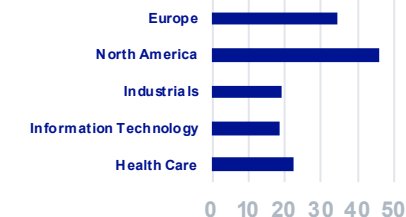
PERFORMANCE VS. BENCHMARK (€)

Source: Bloomberg and BBVA Global Markets Strategy



TOP SECTOR AND REGIONAL EXPOSURE

Source: Bloomberg and BBVA Global Markets Strategy



FUNDAMENTAL COMPARISON VS. BENCHMARK

Source: Bloomberg and BBVA Global Markets Strategy

Theme	Global Inclusive Growth	DM Equities
Price chq (1M)	6.9	9.3
Price chq (3M)	-2.7	3.4
Price chq (YtD)	1.0	5.1
12m FWD PE	24.7	19.1
EV / EBITDA	14.8	12.9
12m RoE (%)	15.0	17.3
Net debt/ EBITDA	1.6	1.1
1Y fwd Earnings Growth	19%	20%
2Y fwd Earnings Growth	15%	12%
Earnings Mo 1M (%)	-1.2	1.4
Earnings Mo 3M (%)	-3.3	4.2

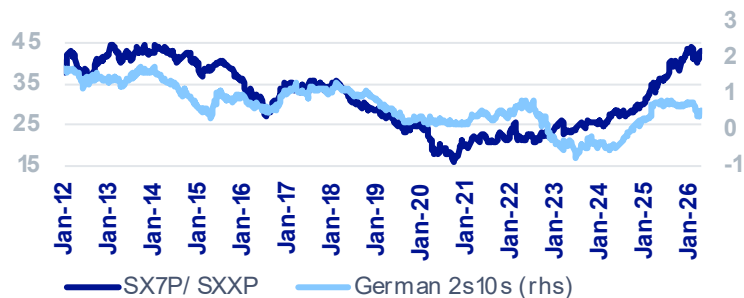
6. Sector monitor

Euro Banks

Higher-for-longer rates support the outperformance of banks: banks' return on equity (ROE) has moved sustainably above their cost of equity (CoE) for the first time in over a decade. As illustrated, ROE has risen to ~12–13%, consistently exceeding CoE, even as funding conditions normalise. Despite recent ECB easing, the outlook for rates is shifting again. Rising energy prices are reintroducing upside risks to inflation, leading markets to price in renewed rate hike expectations in Europe. This dynamic reinforces a “higher-for-longer” rate environment, which remains supportive for bank profitability. A steeper yield curve and elevated rates continue to underpin net interest margins and earnings resilience. Combined with strong capital positions, improving shareholder returns, and ongoing fiscal support, European banks are well positioned to sustain their re-rating and remain among the top-performing sectors in the near term. This marks a structural shift from the pre-2020 period, when profitability struggled to cover the cost of capital. As shown in the chart, bank equity performance has been closely linked to the steepness of the yield curve (German 2s10s), with weaker performance during periods of curve flattening between 2015–2020. The post-COVID environment marks a clear turning point. With the return of inflation and a structurally higher rate backdrop, the yield curve has steepened again, supporting a strong recovery in bank equities, which are now approaching multi-year highs. This improved rate environment has translated directly into improved profitability.

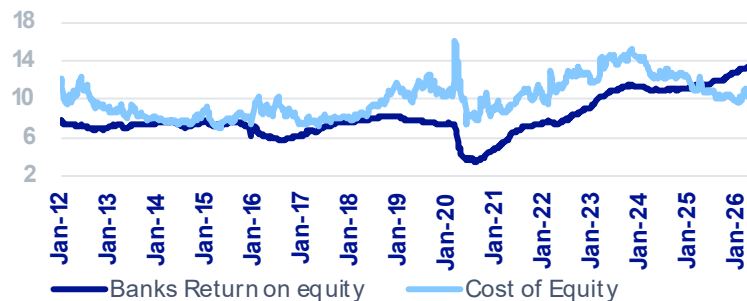
BANKS' OUTPERFORMANCE LINKED TO A STEEPER YIELD CURVE

