

Santander European Dividend

1 / 2026

Marketing Communication

Fund commentary

January started with a clearly "risk-on" tone in global equities, with a very strong leadership from emerging markets and a broadening of the rally beyond the main winners of 2025. In this context, markets rewarded exposure to cyclical sectors and commodities/energy —partly driven by an improvement in the macro backdrop and a rebound in growth expectations— while the technology/AI theme remained a structural support, albeit with greater dispersion and selectivity. In Europe, market performance was consistent with this rotation towards cyclicals and financials, while the U.S. also advanced, though with a more moderate performance and a less concentrated contribution from mega caps.

In this context, emerging markets significantly outperformed developed markets (+8.85% vs. +2.24% in USD). Among developed markets, Japan stood out with a strong performance (Nikkei 225 +5.93%), followed by the UK (FTSE 100 +2.98%), the Euro area (EuroStoxx 50 +2.76%) and the United States (S&P 500 +1.42%).

In Europe, the EuroStoxx 50 and the Stoxx 600 rose by +2.76% and +3.22%, respectively, and the MSCI Euro by 2.80% extending the positive momentum seen towards the end of last year.

At a sector level in Europe (Stoxx 600), January once again showed significant sector dispersion. Basic Resources led the gains (+12.68%), followed by Energy (+9.14%), Utilities (+7.82%), Industrials (+6.12%) and Banks (+5.44%). On the downside, the weakest sectors were Consumer Products & Services (-7.58%), Media (-6.40%), Insurance (-4.67%) and Autos & Parts (-4.29%).

From a geographical perspective, almost all European markets ended January in positive territory, with the Netherlands (+5.30%) leading, followed by Sweden (+4.98%) and the UK (+2.98%). By contrast, the only markets to close in negative territory were Switzerland (-0.60%) and France (-0.68%).

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In the month of January, the fund had a strong positive absolute return and outperformed its benchmark MSCI Europe High Dividend Yield.

Sector allocation was positive, being long utilities, telecoms and healthcare as well as short insurance. Negative contribution being short energy.

Positive performance on the stock selection side, main contributors included ABI, Glanbia, Roche, Orange, Enel and RWE as well as being short Zurich Insurance, Swiss Re and Publicis. Main detractors were Fresenius as well as being short Volvo, Kuehne, Maersk, BAT and Novartis.

During the month of January, we reduced the position in Shell and bought Total.

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