

# Santander European Dividend

2 / 2023

## Fund commentary

After a strong start of the year, global stock markets rally started fading in February. Europe was the exception being the only major regional market to close the month higher helped by improving macro data and falling natural gas prices.

In this sense, the Stoxx Europe 600 index ended the month up 1.89% (net total return) while the EuroStoxx 50 gained 1.90% (net total return). This adds to an already solid return for the year, with the Stoxx Europe 600 and Eurostoxx 50 indices up by 8.74% and 11.97%, respectively.

Regarding sectors, Autos (6.45%), Banks (6.19%), Telecoms (5.10%), Energy (4.90%), Industrials and Construction (3.50%) lead the pack while Basic Materials (-6.15%), Real Estate (-2.07%), Technology and Consumer Product & Services (-0.60%) had a negative monthly return.

In February, the fund delivered a positive performance in absolute terms for the second month in a row, in line with major European equity indexes, although again comfortably outperforming its reference benchmark. The relative performance came primarily from the fund's underweights in mining companies, which heavily underperformed during the month, and utilities, penalized by bond yields moves, while the relative overweighted in financials paid off. Also was a positive relative contributor the stock-picking in consumer defensive and being underweight BASF, which reported worse than fear numbers.

In absolute terms, the main positive contributors were Shell (8%), Ahold (10%), SEB (14%), Banco Santander (16%) and Axa (4%), while Rio Tinto (-9%), Novartis (-4%), BASF (-7%), Universal Music Group (-5%) and Roche (-5%) were the biggest detractors.

During the month there were some changes and adjustments within Financials (opened new position in DNBm while reduced the weight in BNP, Intesa or SEB), Consumer Staples (increased positions in Reckitt Beckmiser, Glanbia, Unilever and ABInbev), Technology (closed all active bets), Utilities (increased allocation to Iberdrola, Endesa and Enel) and Industrials (partially reduced bet in Deutsche Post).

In terms of flows, this month the fund experienced €1.86M of net outflows, representing a 0.3% of its NAV.

The fund has a 92.9% exposure to equities, at the low-to-mid point of its investment range (90%-100%).

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The manager currently holds overweight positions in Consumer Staples, Telecommunications, Basic Materials, Energy and Utilities while remains underweight in Industrials, Technology, Consumer Discretionary, Financials, Healthcare and Real Estate.

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