Source: Bloomberg and BBVA Global Markets Strategy



BANKS ROE HIGHER THAN COE AND LIKELY TO REMAIN SO

Source: Bloomberg and BBVA Global Markets Strategy

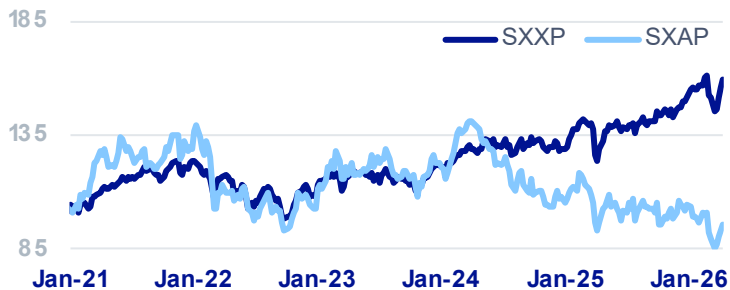


European Autos

European autos: early signs of re-rating after a prolonged underperformance: the European auto sector has significantly lagged broader markets since 2024, as shown by the persistent divergence between SXAP and SXXP, reflecting a combination of structural and cyclical headwinds. Key pressures have included intensifying competition from Chinese EV manufacturers, tariff risks, and FX headwinds, all of which have weighed on earnings expectations and investor sentiment. The decline was driven by a substantial reset in earnings expectations, with forward EPS estimates compressing materially over the past two years. However, recent data suggests a potential inflection point. While valuations remain discounted, the P/E ratio has started to stabilise, supported by a gradual stabilisation in earnings expectations. Following a prolonged downgrade cycle, EPS revisions are becoming more constructive, and the sector is expected to return to double-digit earnings growth in the near term. Looking ahead, a more supportive macro backdrop could reinforce this recovery. Fiscal stimulus in Germany, stabilising Chinese demand, and easing FX pressures - particularly if EUR/USD remains below ~1.20 - should help alleviate margin pressures. While structural challenges persist, the combination of depressed valuations and stabilising earnings momentum positions European autos for a potential cyclical recovery.

THE EUROPEAN AUTO SECTOR HAS LAGGED MARKETS

Source: Bloomberg and BBVA Global Markets Strategy



THE EUROPEAN AUTO IS RE-RATING AFTER WEAK EARNINGS

Source: Bloomberg and BBVA Global Markets Strategy

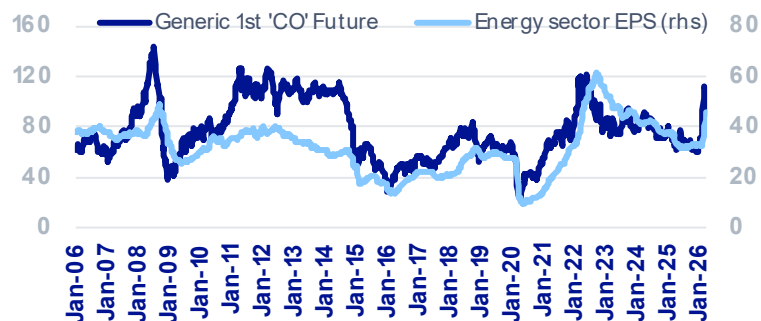


European Energy

Energy sector: geopolitical risks driving earnings and re-rating potential: The energy sector has faced earnings pressure in recent years, closely tracking the volatility in oil prices, as shown by the strong relationship between Brent (generic 1st 'CO' future) and sector EPS. Periods of declining oil prices - particularly post-2014 and during 2020 - led to sharp compressions in earnings, contributing to weaker relative performance. However, the current environment marks a shift. Renewed geopolitical tensions, particularly the US–Iran conflict, are pushing energy prices higher, with oil rebounding significantly. This is already feeding through into improving earnings expectations for the sector, given its high operational leverage to commodity prices. Despite this, the sector continues to trade at a significant discount to European equities, with the SXEP/SXXP P/E ratio recently falling below historical averages. While some outperformance has occurred, valuations remain attractive relative to the broader market. Looking ahead, sustained higher energy prices - driven by geopolitical risk premiums and tighter supply conditions - could support further EPS upgrades and valuation expansion. In this context, the energy sector appears well positioned to outperform in the near term, benefiting from both earnings momentum and still-discounted valuations, particularly as macro uncertainty prevails.

