

Santander US Equity Hedged

1 / 2025

Fund commentary

The S&P 500 index rose 2.8% in January, reaching its first record close of the year and surpassing the 6,100-point milestone during the month. This positive performance was driven by key sectors such as Communication Services, Financials and Healthcare. The only sector that lost ground was Information Technologies, weighed down by Nvidia, Apple and Broadcom, penalized by the irruption of DeepSeek's Chinese artificial intelligence model.

The market started the year with slight corrections, but from the 10th it climbed +5%, encouraged by positive corporate results, by the Trump administration's announcement of the Stargate project, a major AI investment initiative, as well as the publication of benign inflation data that eased bond yields.

As for the fund, we would highlight on the one hand the management of call options, (which are a source of premium income in exchange for assuming the risk of capturing potential market rises from the target strike). We started the year with only a fraction of calls sold (50%), which allowed us to add sales in better conditions and at higher strikes after the rises recorded after the 20th. Moreover, with the S&P at record highs, we saw how the quarterly hedge was far behind (almost 9% from the levels reached by the market), so we decided to use part of the premiums earned and finance an additional hedge from updated levels, maturing on February 14, which would protect the fund against moderate falls of between 3%-5% for half of the net assets.

This active management style reflects, once again, how we try to adjust our options positioning to maintain a balance between protecting the fund and participating in market rallies.

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