Santander Asset Management

Santander US Equity ESG

Marketing Communication

11 / 2024

Fund commentary

For the month of November, the fund had a very solid positive performance in absolute terms, practically in line with its benchmark index.

Global equities performed strongly in November following the US election. US equities led the rally (its strongest monthly performance of 2024) as markets focused on the potential for pro-growth policies under the incoming US administration. Chinese equities underperformed amid tariff concerns and stimulus disappointments.

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 bets in the technology (Shopify, Microsoft, IBM, Servicenow and SentinelOne) and telecommunications (T-Mobile) sectors, as well as the fund's position in mid-cap companies. On the negative side, the biggest detractors were the positioning in consumer discretionary (mainly due to the underweight in Tesla and the bets on Uber and DR Horton), as well as the underweight in the financials and real estate sectors.

In terms of portfolio changes, in Health Care sector, the position in Amgen was closed after the results of MariTide for the treatment of obesity were below expectations in terms of both efficacy and tolerability, also reducing the portfolio weight in UnitedHealth and reinstated Dexcom, a company that develops and produces continuous glucose monitoring systems for diabetes management. On the other hand, the manager sold the stake in Rockwell Automation, taking advantage of the stock's good performance after the US elections, and continued to increase our stake in mid-cap companies through the SPDR US Mid-Caps ETF. Finally, during the period the manager slightly increased the weight in positions already in the portfolio, such as Uber, Adobe, Morgan Stanley and Mastercard.

Currently, the fund holds an equity exposure of around 95%. In terms of sector positioning, we continue to have a rather defensive bias with the largest overweights in Health care and Consumer Staples. While the largest underweights come from Financials, Technology, Industrials and Real Estate.