

# Santander Go Global High Yield Bond

2 / 2023

## Fund commentary

### Contributors

- Overweight credit risk
- Credit selection in the basic industry sector, with an absolute underweight to Vedanta Resources the top single-name contributor

### Detractors

- Overweight allocation and weaker credit selection in the media sector, with Tegna, Cox Media Group and Sinclair Broadcast Group the top single-name detractors
- Off-benchmark allocation to investment-grade bonds and weaker credit selection in bonds rated BB and CCC & below
- Weaker credit selection in North American and European credits

### Outlook

- We note that much of January's optimism has faded as the market is grappling with solid economic data and its consequences for US and European monetary policy.
- We would argue that the starting quality of the asset class's fundamentals and solid technical factors continue to support refinancing and help to offset building pressure on corporate earnings and profit margins.
- While it may be premature to say we have reached the peak in yields in this cycle, we believe current yields are sufficiently high to compensate investors for foreseen and unforeseen risks.
- In terms of portfolio positioning across most strategies, we are in line to modestly overweight risk in terms of relative beta-adjusted spread duration.
- We are overweight banking and media, and underweight leisure, US healthcare and pockets of the real estate complex.

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- We remain overweight single-B rated credit relative to BB and continue to be cautiously positioned in CCC & below credits.

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