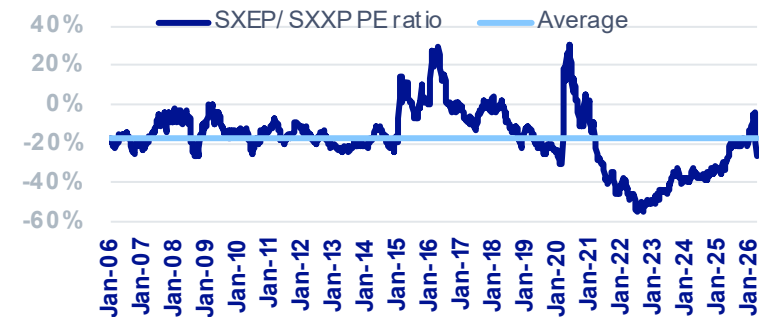
ENERGY SECTOR EARNINGS HAVE BEEN UNDER PRESSURE

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR TRADES AT A DISCOUNT VS. EUROPEAN EQUITIES

Source: Bloomberg and BBVA Global Markets Strategy

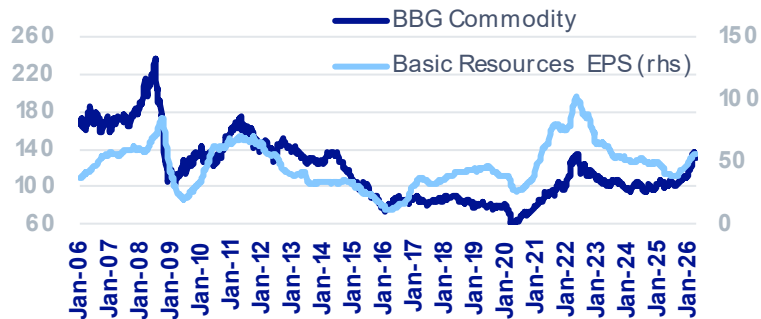


European Miners

Basic Resources: earnings pressure easing, recovery underway: The European basic resources sector has experienced a prolonged period of earnings pressure, closely linked to the decline in commodity prices from the 2022 peak, as illustrated by the strong correlation between the BBG Commodity Index and sector EPS. This downturn drove a significant reset in earnings expectations and weighed on relative performance. As a result, valuations have adjusted, with the sector now trading at a modest premium to European equities, broadly in line with historical averages. This suggests that much of the earnings weakness has already been priced in. More recently, however, there are early signs of recovery. Commodity prices have begun to stabilise and trend higher, supporting an improvement in earnings momentum. This is starting to feed through into more constructive EPS expectations, following a prolonged downgrade cycle. Looking ahead, the outlook is increasingly supportive. A combination of resilient US growth, fiscal stimulus in Europe, improving Chinese growth outlook and stabilising global demand should underpin commodity demand. While the sector remains cyclical and sensitive to macro conditions, the combination of normalised valuations and improving earnings trends points to potential upside as the cycle turns.

