

# Santander Select Income

1 / 2021

## Fund commentary

Financial markets started the year with risky assets rallying, maintaining a good performance that started at the end of last year, boosted by the seasonal effect. The further progress of the pandemic and the restoration of lockdown measures taken by various countries affected the real economy more than the financial assets. The transition of power to a new US president opens up a new stage in terms of national policy, with the expected approval of new fiscal stimulus plans and also in international relations.

With regard to fund management, we made significant changes during the month, adapting the portfolio to the new systematic investment methodology. Given that the new methodology has a specific approach to optimizing the risk/reward balance, the most significant change that the change in investment policy has resulted in reducing exposure to the main source of contribution to risk, which is equities. However, as one of the advantages of the new strategy is the inclusion of new sources of income generation and diversification beyond traditional assets, they are incorporated into the portfolio as alternative beta exposure: Real Estate Listed, Private Markets (Private Equity and Private Debt) and eurostoxx50 dividend futures. In fixed-income, we would highlight the increase in the weighting of euro area core and non-core debt, as well as bonds linked to inflation in both French and US. Multi-strategy fixed income funds have been sold and invested in other specialized deals arbitrage and convertible bond arbitrage.

The fund starts the first month of the year, generating positive returns, mainly on equity assets. Amongst the profitability detractors, we would highlight the slight loss in fixed income assets, in a context of net interest rate rises and moderate tightening of curves.

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