

# Santander European Dividend

1 / 2025

## Fund commentary

January was a strong start to the year for equity markets, with the MSCI World rising 3.36%. This solid beginning was 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.

Within this strong performance, developed markets significantly outperformed emerging markets (3.53% vs. 1.79%), mainly due to the weak performance of the Chinese market, which fell 2.78% in January, and the strong performance of European indices. Among developed markets, the Eurozone (EuroStoxx 50 +8.10%) outperformed the UK (FTSE 100 +6.20%), the U.S. (S&P 500 +2.76%), and Japan (Nikkei 225 -0.80%).

In this environment, European indices had an excellent start to the year, with the EuroStoxx 50 and Stoxx 600 rising 8.10% and 6.25%, respectively.

By sector in Europe (Stoxx 600), Consumer Prod & Serv (10.79%), Financial Services (9.67%), Banks (9.51%), Technology (6.79%), and Industrials (6.63%) were the top-performing sectors. Meanwhile, PC, Drug & Grocery Stores (1.90%), Utilities (2.06%), Food, Bev & Tob (2.16%), Travel & Leisure (2.78%), and Retail (2.92%) were the weakest, although all sectors ended the month in positive territory.

In January, the fund achieved a return slightly higher than the MSCI EURO High Dividend Yield Net Index benchmark.

The portfolio remains overweight Consumer Staples, Healthcare and Utilities and underweight Financials (Insurance), Industrials and Consumer Discretionary. The stocks that contributed most to the fund's performance were: First, the overweight position in VERALLIA SA, which rose due to rumors of a takeover bid by the Moreira family. Second, the overweight position in ROCHE HOLDING PAR AG, which related relative to the Health sector and due to its lower exposure to vaccine controversy in the US. Third, the overweight position in FRESENIUS SE, which rose as the

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investments made in recent years materialized, leading to better sales in Biopharma and potential margin improvements.

The stocks that most negatively impacted the fund's performance were: First, the underweight position in VOLVO, which rose after exceeding expectations and showing an increase in truck orders in America and Europe. Second, the underweight position in BRITISH AMERICAN TOBACCO, which increased due to significant growth in new product categories. Third, the underweight position in NOVARTIS AG, which rose due to the sales improvement attributed to two new drugs.

In terms of sector contribution, the sectors that contributed positively to the fund compared to the benchmark were: First, the Healthcare sector, where the fund is now overweight. Second, the Technology sector, where the fund is now slightly overweight. Third, the Basic Materials sector, where the fund is now underweight. Fourth, the Utilities sector, where the fund is overweight.

The sectors that penalized the fund compared to the benchmark were: First, the Financials sector, where the fund is underweight (mainly in insurance companies). Second, the Industrials sector, where the fund is now underweight. Third, the Consumer Non-Cyclicals sector, where the fund is now overweight.

During this period, adjustments were made to the portfolio to redistribute weights and capitalize on opportunities: An increased position in AXA SA was taken due to the insurance sector's outlook improving towards 2025. We also reduced the position in ORANGE SA after a significant revaluation in January, and also in MERCK and LONZA due to strong recent performance.

The fund's main positions are: Roche, Sanofi, Axa and Reckitt Benckiser.

In terms of flows, this month the fund experienced €-4 mn of net outflows, representing a 1% of its NAV.

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