January 2026 Rebalancing

Rebalancing January/2026. No changes pending annual reports, portfolio remains 25% in cash.

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Data sources: TIKR and TwelveData. **Tools**: own software.

Monitoring and investment plan: https://www.jongarcialabiano.com

Rebalancing

In the last two months, not much has changed in the market or in the portfolio. I have decided not to make any changes while waiting for the annual reports to be released in the coming weeks. There should be quite a few new developments, and perhaps some companies will stand out as worth investing in.

So, we are continuing with 25% of the portfolio in cash and equalizing the weights of all the companies in the portfolio.

Later in the document, I discuss three possible candidates that I have considered but have ruled out for now. I also include links to introductory reports on the companies.

January 05, 2026			TOTAL REFERENCE CAPITAL		$100,000.00
			CAPITAL PER COMPANY		$12,500.00

TICKER	COMPANY	EXCHANGE	PRICE	SHARES	CAPITAL
$	Cash	-	$100.00	125	$12,500.00
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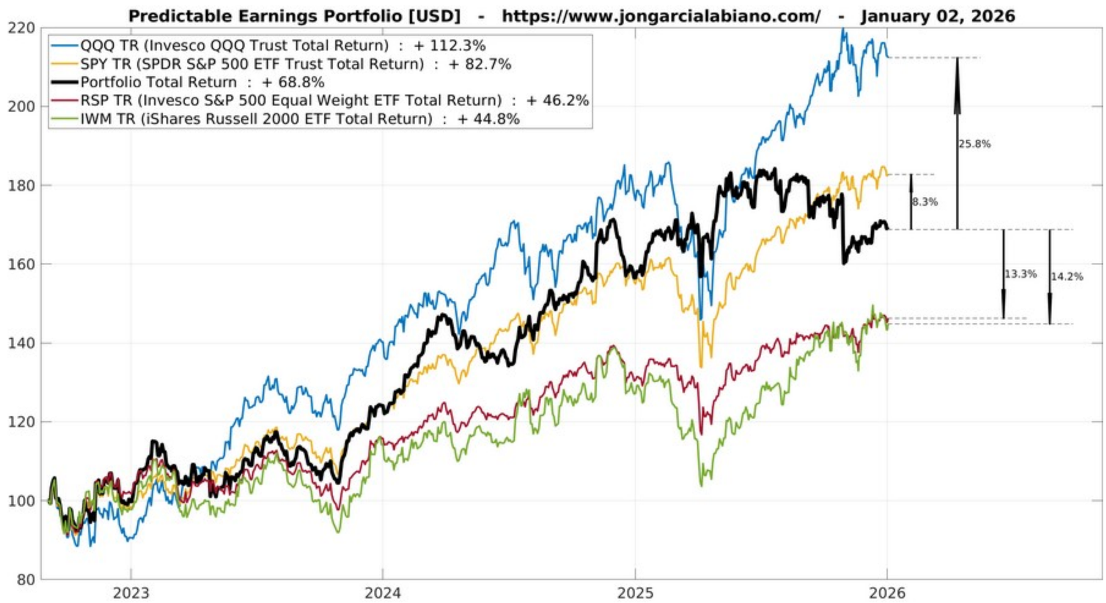
ADBE	Adobe Inc.	NASDAQ	$333.30	37	$12,332.10
AMP	Ameriprise Financial, Inc.	NYSE	$493.77	25	$12,344.25
CI	The Cigna Group	NYSE	$279.12	44	$12,281.28
COR	Cencora, Inc.	NYSE	$338.87	36	$12,199.32
HIG	The Hartford Insurance Group, Inc.	NYSE	$137.11	91	$12,477.01
WAB	Wabtec Corporation	NYSE	$216.28	57	$12,327.96
			EXCESS CASH		$1,038.08

Portfolio return

After the decline suffered by the portfolio due to the investment in SNPS, it has been recovering slowly. During this period, we have managed to outperform the S&P 500 by +4.6% and the Nasdaq 100 by +7.5%, but there is still ground to make up.



