Santander Asset Management

Santander GO Global Equity ESG

Marketing Communication

10 / 2024

Fund commentary

Market developments:

With the US elections around the corner, the markets remain in "America first" mode for the time being with erratic US flows resulting in a relatively flat global equity performance overall (+0.8% in EUR; -2.0% in USD). During the month of October, we saw market breath narrowing again on rising bond yields, resulting in an exodus from commodities (barring gold) and deep cyclicals, to the benefit of the mega caps. The move up in bond yields after the Fed actually cut rates recently is noteworthy, which likely implies an improving US economy, spurring fears in the bond market that the Fed's cut has been too large. Others point at fears of higher inflation and rising budget deficits, especially in the scenario of a Trump election win. We actually see higher spending and increasing debt levels under both presidents, with a clean 'sweep' of either candidate having a greater impact on markets than a 'gridlock' outcome. In any case, the US elections are a risk event which is good to leave behind us, so that investors can move on and focus on company fundamentals again.

Largest holdings:

Our top active position is Haleon Plc, a consumer health over-the-counter (OTC) company with a superior growth profile driven by its pure-play focus and premiumization efforts. After being spun out of GSK/Pfizer, Haleon has plenty of opportunity to further grow margins and use its cash flows for debt paydown and shareholder returns. CBRE Group is our second largest active position, an attractively valued provider of real estate services including property management, valuation, real estate investments and advisory services. CBRE is well-positioned to grow its services business that plays into the secular shift towards corporate outsourcing of activities such as facilities management. Deutsche Telekom completes our top-3 active positions and is a well-run German telecom operator with stable cash flows domestically and enjoying growth potential in the US through its holding in T-Mobile USA.

Performance:

In October, the portfolio had a negative absolute return, also slightly lagging the world index. Sector wise, our positioning in Real Estate and Consumer Discretionary helped performance most, while the sectors Industrials and Healthcare lagged.

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.

In terms of stock selection, online travel operator Booking Holdings contributed most. Its strong results were driven by a rebounding European travel market, solid Asian bookings numbers and Booking's alternative accommodation business growing rapidly. Booking's initiatives around alt accommodations, Connected Trip and the use of AI for more personalized offerings should provide more runway for growth.

CBRE group also performed well. Its large earning beat was driven by broad-based strength across all its divisions including workplace solutions, advisory business, and property management. Even though margins expanded subsequently, on the back of which guidance was raised, there still seems more room for further upside.

Finally, after market concerns around growth, Visa's higher-than-expected guidance for next year provided some welcome relief to shares. Revenue growth is likely to accelerate given a favorable combination of timing around pricing and less incentives growth. Also improving contributions from its value-added services business and Visa Direct, enabling fast and secure global payments, should bode well for the company.

On the flipside, Thermo Fisher was our largest performance detractor after a disappointing set of results against relatively high expectations, causing share weakness. Flat growth trends, lower margins and still cautious guidance brings some uncertainty if and when the company can start to outgrow the industry again. Investment spend from pharma and biotech end-markets is bouncing along the bottom but needs to increase before growth can resume properly.

As the market has increasingly priced in a Trump win and First Solar an IRA loser, the stock has suffered, making our entry point look poor in hindsight. However, we still view First Solar as a company that enjoys strong bipartisan support, which is fundamentally better positioned in either scenario. Despite some small operational challenges in the near-term, the company remains a key beneficiary of the reshoring theme, higher-for-longer China trade tariffs and its sold-out status well into 2027.

Finally, there was no negative news flows related to Haleon in October, but suffered from overall consumer staples weakness amidst rising yields caused the stock to underperform. Barring a slight headwind from adverse foreign exchange movements, earnings results actually showed good growth progress across almost all categories including oral health, VMS and respiratory health, which gives confidence going forward.

Portfolio changes:

In October, we sold our remaining position in German car maker Mercedes-Benz, where continued operational weakness and a still very subdued European auto market, decided us to throw in the towel. We also sold chip maker AMD as we grow more concerned that expectations are too high with regard to its margin outlook and the lack of a new,

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.

large hyperscale to its book of business. Instead, we started a new position in Taiwan Semiconductor (TSMC), which remains a key beneficiary of additional chip manufacturing from AI, especially as its main peers Samsung Electronics and Intel keep struggling. Lastly, we also added digital payments company PayPal to the portfolio as we like the turnaround story, and the stock still trades at a very attractive valuation. We used proceeds from Eli Lilly, Trane Technologies and Microsoft to fund the position.

Management expectations:

At the time of writing, betting odds are hinting at a clear victory for former President Trump. However, such polls are far from perfect, and the margin of error remains high, with neither candidate having sufficient leads to label them as clear winners, especially not in any of the so-called Swing States. The current market set-up seems to imply a 'travel-and-arrive' in case Trump indeed wins, which could potentially unwind in case Kamala Harris turns out victorious. We do know plenty of ink has been spilled on how market reactions to elections are noisy, so we rather take a wait-and-see approach and look for certain policy choices that do can drive durable moves. Hence, elections are incredibly important, but both patience (and plans) are a virtue, which should prevent us from getting lost in the noise. With our Quality focused and balanced portfolio strategy, we can be relatively agnostic as to what market environment will prevail, which should help in uncertain times we are in today.

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.