Santander Asset Management

Marketing Communication

Santander US Equity ESG

1 / 2025

Fund commentary

The fund starts the year with a solid positive performance in absolute terms, comfortably outperforming its benchmark index.

January was a strong start to the year for almost all equity markets, mainly driven by three factors: the tariffs announced so far by the Trump administration were lower than expected, the ECB's rate cut, and strong Q4 earnings from U.S. companies.

In this market environment we would like to highlight the Santander US Equity ESG fund, is an actively managed North American equity fund, with the S&P500 as its benchmark. This is an Article 8 fund incorporating sustainable investment criteria. The fund targets large companies, with a significant capitalization, good business prospects and always thinking in the long term. We seek to put together a diversified portfolio without any specific bias, but with a flexible investment style always trying to capture the best opportunities at any given moment.

On a relative basis, the main contributors during the month were our security selection in consumer discretionary (Amazon, UBER, Netflix and Walmart), financials (Goldman Sachs, Morgan Stanley and Citigroup) and healthcare (Royalty Pharma, Dexcom and Vertex). On the other side, the biggest detractors were our underweight in utilities and industrials, as well as individual bets on consumer staples (Colgate and P&G).

In terms of portfolio changes, in Consumer Discretionary, we continued to increase our exposure to the financial sector, opening a new position in Bank of America, benefiting from interest rates that will remain high for a longer period, as well as further deregulation of the US financial sector. In consumer staples, the position in Colgate was sold, due to the greater uncertainties presented by the new tariff measures of the US administration, and in healthcare, the bet on Royalty Pharma, where the good performance of the stock leaves little room for us to see a revaluation in the medium term. In consumer discretionary, the position in DR Horton was sold, while a new position was opened in Tesla, where the market looks favorably on the new business lines (autonomous vehicles and robotics) that are opening up for the company. Lastly, within technology, the company increased its weight in Meta, continuing to bet on the dynamics of investment in Artificial Intelligence.

Currently, the fund holds an equity exposure of around 96%. In terms of sector positioning, the largest overweights come from the telecommunications and financial sectors. The largest underweights come from the industrials, technology, utilities and real estate sectors.