

Santander GO Absolute Return

2 / 2024

Fund commentary

Market Review:

Stronger-than-expected economic data, coupled with better-than-expected earnings, lead to investors further dialling back the prospect of rate cuts, and meant that February was a repeat of January's performance, with equities rallying but bonds depreciating in price terms.

Investors continued to focus on the US as investors pondered the ongoing strength in economic data, and many forecasters moving away from calling for an imminent recession. January's Non-Farm Payrolls grew by +353k, along with upward revisions to the previous two months. If that wasn't enough, the US core CPI for January was higher-than-expected at a monthly rate of +0.4%. Although Euro-area growth is pretty stagnant, there are signs that the worst of the slow patch might be over. This led to central bank speakers pushing back on investor expectations of early rate cuts. The market took out over 60bps of US rate cuts in 2024 and pushed back the timing of the first rate cut to June 2024.

Looking in more detail at the equity side, the MSCI World Equity Index returned +4.2% in US terms, with the S&P 500 outperforming and rallying by +5.3%. Most other markets performed similarly; with the Euro Stoxx 50 gaining +5%; the Japanese Topix +4.9% but the UK's FTSE 100 was a notable underperformer, only gaining +0.5%. Growth again outperformed Value and Small Cap had some minor outperformance vs Large Caps. EM kept pace with Developed Markets, gaining +4.8%.

As mentioned above, stronger data and later rate cuts put some pressure on bond yields, mostly in shorter-dated maturities but yields did rise across the curve. US 2-year yields rose +41bps to 4.62% whilst US 10-year yields rose 34bps to 4.25%. It was a similar situation in Europe with 10-year German yields rising 33 bps, but 2-year German yields only rose 4bps. Overall, the US Treasury index lost -1.2% during January but losses in other markets were smaller. In Europe, the Euro Government Bond index depreciated -1.2% and UK Gilts suffering a similar -1.2% loss. Japanese government bonds fared better, with 10-year JGB yields actually falling slightly from 0.73% to 0.71%. EM bonds were the big winners with the JPM Emerging Markets Bond index rising +1.4%.

On the credit side, it was a similar story as in the sovereign bond markets as spreads tightened but this was offset by the rise in overall yields. The Itraxx Main credit index saw spreads tighten from +60bps to +55ps, whilst the Itraxx Crossover index also saw spreads tighten from +328bps to +305bps. Overall, this meant that the Bloomberg Euro Agg Corporate Index lost -0.9%, whilst the Bloomberg US Agg Corporate index again underperformed, dropping -1.5%. In

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at www.santanderassetmanagement.lu or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from www.santanderassetmanagement.lu

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from www.santanderassetmanagement.lu

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.

the High Yield space, the Bank of America US High Yield Index enjoyed positive returns, recording a gain of +0.3%, and its Euro counterpart (Bank of America Euro High Yield Index) did slightly better, recording a positive return of +0.4% for February.

Turning to currencies, it was a good month for the US Dollar with the Dollar Index appreciating +0.9%, and the Dollar gained very slightly against the Euro, rallying +0.1% during the month. The Euro was generally strong against other currencies, appreciating +0.4% against the British Pound and an impressive +2% against the Japanese Yen. EM currencies were out of favour in February, and the JP Morgan Emerging Markets Currency Index lost -1.2%.

Finally, on the Commodity side, the oil price continued to gain after January's strong performance, with WTI gaining +3.2% over the month. Gold appreciated slightly, gaining +0.2%. However, the poor performance of the Industrial Metals complex (-1.2%) and Agricultural commodities (-2.9%) offset the strong performance of the Oil complex. Overall, the Bloomberg Commodity index fell -1.5% in February.

Portfolio Review:

The portfolio performed negatively over February, mainly driven by yields moving higher through the month. Duration exposure performed negatively in that context, with both exposure to US and European peripheral government bonds leading in terms of performance detractors. Exposure to Emerging Market debt also posted a small negative return. Credit market remained overall relatively resilient in the context of higher treasury yields, however we saw a mild detraction coming from exposure to IG credit. Equities was the strongest asset class from performance perspective, offsetting some of the negative performance – with a strong positive contribution to overall portfolio returns. Equity performance was mainly led by US equities, followed by Japan, EM and European equities.

