Santander Asset Management

Santander AM Euro Equity

Marketing Communication

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Fund commentary

April was one of the most volatile months in recent times, marked by a massive market sell-off following the announcement of "reciprocal tariffs." However, the situation gradually stabilized as the Trump administration was forced to scale back the impact of its measures due to market pressure. Despite the sharp decline at the beginning of the month — including what became the fifth-largest two-day drop for the S&P 500 since World War II — global markets recovered part of the lost ground and ended the month near flat. The MSCI World fell by -0.36%, while the S&P 500 declined by -0.70%.

Among these results, emerging and developed markets recorded very similar performances (-0.21% versus -0.37%). This convergence reflected the global impact of tariffs and the uncertainty surrounding them, which affected all economies. Although China was the most impacted by the new U.S. levies (the average tariff on its exports rose to 145%), other emerging countries managed to offset its weakness. Among developed markets, Japan (Nikkei 225 +1.20%) was the only major economy to close the month in positive territory, followed by the United States (S&P 500 -0.70%), the United Kingdom (FTSE 100 -0.66%), and the Eurozone (EuroStoxx 50 -1.17%).

In this context, European indices followed the global trend and ended the month slightly lower. After a steep drop in the first week, European markets stabilized following the announcement of a 90-day moratorium on part of the new tariffs. The EuroStoxx 50 and Stoxx 600 fell by -1.17% and -0.67% respectively while the MSCI Euro was flat (+0.15%). Nevertheless, year-to-date performance remains positive, with gains of +6.27% and +5.06% respectively and +7.70% for the MSCI Euro.

At the sector level in the Eurozone, the largest gains were concentrated in domestically oriented and defensive sectors. Real Estate (8.42%), Construction (6.24%), Food Retail (+6.20%) and Utilities (5.75%) led the gains. On the downside, Energy (-6.24%) stood out, hit by declining crude prices and increased risk aversion, along with Basic Resources (-3.79%), Consumer Products & Services (-3.47%), Healthcare (-1.79%), and Industrials (-1.37%).

During the month of April Santander Euro Equity had a slightly negative absolute return and underperformed its benchmark MSCI EMU Net Total Return.

Sector allocation was positive, being long utilities, insurance, construction and real estate, as well as short healthcare and energy. Negative contribution being long telecom and short financial services.

Slightly negative performance on the stock selection side, main detractors included Adidas, ASML, Prosus, Linde, Unicredito and being short Siemens Energy as well as short D Boerse, Danone and l´Oreal. Main contributors were Iberdrola, Eon, Fresenius, Vinci, Heidelberg Materials, Ryanair and specific bets on the insurance sector, as well as being short energy and luxury names.

During the month of April, we sold the positions in DHL, bought Vonovia and reduce the exposure in the banking sector by selling part of the position in Unicredit.