

Santander Money Market EUR VNAV

2 / 2026

Fund commentary

Environment:

Federal Reserve officials agreed almost unanimously last month to leave interest rates unchanged. Still, two participants said they favored a rate cut, Governors Christopher Waller and Stephen Miran. They both expressed concerns about a potential slowdown in the labor market. Divergences were wider among the seventeen participants, when they openly raised for the first time the hypothesis of a rate hike if inflation were to remain above the 2% target. What we can ultimately take away from all this is that inflation seems to be on the path to slow this year, which should pave the way for further easing of the Fed's monetary policy. The market is anticipating a rate cut by 25 bps in July followed by another in the 4th quarter.

The European Central Bank has decided to keep its key rates unchanged, an announcement widely anticipated by the markets. The deposit, refinancing and marginal lending rates remain at 2%, 2.15% and 2.40% respectively.

The Governing Council's updated data confirm that inflation is expected to stabilize at around 2% over the medium term, in line with the ECB's target. The euro area economy is showing significant resilience, supported by a strong labor market, relatively healthy private balance sheets and rising public spending, particularly in defense and infrastructure.

However, the outlook remains uncertain. Geopolitical tensions, international trade policies, and the persistent fragilities of some economies continue to weigh on the macroeconomic scenario. The ECB reaffirms its pragmatic approach: future decisions will be taken meeting by meeting, depending on the economic and financial data available.

Market: :

The 2 year US rate, which closed January at 3.52%, fell to 3.37% by end February; the 10 year followed the same trend, dropping from 4.23% to 3.94% over the month.

In the Eurozone, yields moved decisively lower: the 10 year fell from 2.84% at end January to 2.64% at end February, after a short lived high of 2.89% in early February. The 2 year euro area yield started at 2.08% (end Jan), edged to 2.12% in early February and then declined to 1.99% at month end.

The €STR swap rate remained essentially flat around 1.93% throughout the month.

Credit spreads widened slightly: the generic 5 year iTraxx moved from 51.3bps to 55.5bps.

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In the same way, short-term issue spreads changed only slightly in February and remain at €str + 14bps over the 3 months and €str + 31bps over the 12 months.

Overall, the month showed a broad sovereign rally across US and European curves, a steady €STR, and a slight deterioration in credit spreads amid geopolitical tensions and thematic flows (notably AI and private credit)

Management

The growth in outstandings, which had regained strength (+€163m) in January continued this trend in February to reach a record high of € 3,481 million AUM at the end of the month.

We kept the same management strategy, while continuing a systematic hedging of the interest risk beyond 6 months tenors and trying to maintain the same overall credit duration.

Risk metrics :

The portfolio's WAM remained stable at 12 days, while the WAL remained globally stable at 140 days (slightly down from 144 days at the end of January).

Net Performance (I-share class – 360 basis) versus index:

	I-Share	€str compounded	Spread vs Index
30/01/26 – 27/02/26	2.029%	1.932%	€str +0.097%
31/12/25 – 27/02/26	2.043%	1.934%	€str +0.11%

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