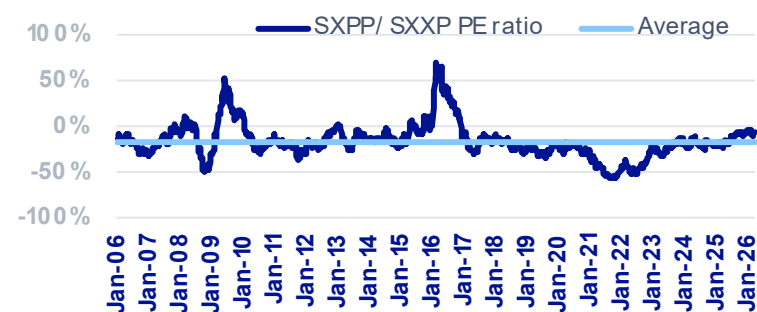
BASIC RESOURCES' EPS HAVE BEEN UNDER PRESSURE

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR TRADES AT A SLIGHT DISCOUNT VS. EUROPEAN EQUITIES

Source: Bloomberg and BBVA Global Markets Strategy

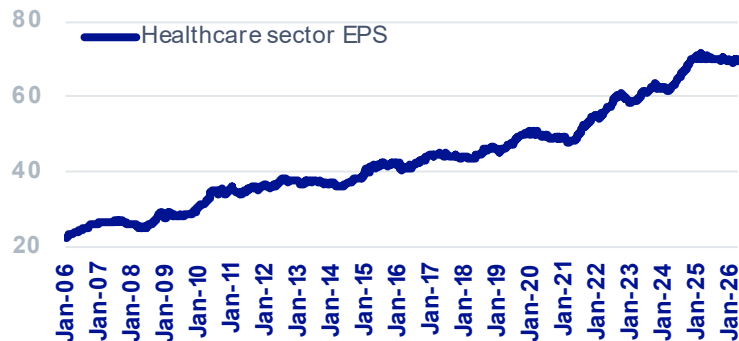


European Health Care

Health care: stable growth with attractive relative valuations: the European health care sector continues to deliver consistent and resilient earnings growth, as reflected in the steady upward trajectory of sector EPS over time. This stability underpins its positioning as a defensive growth sector, particularly during periods of macro uncertainty. Historically, the sector has traded at a premium to broader European equities, supported by its predictable earnings profile. However, as shown in the chart, the relative valuation (SXXDP/SXXP P/E ratio) has recently fallen to near historical lows, indicating a meaningful de-rating despite continued earnings strength. This disconnect has been driven by regulatory and pricing concerns - particularly in the US. These factors have weighed on sentiment rather than fundamentals. Looking ahead, the combination of stable earnings, easing FX pressures, and structurally supportive drivers such as aging demographics should support a recovery in valuations. With much of the uncertainty already priced in, the sector appears well positioned for re-rating, making it an attractive defensive allocation with upside potential.

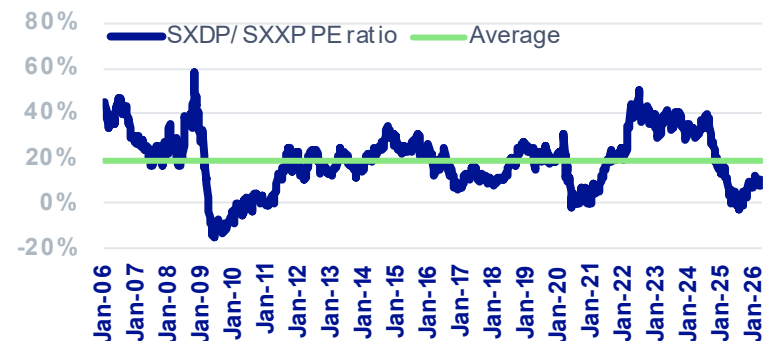
THE HEALTH CARE SECTOR DELIVERS STABLE EPS GROWTH

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR TRADES AT ITS LOWEST RELATIVE VALUATION