February was a negative month for duration exposure in the portfolio with yields broadly moving up higher, as economic data continued to point to a resilient economic picture, particularly in US. In effect, this also pushed the timing for rate cuts further out as inflation data continued to be higher than expected in US. Exposure to US and European peripherals were the leading detractors in the portfolio, driving most of the negative returns in the portfolio. Exposure to EM bonds was also slightly negative as spreads widened. Overall in the portfolio, our duration position remains the same – with no significant changes, keeping an overall duration exposure of close to 5 years. We continue to maintain the curve steepener position across our duration, expected to benefit under a lower real yield environment. We expect the higher rate environment to have an impact on inflationary and growth conditions – albeit the full impact has not yet translated to the real economy so far. In terms of duration positioning, the main exposure is to the US, with some exposure that

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at www.santanderassetmanagement.lu or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from www.santanderassetmanagement.lu

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Sennengerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from www.santanderassetmanagement.lu

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.

we continue to keep to European peripherals such as Italian debt with good technicals. We are also maintaining the limited exposure to EM debt, where we keep exposure to bonds in LATAM, Indonesia, Poland and Romania.

Performance from credit was slightly negative overall, with performances slightly mixed in the credit space. Portfolio credit exposure to IG credit was mainly negative, with a marginal negative contribution from exposure to HY credit. Position wise we still continue to maintain an overall cautious positioning for our credit allocation, maintaining a conservative spread-duration profile, ending close to ~ 1.4 years. Most of the credit exposure remains tilted towards Investment Grade debt and we keep a more limited exposure to High Yield, considering an overall view of higher rates and weaker corporate earnings with expectation of rising of default risk rates.

US data prints have been coming in relatively strong (growth, inflation data and unemployment data) with Fed now signalling a delay in rate cuts. With the relatively resilient economic data coming through, we expect a lag in the deterioration of growth conditions as higher rates continue to filter through to the real economy – in US for example. Although we still maintain an overall cautious stance on equities, we now keep an overall equity exposure close to 20% as at end of February, which is also driven by the recent strength in the economic conditions. The overall increase in equity exposure has been done in preference of relatively stronger growth conditions, mainly in the US, Japan and in Emerging Markets, focusing on areas of the equity market where valuations are reasonable and attractive. Overall equity exposure in the portfolio is tilted with a bias to US and Japan, followed by smaller exposure to European equities and Emerging Markets. US equity selection was negative for the month, driven by the strong performance in leading tech stock which we have not owed in the portfolio. Selection suffered since we have a higher exposure to stocks that benefit when rates fall, i.e., in financials, Real Estate, miners and utilities. During the month, for US selection we reduced the exposure to banks, further trimmed semis and switched into cheaper names in this space. European equity selection was also negative for the month as some names were penalized quite heavily due to losses reported in earning season. We took some profit on a tech stock and added to an energy name that has an interesting restructuring story. We also added to telecoms, while valuations look attractive given the underperformance to rising rates. We also added stock in miner, luxury and trimmed some exposure to French banks. Overall security selection is focused on stable growers and less cyclical names.

Performance from commodities was overall marginally negative. Our main commodity exposure is to gold, which we continue to keep as hedge in the portfolio against inflation and global volatility. The portfolio has a small exposure to oil, that we had already reduced in previous months, over weakening global growth dynamics. We maintain the positions with no significant changes for now.

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at www.santanderassetmanagement.lu or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from www.santanderassetmanagement.lu

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Sennengerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from www.santanderassetmanagement.lu

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.

Market Outlook

We still think a short period (about two quarters) of negative growth in the US is possible in early 2024 due to the lagged effect of tightening financial conditions and slowing domestic demand. In Europe, we are seeing a divergent picture with Germany struggling but peripheral countries faring better, but overall Euro-area growth is expected to be flattish. Progress continues to be made on reducing headline inflation in the US and Europe, with core price pressures also declining but less quickly. The key to future performance will remain the stance of central banks, who have pushed back on the recent optimistic pivot in markets. The extent and timing of rate cuts looks more appropriate now, and we maintain our neutral stance on equities whilst continuing to be marginally constructive on duration.

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at www.santanderassetmanagement.lu or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from www.santanderassetmanagement.lu

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from www.santanderassetmanagement.lu

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.