

Santander European Dividend

11 / 2024

Fund commentary

Global equities performed strongly in November following the US election, with the MSCI All Country Index delivering a return of 3.6% over the month and extending its year-to-date gains to 22.7%. US equities led the rally (its strongest monthly performance of 2024) as markets focused on the potential for pro-growth policies under the incoming US administration. Chinese equities underperformed amid tariff concerns and stimulus disappointments.

Within this strong performance, developed markets outperformed widely emerging markets (4.5% vs. -3.7%), thanks to the good performance of the US market. Within developed markets, main winner was US (S&P500 +5.9%), outperforming the Eurozone (Eurostoxx 50 -0.4%), the UK (FTSE100 2.2%) and Japan (Nikkei225 -2.2%).

In this environment, European indices posted mixed results, with the EuroStoxx 50 down -0.37%, while the Stoxx 600 rose 1.13%. Year to date, all indices continue to perform strongly, with the EuroStoxx 50 and Stoxx 600 up 8.90% and 9.30%, respectively.

In terms of sectors in Europe (Stoxx 600), Financial Services (6.50%), Travel and Leisure (4.89%) and Insurance (4.24%) were the best performance sectors. While Chemicals (-4.6%), Automobiles (-4.12%) and Food & Beverage (-1.45%) were the worst performers for the period.

In November, the fund's performance was slightly below the MSCI EURO High Dividend Yield. YTD, the fund reported a positive performance.

The portfolio remains defensively positioned, overweight healthcare, utilities and consumer non-cyclical and underweight financials (insurance), basic materials and capital goods. The stocks that have contributed the most against the index this month are (1) our overweight in Endesa, that presented their strategic plan with high confidence in high future margins, (2) our overweight in Ryanair, that recovered guiding for better fares and lower costs, and (3) our underweight in AXA SA, that performed poorly after the increase of political risks in France. On the negative side, the positions that have underperformed the most against the index are (1) our overweight in JDE Peets NV, as it struggled

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due to record green coffee inflation (2) our underweight in Swiss RE AG, that reported better than expected results, and (3) our underweight in British American Tobacco, that reacted positively to USA elections.

This month we have made small changes to the portfolio. We opened a position in Pernod Ricard SA, which we consider to offer now good potential after the big fall in its share price. In addition, we increased our position in AXA SA, as we think it has overreacted to the negative political newsflow in France, and in Vinci, which we see as an undervalued high-quality company offering good potential for dividend returns from its stable and growing concessions portfolio. We reduced our position in Ryanair, after it recovered from July's lows and guided for better fares and lower costs, and in Endesa. We have closed our positions in Unilever PLC as we see limited potential now for it to re-rate.

The fund's main positions are: Roche, National Grid PLC, Sanofi y Total Energies.

In terms of flows, this month the fund experienced €-8,4mn of net outflows, representing 2% of its NAV.

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