Source: Bloomberg and BBVA Global Markets Strategy

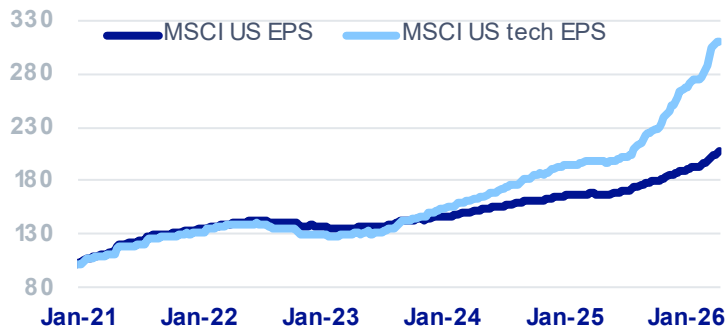


US Technology

US tech: strong earnings, de-rating behind us: the US tech sector has been the primary beneficiary of the AI-driven growth cycle, delivering significantly stronger earnings growth than the broader market. As shown in the chart, tech EPS has grown roughly 2x faster than MSCI US EPS since 2021, underpinning the sector's dominant contribution to overall US equity earnings. However, while earnings momentum remains robust, valuations have recently started to normalise. The MXUS0IT/MXUS P/E ratio has declined sharply from its recent highs, reflecting a meaningful de-rating after an extended period of premium valuation. This suggests that the strong earnings delivery and stable prices are reducing the valuation premium. This adjustment contrasts with the late-1990s tech bubble, as the current leaders remain highly profitable with sustained revenue growth, supported by continued AI capex from major players such as Microsoft, Meta, and Amazon. Looking ahead, while the fundamental outlook remains strong, the combination of recent de-rating, normalised positioning, and still-healthy earnings outlook could drive allocation back into the sector. We have already seen some evidence of this with tech outperforming since market trough in March.

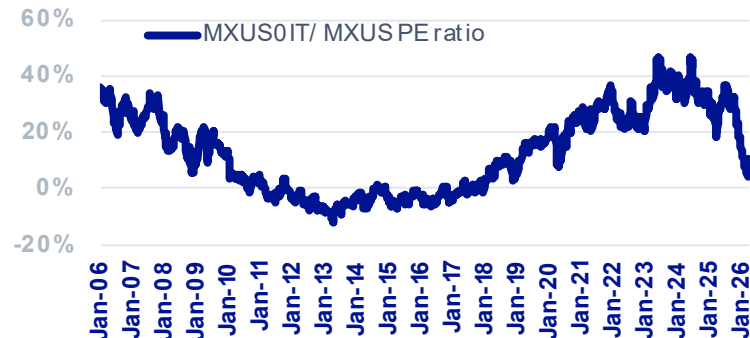
THE US TECH SECTOR HAS DELIVERED 2X US EQUITY EPS GROWTH

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR'S LOFTY VALUATIONS HAVE NORMALISED

Source: Bloomberg and BBVA Global Markets Strategy

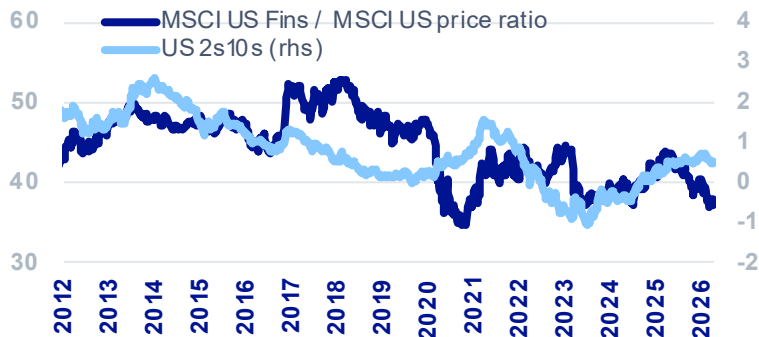


US Financials

US financials: earnings strength intact despite recent underperformance - US financials have underperformed recently, despite a modest re-steepening in the US yield curve (2s10s). As shown in the chart, the relative performance of the sector remains closely linked to curve dynamics, although the recent divergence suggests other factors- such as credit risk concerns and positioning - have weighed on sentiment. Importantly, the fundamental backdrop remains supportive. Earnings have been the key driver, with the EPS for US financials continuing to trend higher and reaching new cycle highs, reflecting resilient profitability even through periods of macro uncertainty. This highlights the sector's ability to generate earnings growth despite the volatility in rates. Looking ahead, a steeper yield curve, supported by a more gradual Fed easing cycle, combined with robust US growth and relatively loose financial conditions, should support credit expansion and net interest margins. In addition, a more supportive regulatory stance could further enhance profitability over time. While the recent underperformance may reflect short-term concerns about credit quality, the combination of strong earnings momentum and a supportive macro backdrop suggests US financials are well positioned to recover and re-rate, in line with improving fundamentals.

