

Santander Corporate Coupon

2 / 2026

Fund commentary

February was marked by increased geopolitical uncertainty, renewed volatility in equity markets and continued adjustment in monetary policy expectations.

In the final week of the month, tensions in the Middle East escalated. The situation prompted a temporary risk-off reaction in global markets, with oil prices moving higher and core government bond yields declining. While European countries were not directly involved, heightened uncertainty surrounding regional stability and potential energy price implications weighed on investor sentiment.

In the US, macroeconomic data remained mixed. Fourth-quarter GDP was 1.4%, while inflation indicators, including the PCE deflator, continued to signal persistent price pressures. Federal Reserve communication maintained a cautious, data-dependent stance, with policymakers emphasizing the need for additional clarity before adjusting rates. Market expectations for near-term easing were further moderated during the month.

In Europe, the ECB left policy unchanged, describing current monetary conditions as appropriately calibrated. Inflation showed signs of moderation earlier in the month, but policymakers reiterated that decisions would remain data-driven. Economic indicators were broadly stable, with modest PMI improvements in core economies and continued resilience in Spain.

Against this backdrop, US credit markets experienced a broad repricing during February. Heightened macro uncertainty and geopolitical escalation late in the month drove rotation into duration and a widening of credit spreads across both investment grade and high yield. Investment grade spreads widened by approximately 11 basis points month-over-month to 85 bps, while high yield spreads widened more materially, reflecting greater sensitivity to risk-off conditions. Treasury yields declined over the month in a bull-flattening move, partially offsetting the negative impact of wider spreads on total returns. Spread dynamics were differentiated across maturities. Within investment grade, the 1–3-year segment widened by 7 bps, and the 3–5 year segment widened by 11 bps, compared with 14 bps in longer tenors. This relative stability in shorter maturities underscores the defensive characteristics of the front-end during periods of elevated volatility.

Primary market activity remained active throughout much of the month, with solid issuance across financials and corporates. Although activity slowed temporarily in the final week amid geopolitical headlines, demand for short-dated,

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high-quality paper remained firm, supported by attractive all-in yields and investors' preference for lower duration exposure.

As for the fund, it delivered positive returns enjoying a similar performance vs its benchmark, although the fund did better on the 0-1 years and 1-3 year maturities. The financial segment outperformed the non-financial, and in terms of sectors the fund did better in Telecoms and Autos. The fund was quite active during the month, taking advantage of primary markets to add some exposure to new issues, such as Lloyds, Bank of America, Deutsche Bank or BBVA in the financial space and Thermofisher, Abott or Astrazeneca in the non-financial. In secondary, we added some exposure to subordinated financials both LT2 and At1, that are benefitting from strong fundamentals and demand from investors. The fund ended the month with a YTM of 4.37% and duration of 2.79 years.

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