

Santander Go Global High Yield Bond

11 / 2024

Fund commentary

Contributors:

- Overweight and credit selection in energy, led by Energean Israel and Venture Global
- Credit selection in media, led by Paramount Global
- Selection among single-B rated credit

Detractors:

- Credit selection in healthcare, led by Bausch Healthcare
- Credit selection in banking, led by Commerzbank
- Credit selection in leisure

Outlook:

- Markets have had time to digest the impact of the outcome in the US elections, with 2025 growth, inflation, interest-rate and broader risk sentiment influenced by Donald Trump's thinking on tariffs.
- In Europe, our base case is for a gradual improvement in growth, with the EU better prepared to navigate tariff negotiations with the US this time, but less prepared for more defence spending.
- With higher expected rates and a broadly positive backdrop for growth, we see a favourable environment for our asset class over the next few years.
- Although spreads and valuations have tightened, the beta opportunity will get an uplift from more meaningful M&A/leveraged buyout supply in 2025.
- We see compelling opportunities across a range of sectors but remain cautious on European automotives.
- Capital-structure sustainability remains the dominant theme in our analysis of high-yield credits.
- Our base case for defaults remains in low single digits, in a few well-known idiosyncratic stories.

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