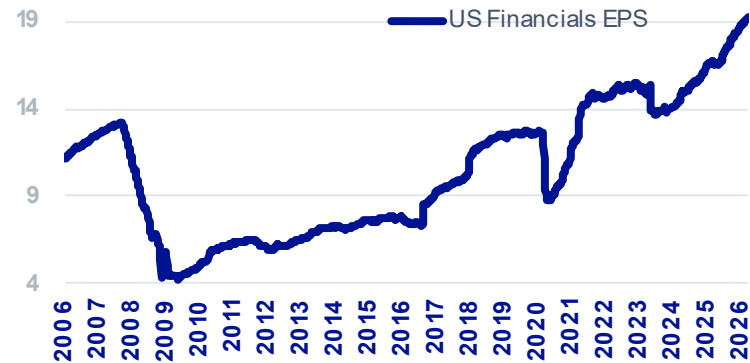
US FINANCIALS HAVE UNDERPERFORMED RECENTLY

Source: Bloomberg and BBVA Global Markets Strategy



A RALLY DRIVEN BY EARNINGS

Source: Bloomberg and BBVA Global Markets Strategy

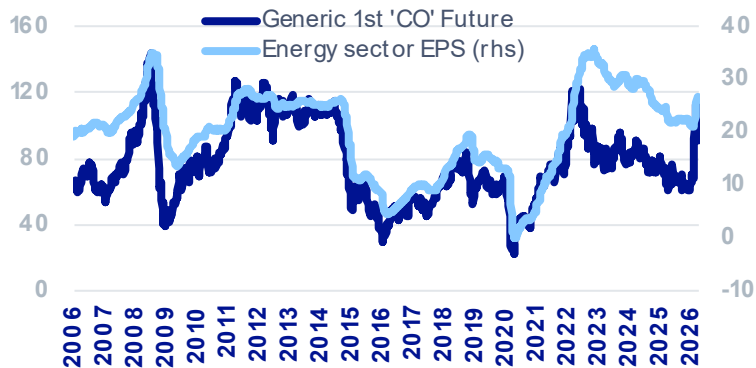


US Energy

US energy: earnings recovery supported by oil: similar to global peers, US energy sector earnings have been under pressure in recent years, closely tracking the decline in oil prices, as illustrated by the strong relationship between Brent and sector EPS. This has driven a cyclical slowdown in earnings and weighed on relative performance. However, the current environment is shifting. Geopolitical tensions, particularly involving Iran and the Middle East dynamics, are supporting oil prices, which in turn is driving a rebound in earnings expectations given the sector's high sensitivity to commodity prices. Despite this improving backdrop, the sector continues to trade at a meaningful discount to US equities, with the MXUSEN/MXUS P/E ratio still below historical averages. This discount is partly explained by the strong re-rating of large-cap tech stocks, which has widened the relative valuation gap. Looking ahead, higher oil prices and resilient global demand - supported by solid US growth - should underpin further EPS recovery and potential re-rating. With positioning still relatively light and valuations undemanding, the sector appears well placed to outperform in the near term, particularly in an environment of elevated geopolitical risk.

