

Santander Select Defensive

11 / 2024

Fund commentary

November stood out for the good performance of the US stock market compared to the rest of the markets, the strength of the dollar and, in the fixed income space, the generalized gains in the main government bond and credit indices. The main event of the month was the presidential and congressional elections in the US. The results, Trump's victory and majority of the Republican party in Congress (House of Representatives and Senate), favored the trajectory of the S&P500, which ended the month with a rise of more than 5% and scoring new all-time highs. European stock markets were penalized by fears of potential tariff increases and behavior was mixed by markets: the EuroStoxx50 -0.48%.

In the fixed income markets, the month has been marked by gains in the price of bonds, and the decline in the yields, especially in the Eurozone. In the US, the Fed announced a new -25bp cut in the Fed funds rates.

In terms of positioning, we remain positive on equities, with a preference for US equities over European equities. However, following the good performance of the US, we have slightly reduced our exposure by selling S&P500 futures and thus rebalancing the portfolio. We ended the month with an equity exposure of 20.80%, higher than last month, driven by the strong revaluation of US equities compared to other assets.

On the fixed-income side, we maintain an overweight in European duration. During the month we sold German bond futures and bought US bond futures taking advantage of the strong rise in yields in the US. This movement has not affected the absolute level of duration of the fund, which ended the month with a duration of 3.07, practically the same as the previous month.

Regarding currency exposure, we continue to maintain an overweight in the US dollar given the macroeconomic outlook that reflects a greater strength of the US economy compared to the rest of the regions.

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