

Fund's Manager comment EDM Inversion-Spanish Equity

Global equities ended January higher, supported by a renewed appetite for risk despite a still-mixed macroeconomic environment, with inflation, economic activity, and consumer sentiment data offering conflicting signals. Artificial intelligence continued to act as a key market driver, although investors are becoming increasingly selective and focused on companies' real execution. This was reflected in the marked divergence between those perceived as AI Winners (linked to the AI hardware investment cycle) and AI Losers (software, IT services, media). Commodities—particularly gold—rebounded amid geopolitical tensions and demand for safe havens.

In Spain, the IBEX 35 Net Return rose 3.6% during the month, supported by a favourable macro backdrop and still-attractive valuations. EDM Inversión/Spanish Equity Class L gained 2.9% in the first month of the year, driven by contributions from Zegona, Rovi, Puig, Indra, and Repsol (the first four names rising more than 12%). This reflects how small- and mid-cap companies continue to show solid momentum thanks to robust fundamentals and very attractive valuations. The main detractors were Amadeus, Colonial, CAF, Cellnex, and Miquel y Costas, partly affected by a rebound in yields. Meanwhile, the sector contributing the most to the appreciation of the IBEX 35 Net Return was the banking sector. The main positive contributors to the index were Banco Santander, BBVA, Iberdrola, Caixabank, and Aena.

January marked the beginning of fourth-quarter earnings season for the banking sector. Within our portfolio, Bankinter and Caixabank reported results, with both banks presenting guidance above market expectations.

CaixaBank delivered strong fourth-quarter results, ahead of consensus. The company also raised its targets for 2027 relative to those announced at its Investor Day. It now expects a RoTE close to 20% (vs. >16%), net interest income growth of 4% annualised (vs. 0%), business volume growing 6% (vs. >4%), and a lower cost of risk. These figures should lead to upward revisions in consensus estimates. Bankinter also reported very solid results, beating consensus net profit expectations by 3%, driven by strong fees (+11% y/y), positive ALCO contribution, and disciplined cost management. For 2026, the narrative points to a gradual normalisation of margins from the second quarter, growth in line with volumes, and further efficiency improvements, with downside risk to the cost of risk. The company also highlighted the sustainability of a RoTE above 20%.

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