

Santander European Dividend

8 / 2025

Fund commentary

August was generally a positive month for risk assets, with gains in Equities and Credit, amid resilient activity data, inflation under control, and expectations of greater monetary flexibility. The focus of the month was on the annual Jackson Hole meeting, where Fed Chairman Jerome Powell signaled a shift in the balance of risks following the recent moderation in the labor market, consolidating expectations on rate cuts in September.

In this context, developed markets outperformed emerging markets (+2.61% vs. +1.28% in USD). Among developed markets, all closed in positive territory, with Japan (Nikkei 225 +4.06%) leading the way, followed by the United States (S&P 500 +1.99%), the United Kingdom (FTSE 100 +1.22%) and the eurozone (EuroStoxx 50 +0.64%).

In Europe, the main indices also advanced, albeit with more moderate gains. The EuroStoxx 50 and Stoxx 600 rose +0.64% and +0.94%, accumulating gains of 11.59% and 10.87% for the year.

At the sector level in Europe (Stoxx 600), August showed great dispersion. Basic Resources (+5.20%), Autos & Parts (+4.82%), Food, Bev & Tob (+3.95%), Healthcare (+3.90%), Telecoms (+2.48%) and Banks (+1.77%) stood out on the upside. In contrast, the hardest-hit sectors were Media (-3.63%), Technology (-3.55%), Construction & Materials (-2.28%), Utilities (-1.83%) and Travel & Leisure (-1.30%).

From a geographical perspective, almost all European markets closed higher, except for France (-0.88%) and Germany (-0.68%), which recorded slight declines, and the Netherlands, which ended flat. On the other hand, Spain (+3.81%), Switzerland (+2.97%), and Italy (+2.95%) performed the best.

In the month of August, the fund achieved a slightly lower return than the MSCI EURO High Dividend Yield Net Index benchmark.

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The portfolio remains defensively positioned, overweighted in resilient sectors such as Healthcare, Consumer Non-Cyclicals and Technology and underweighted in cyclical sectors such as Financials, Consumer Cyclicals Energy and Industrials.

In terms of sectoral contribution, the sectors that most contributed to the fund compared to the benchmark were: First, the Healthcare sector, where the fund is now overweight. Second, the Consumer Non-Cyclicals sector, where the fund is now overweight. Third, Energy sector, where the fund is now underweight.

Conversely, the sectors that most penalized the fund compared to the benchmark were: First, Consumer Non-Cyclicals, where the fund is now overweight. Second, Financials sector, where the fund is now underweight. Third, the Technology sector, where the fund is now overweight.

The stocks that contributed most to the funds' performance were: First, the weight position in JDE Peets, which surged in August after Dr Pepper announced an acquisition offer with a 20% premium. Second, the overweight position in Glanbia, which rose after the company raised its full-year guidance thanks to stronger than expected momentum in its Health & Nutrition overcoming earlier cost pressures. Third, the overweight position in Fresenius, which rose in August after the company raised its 2025 organic revenue guidance to 5-7% and announced plans to shell shares of its dialysis unit to maintain its stake.

The stocks that most negatively impacted the fund's performance were: First, the underweight position in Sanofi, which climbed following the U.S FDA approval of its novel drug bolstering confidence in its growth pipeline. Second, the underweight position in Novartis, which rose as promising late-stage trial results boosted investor confidence. Third, the overweight position in Sopra Steria, which dropped as investors remain concerned over ongoing challenges in the IT services sector.

During August, only minor adjustments were made to the portfolio: no new positions were added. Among these changes, the fund increased its position in Imperial Brands as the fund was underweighted and investor confidence strengthened. The position in Barry Callebaut was sold following the stock's recovery, which leaves less upside potential.

In terms of flows, this month the fund experienced €2.9 mn of net outflows, representing 0.60% of its NAV.

The fund's main positions are: TotalEnergies, Roche, Allianz and Axa.

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