Santander Asset Management

Marketing Communication

Santander European Dividend

4 / 2025

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 scaled back the impact of its measures. 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. Nevertheless, year-to-date performance remains positive, with gains of +6.27% and +5.06% respectively.

At the sector level in Europe (Stoxx 600), the largest gains were concentrated in domestically oriented and defensive sectors. Retail (+6.41%) led the gains, followed by Real Estate (+6.29%), Utilities (+5.32%), Construction & Materials (+3.90%), and Media (+2.79%). On the downside, Energy (-10.91%) stood out, hit by declining crude prices and increased risk aversion, along with Basic Resources (-6.56%), Consumer Products & Services (-3.28%), Healthcare (-2.91%), and Industrials (-1.10%).

In April, the fund achieved a return higher than the MSCI EURO High Dividend Yield Net Index benchmark, staying positive for the month.

The portfolio started the month defensively positioned, overweight in Consumer Non-Cyclical, Healthcare and Technology and underweight in cyclical sectors such as Financials, Energy and Consumer Cyclicals. After the initial reaction to the tariffs newsflow we neutralized the position in industrials adding cyclicality to the portfolio, and it resulted in a good capture of the rebound that took place in the last weeks of the month.

The stocks that contributed most to the funds' performance were: First, the underweight position in oil&gas sector and in EQUINOR, which dropped in line with the Oil sector as the OPEC+ announced the willing to produce more crude oil than expected. Second, the underweight position in STELLANTIS, which suspended its 2025 financial guidance due to tariff-related uncertainties. Third, the overweight position in GLANBIA PLC, which reported Q1 organic sales growth better than expected and reiterated guidance.

The stocks that most negatively impacted the fund's performance were: First, the overweight position in BARRY CALLEBAUT, which still faces headwinds as record-high cocoa prices are longer than expected. Second, the overweight position in BUNZL, which reported a profit warning due to a sharp deterioration in profits in North America as the business geared investment into an improvement in sales which didn't materialize. Third, the underweight position in TESCO PLC, which bounced after April drop due to its defensive profile.

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

The sectors that penalized the fund compared to the benchmark were: First, Consumer Non-Cyclical sector, where the fund is now overweight. Second, Financials sector, where the fund is now underweight. Third, Utilities sector, where the fund is now overweight.

During this period, the portfolio has been rebalanced to redistribute weights and capitalize on new opportunities. The position in VOLVO was increased after the recent drop as we expect trucks and construction equipment to be supported by a supportive fleet age and more energy-efficient powertrains. Also, the position in SANOFI was reduced due to FX negative impact and some disappointing study results. On the buy side, the fund opened a position in SWISSCOM. The position in VALLOUREC was sold due to the recent volatility in oil prices. In general, the portfolio took advantage of the movements in the first half of the month to increase its cyclical exposure and reduce its defensive tilt.

In terms of flows, this month the fund experienced €0.8 mn of net outflows, representing a 0.17% of its NAV.

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