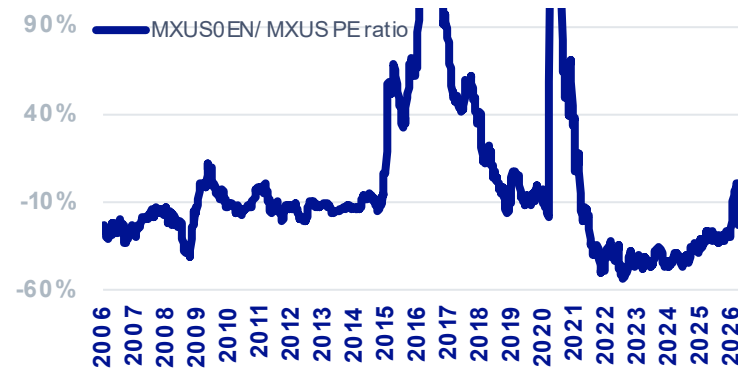
ENERGY SECTOR EARNINGS HAVE BEEN UNDER PRESSURE

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR TRADES AT A DISCOUNT VS. US EQUITIES

Source: Bloomberg and BBVA Global Markets Strategy

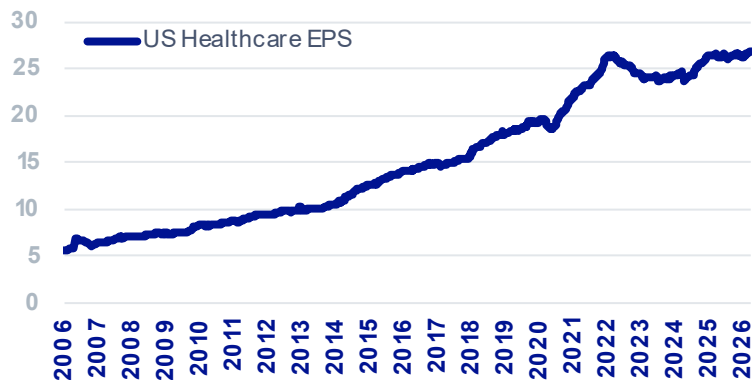


US Health Care

US health care: stable earnings with depressed valuations: the US health care sector continues to deliver stable and resilient earnings growth, as shown by the steady uptrend in EPS over time. This reinforces its role as a defensive growth sector, with earnings largely insulated from economic cycles. Despite this strong fundamental backdrop, the sector is currently trading at a historically low relative valuation. As illustrated, the MSCI US Healthcare vs. MSCI US P/E ratio has fallen below its long-term average and remains in negative territory, indicating a meaningful de-rating despite consistent earnings delivery. This disconnect has been driven by policy-related uncertainties, including tariff risks and drug pricing concerns, which have weighed on investor sentiment rather than underlying fundamentals. Looking ahead, the combination of defensive earnings, structural demand from aging demographics, and already-discounted valuations suggests there is scope for a valuation re-rating. As uncertainty stabilises, the sector is well positioned to resume earnings growth and potentially outperform, making it an attractive allocation within US equities.

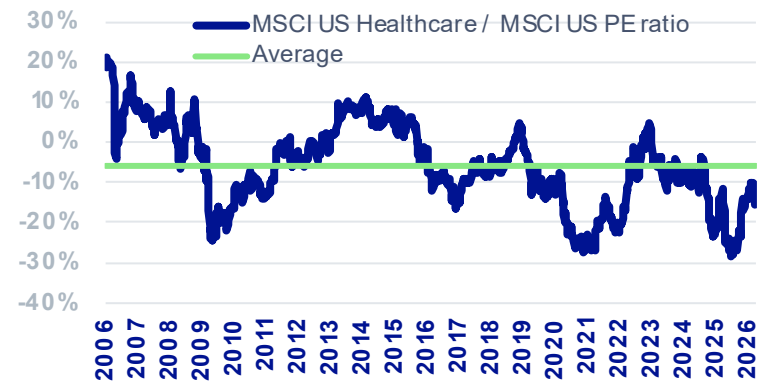
THE HEALTH CARE SECTOR DELIVERS STABLE EPS GROWTH