START DATE (+)	END DATE (++)
Nov 03, 2025	Jan 02, 2026

	INITIAL CAPITAL	ENDING CAPITAL (*)	RETURN
$	$12,500.00	$12,580.00	0.64%
$	$12,500.00	$12,580.00	0.64%
ADBE	$12,251.16	$11,998.80	-2.06%
AMP	$12,224.79	$13,374.99	9.41%
CI	$12,464.91	$14,312.13	14.82%
COR	$12,498.97	$12,560.39	0.49%
HIG	$12,418.00	$13,771.00	10.90%
WAB	$12,470.84	$13,208.33	5.91%

	INITIAL CAPITAL	ENDING CAPITAL (**)	RETURN
PORTFOLIO	$100,000.00	$105,056.97	5.06%
SPY TR	$100,000.00	$100,457.31	0.46%
QQQ TR	$100,000.00	$97,585.39	-2.41%

BENCHMARK	RETURN PORTFOLIO = RETURN SPY TR + 4.60%
	RETURN PORTFOLIO = RETURN QQQ TR + 7.47%

(+) It is purchased at the closing price of the previous Friday.

(++) Sold at the closing price of the day.

(*) Includes dividends received.

(**) Includes dividends received and initial residual cash.

Candidates to enter

I have considered, and for now ruled out pending further study and to see what happens over the next two months, these three companies in which to invest:

ResMed, Inc. (RMD on NYSE) to replace Cigna.

ResMed is a healthcare company specializing in a very specific type of equipment: (1) CPAP devices and their consumables, and (2) software and digital services for those devices.

Here is a link to an 11-page document (in Spanish) that serves as an introduction to the company:
https://www.jongarcialabiano.com/files/ES_RMD_INTRODUCTION_20260102.pdf

It has good numbers and is the best in its sector. In 2022, the market generated very unrealistic growth expectations, putting it at a PER of 37, and now, with more realistic expectations, it is at a PER of 22. Long-term growth may be around 12-15% in EPS, although analysts are lowering it a little further.

Empresa	ROE normalizado (%)	Margen neto (%)	Crecimiento EPS normalizado (%)
ResMed Inc.	25-30	18-22	12-15
Philips Respironics	10-15	5-8	3-6
Fisher & Paykel Healthcare	20-25	15-18	8-12

30/06/22	30/06/23	30/06/24	30/06/25	AV(3Y)	YoY%(23)	YoY%(24)	YoY%(25)	AV(YoY%)	RMD
3578.13	4222.99	4685.30	5146.33	4684.87	18.02	10.95	9.84	12.94	REVENUE
1161.76	1317.15	1575.74	1884.36	1592.42	13.38	19.63	19.59	17.53	EBITDA
1000.29	1224.41	1478.35	1763.27	1488.68	22.41	20.74	19.27	20.81	EBIT
5.79	6.44	7.72	9.55	7.90	11.23	19.88	23.70	18.27	EPS
216.31	573.63	1301.80	1661.72	1179.05	165.19	126.94	27.65	106.59	FREE CASHFLOW
134.84	119.67	99.46	89.87	103.00	(11.25)	(16.89)	(9.64)	(12.59)	CAPEX
1936.44	2770.30	2842.06	3046.68	2886.35	43.06	2.59	7.20	17.62	GOODWILL
31.50	30.60	32.70	36.10	33.13	(2.86)	6.86	10.40	4.80	EBITDA MARGIN %
28.00	27.30	29.50	32.80	29.87	(2.50)	8.06	11.19	5.58	EBIT MARGIN %
23.40	19.90	23.80	24.50	22.73	(14.96)	19.60	2.94	2.53	ROCE %
0.79	1.19	0.56	0.45	0.73	50.63	(52.94)	(19.64)	(7.32)	DEBT / EBITDA
3360.75	4129.90	4864.04	5967.86	4987.27	22.89	17.78	22.69	21.12	EQUITY
1.68	1.76	1.92	2.12	1.93	4.76	9.09	10.42	8.09	DIVIDENDS PER SHARE
147.04	147.46	147.55	147.34	147.45	0.29	0.06	(0.14)	0.07	SHARES
5.03	(18.51)	105.68	243.66	110.28	(467.99)	(670.93)	130.56	(336.12)	REPURCHASE OF STOCKS

What I don't like is that 12-15% is a bit of a modest growth rate, but Cigna doesn't seem to be going anywhere right now and is a good candidate to replace it.

Xylem, Inc. (XYL on NYSE) to replace Cencora.

Cencora is an excellent company, the best performer in the entire history of the portfolio, but it is slightly exceeding the acceptable price limit. For now, I prefer not to make the change, but we will have to look for a candidate to replace it.

