

REPORT ON COMPLIANCE WITH THE CODE OF CONDUCT FOR TEMPORARY INVESTMENTS

On 20 October 2019, the Association's governing bodies approved the **Code of Conduct for Temporary Investments**. This framework ensures alignment with the Spanish Stock Market Commission (CNMV) Agreement of 20 February 2019, which regulates financial market investments for non-profit organisations.

In accordance with these principles, the Board of Directors has prepared this annual compliance report. The report was submitted for approval by the General Assembly on 26 March 2026, alongside the 2025 Annual Accounts, and are made available to Members and the general public and published on the Association's website for public transparency.

Evolution of the portfolio during 2025

In November 2025, Club de Madrid liquidated two managed portfolios—*Cartera Master Tranquilidad* and *Cartera Master Patrimonio*—established in February 2022. We maintained our position in a floating-rate fixed-income investment fund. This liquidation generated a **net capital gain of €136,115**.

The decision to liquidate was driven by a commitment to **capital preservation**. Since 2022, the investment portfolio has successfully met its objective of offsetting inflation despite significant geopolitical volatility following the invasion of Ukraine. By late 2025, with equity markets reaching peak valuations and showing limited growth potential, the Board adopted a prudent shift toward **exclusively fixed-income investments**. This strategy prioritises reduced volatility and asset protection over higher-risk returns.

To optimise liquidity, surplus cash was invested in Spanish Treasury Bills, while part of the USD balances were placed in term deposits. These short-term investments yielded **€12,510.18** in interest during 2025.

Economic and financial context: Markets in 2025

2025 was a very good year for financial assets, driven by resilient global growth, steady disinflation and a wave of investments in artificial intelligence. Global equities, fixed income and precious metals all delivered robust returns and a strong year for multi-asset investors. This scenario highlighted the relevance of diversification, the importance of positioning outside the US, and the growing weight of AI as a structural vector of economic and stock market growth.

The counterweight was the performance of the US dollar, which depreciated from 1.02 to 1.16 against the euro during the year, reducing the profitability of assets denominated in that currency. At the same time, inflation continued to moderate in the main economies, approaching levels compatible with the objectives of their central banks, which allowed progress in the cycles of rate cuts, except in Japan, where an upward normalisation began.

In the stock markets, 2025 was a year marked by broad and globally distributed earnings. The MSCI AC World completed its third consecutive year of gains of more than 20%, although this time the leadership shifted from the US to Europe and Asia. The S&P 500 advanced but for the first time in two decades was outperformed by major developed and emerging markets: China rebounded strongly, Japan hit a new decades high, and Europe stood out, especially after the appreciation of the euro and the fiscal boost in Germany.

Fixed income, meanwhile, benefited from a global shift towards more accommodative monetary policies. Thus, US Treasuries obtained their best returns since 2020, while in Europe, corporate bonds continued to show strength due to the strength of corporate balance sheets. Emerging markets, on the other hand, experienced an outstanding performance in debt, thanks to robust fundamentals and the tailwind generated by the sharp depreciation of the dollar.

Within the organisation's portfolio, the floating-rate bond fund managed by DWS generated a return of 2.76% during the year. This fund is geared towards capital preservation due to its focus on variable-rate bonds and high-credit-quality securities.

As for the managed portfolios, until their liquidation in November, they generated returns in annual terms of 1.82% in the case of the Cartera Master Tranquilidad, and 3.23% annually in the case of the Cartera Master Patrimonio.

The rest of the funds and bonds were acquired in the final part of the year, so the data on their annual return is not significant for this report.

During 2025, the requirements of the Code of Conduct regarding volatility were met. Volatility stood at 2/7 in terms of SRRI, therefore within the limit set in the Code of Conduct, which establishes that "the investment must at all times have a maximum SRRI of 3 out of 7 for the entire portfolio". A Level 3 SRRI implies a level of volatility between 2% and 5%.

The requirement of maintaining a "maximum SRRI of 4 for each of the investment funds that constituted the portfolio" was also fulfilled. The SRRI for the different funds were the following:

NAME OF THE FUND	ISIN	SRRI
DWS FLOATING RATE NOTES LC	LU0034353002	1
FRANKLIN EURO SH DUR BDA	LU102265866 7	2
NORDEA 1 LOW DUR EU COV	LU169421234 8	2
JPM EURO GOVT SHORT DUR	LU040887741 2	2

As to the Corporate bonds, all of them are “investment grade” with these ratings:

BOND	Code	Rating
DT 1.5% 03.04.28	XS1382791975	BBB +
TOYOTA 3.125% 21-4-28	XS2972972017	A +
UNANA 1,125% 29-4-28	XS1403015156	A +

Composition of the portfolio as of December 31, 2025

NAME OF THE FUND	INITIAL INVESTMENT	REASONABLE VALUE AS OF 31-12-25
DWS FLOATING RATE NOTES LC	200,000	222,531.15
FRANKLIN EURO SH DUR BDA	250,000	250,460.41
NORDEA 1 LOW DUR EU COV	250,000	250,086.06
JPM EURO GOVT SHORT DUR	250,000	250,282.98

BOND	INITIAL INVESTMENT	REASONABLE VALUE AS OF 31-12-25
DT 1.5% 03.04.28	132,791,58	132,815.50
TOYOTA 3.125% 21-4-28	137,148,49	137,125.72
UNANA 1,125% 29-4-28	131,717,2	131,751.67

In addition, as of 31/12/2025, there were investments in Treasury Bills with a book value of 224,701 euros

Conclusions and perspectives

During 2025, the portfolio performed positively, generating a capital gain of €136,115 from the liquidation of the managed portfolios and €12,510 in interest.

The plan is to maintain the current portfolio during 2026, intervening only if situations arise that require a change.

Cash surpluses will continue to be invested in highly liquid short-term assets.