

Santander Multi Index Substance

11 / 2024

Fund commentary

November was a positive month for most financial markets, driven primarily by decreasing volatility on the aftermath of the US presidential elections, whilst geopolitical tensions continued to simmer on the background. Equities were mostly positive, with US extending leadership, supported by expectations that the newly elected government will implement pro-domestically domiciled corporate policies. Europe was dragged lower by the political turmoil in France. Bonds had strong month, recovering from the recent sell-off, as central banks were set to remain on the easing monetary policy path.

In terms of asset allocation, at the beginning of the month, the portfolio swapped shorter-dated for longer-dated government and corporate bonds, as the yield levels offered an attractive entry point following October's sell-off. Later in the month, the portfolio increased the preference for US equities, which gained momentum following the elections, at the expense of EU corporate bonds and European (incl. UK) equities that continue to experience political tensions and growth headwinds. Exposure to Japanese equities was also increased, financed from EM equities. At high level, the portfolio retained preference for shares and bonds over cash. Within equities there was increasing preference for US, whilst within bonds preference remains for higher quality corporate credit over government bonds. We remain optimistic that global recession would be avoided but expect markets to remain volatility and reactive to signs of economic weakness and geopolitical tensions.

Absolute performance over the month was positive. On aggregate asset allocation was a positive contributor as shares and bonds outperformed cash. The increased preference for US equities and longer-dated bonds were positive contributors.

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