Xylem is a company dedicated to water management and treatment: (1) infrastructure, (2) water management solutions, (3) measurement and control, (4) maintenance.

Here is a link to a 13-page document (in Spanish) that serves as an introduction to the company:
https://www.jongarcialabiano.com/files/ES_XYL_INTRODUCTION_20260102.pdf

It has good numbers, but it is not the best in its sector. Badger Meter, which is more focused on digitization and smart metering, may offer higher margins and growth, and XYL, which offers more comprehensive solutions, is only growing at 10% in the long term, which is very modest growth. It could be a candidate because the price seems good, but what I don't like at all is that it has an ROCE of 8%, which is very low. The problem with having a low ROCE is that it cannot afford to grow poorly; it must do so without mistakes, there is no margin for error, and in an industrial environment, the possibility of failure is not low and failures can have significant consequences.

Empresa	ROE medio (%)	Margen neto (%)	Crecimiento EPS normalizado al ciclo (%)
Xylem Inc.	12-15	8-10	8-10
Grundfos	20-25	10-12	6-8
Flowserve	10-13	6-8	6-9
Sulzer	18-22	7-9	7-9
Badger Meter	20-25	12-15	10-12
Ecolab	25-30	10-13	8-10

31/12/21	31/12/22	31/12/23	31/12/24	AV(3Y)	YoY%(22)	YoY%(23)	YoY%(24)	AV(YoY%)	XYL
5195.00	5522.00	7364.00	8562.00	7149.33	6.29	33.36	16.27	18.64	REVENUE
856.00	908.00	1392.00	1763.00	1354.33	6.07	53.30	26.65	28.68	EBITDA
611.00	672.00	1072.00	1373.00	1039.00	9.98	59.52	28.08	32.53	EBIT
2.49	2.85	3.78	4.27	3.63	14.46	32.63	12.96	20.02	EPS
330.00	388.00	599.00	942.00	643.00	17.58	54.38	57.26	43.07	FREE CASHFLOW
208.00	208.00	271.00	321.00	266.67	0.00	30.29	18.45	16.25	CAPEX
2792.00	2719.00	7587.00	7980.00	6095.33	(2.61)	179.04	5.18	60.53	GOODWILL
15.90	16.10	17.60	19.70	17.80	1.26	9.32	11.93	7.50	EBITDA MARGIN %
11.10	11.80	11.70	13.10	12.20	6.31	(0.85)	11.97	5.81	EBIT MARGIN %
9.20	11.00	6.40	8.10	8.50	19.57	(41.82)	26.56	1.44	ROCE %
2.95	2.21	1.92	1.34	1.82	(25.08)	(13.12)	(30.21)	(22.81)	DEBT / EBITDA
3226.00	3503.00	10176.00	10882.00	8187.00	8.59	190.49	6.94	68.67	EQUITY
1.12	1.20	1.32	1.44	1.32	7.14	10.00	9.09	8.74	DIVIDENDS PER SHARE
181.53	180.98	218.18	243.52	214.23	(0.30)	20.55	11.61	10.62	SHARES
49.00	44.00	(37.00)	(47.00)	(13.33)	(10.20)	(184.09)	27.03	(55.76)	REPURCHASE OF STOCKS

Raymond James Financial, Inc. (RJF on NYSE) to replace Ameriprise Financial.

AMP is becoming somewhat stagnant. Its alternative would be RJF, but a comparison shows that AMP is by far the best in the sector and it is not worth changing. RJF is dedicated to (1) wealth management, (2) capital markets, (3) asset management, and (4) banking, all geared toward close contact with the customer.

Here is a link to a 15-page document (in Spanish) that serves as an introduction to the company:
https://www.jongarcialabiano.com/files/ES_RJF_INTRODUCTION_20260102.pdf

Although RJF appears to be better valued and more bullish in the short term, AMP is of higher quality and outperforms RJF in the long term, although not by much as it is not a high-growth sector.

Empresa	ROE normalizado (%)	Margen neto (%)	Crecimiento EPS normalizado al ciclo (%)
Raymond James Financial	15–18	14–16	10–13
Ameriprise Financial	30–40	25–28	10–12
Morgan Stanley	13–15	20–23	6–8
Charles Schwab	18–22	20–25	8–10
Stifel Financial	12–15	10–13	6–9
Jefferies Financial Group	8–12	8–12	cíclico, irregular