

Santander Select Defensive

6 / 2022

Fund commentary

In June, latest CPI data were released showing that inflation continues to rise and is not expected to moderate in the short-term, and Central Banks have acted forcefully. This has resulted in sharp corrections in the stock markets as valuations adjust to the new interest rate environment. In this scenario, we decided to apply a cautious positioning with dynamic portfolio hedge management.

In this regard, we have significantly reduced our equity exposure (11.9% at the end of June), especially European equities. We have also sold the Invesco Japanese Equity Advantage Fund, thereby reducing the fund's mid-cap bias, and the Schroder International Selection Fund Emerging Asia. In fixed income, we reduced duration with the sale of 10-year German government bond and the 10-year US Treasury, and strengthened our position in money markets. At the same time, we continued to reduce exposure to investment grade and high yield credit, and slightly strengthened our position in emerging dollar-denominated debt relative to local currency-denominated debt. The duration of the fixed-income portfolio at the end of June was 2.9 years. In addition, we have reduced our position in absolute return funds and kept our long euro and short dollar options strategy open.

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This fund has a prospectus which is drafted in English and can be obtained from www.santanderassetmanagement.com

For product information, please contact SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg) Management Company under the supervision of Commission de Surveillance du Secteur Financier (CSSF). The Depositary entity and administrator of the funds is JP Morgan Bank Luxembourg S.A. (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

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