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR IS TRADING AT ITS LOWEST RELATIVE VALUATION

Source: Bloomberg and BBVA Global Markets Strategy

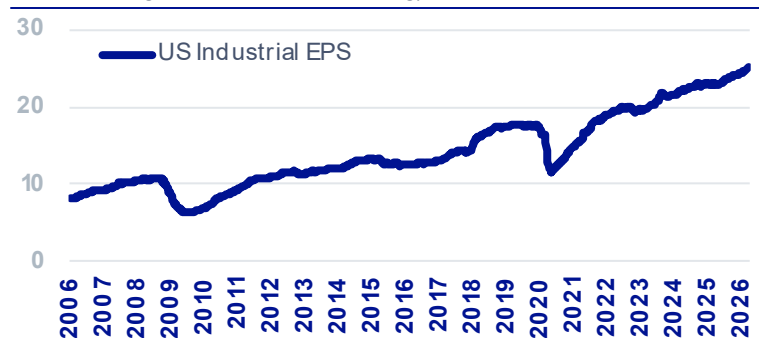


US Industrial

US industrials: strong earnings but stretched valuations: the US industrial sector continues to deliver robust cyclical earnings growth, as reflected in the steady rise in EPS, with only brief disruptions during downturns such as 2020. This highlights the sector's strong leverage to economic activity and its ability to benefit from a supportive macro environment. However, this strong earnings trajectory has been accompanied by a significant expansion in valuations. As shown in the chart, the MSCI US Industrials vs. MSCI US P/E ratio has risen to historically high levels, well above its long-term average. This suggests that a large part of the earnings expectation has already been priced in. The current macro backdrop remains favourable, with resilient US growth and supportive financial conditions underpinning demand. In addition, structural drivers such as the re-shoring of manufacturing, increased capex, and policy support for domestic production continue to provide tailwinds for the sector. That said, the combination of strong earnings momentum and elevated valuation premiums implies a more balanced risk-reward. While fundamentals remain supportive, the sector appears more sensitive to any slowdown in growth or earnings disappointments, given the already stretched positioning.

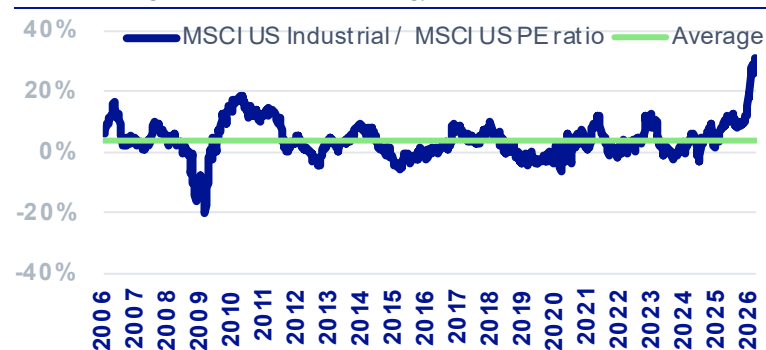
THE INDUSTRIAL SECTOR DELIVERS CYCLICAL EPS GROWTH

Source: Bloomberg and BBVA Global Markets Strategy



THE SECTOR TRADES AT HISTORICALLY HIGH VALUATION PREMIUM

Source: Bloomberg and BBVA Global Markets Strategy



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The BBVA Group's policy does not allow draft reports or Marketing Material to be sent to issuers prior to publication or dissemination.

By virtue of Regulation (EU) 596/2014 on Market Abuse and Delegated Regulation (EU) 2016/958, the proportion of recommendations and their category/meaning as well as the averages of these recommendations are shown for the last 12 months. The average in which BBVA or any of the companies of the BBVA Group have provided investment banking services or have acted as an underwriter in public offerings of securities is also shown for each category and recommendation type.

BBVA's Marketing Materials activity in the last 12 months in terms of financial instrument/issuers and their investment recommendations are as follows :

Recommendation history

The average in which BBVA or any of its companies in the BBVA group have provided Investment Banking services or have acted as underwriter is 10%, of which 100% are Long/Buy/Overweight.

Expert certification

The Experts hereby certify that (i) the views expressed in this Marketing Material accurately reflect their personal views about the subject companies and their securities and (ii) their remuneration may be linked to trading or sales in the instruments included in this document or in relation to the global sales and trading activity of the BBVA unit or group.