

# Santander Money Market EUR VNAV

10 / 2025

## Fund commentary

Environment:

If geopolitical tensions have eased, economic uncertainties remain high, particularly in the United States.

Thus, J. Powell stated on October 15 that inflation was above the target and slightly rising, and that the labor market was subject to quite obvious downside risks. The impact of the tariff increases is beginning to be felt. Furthermore, the shutdown that has lasted since October 1 and is paralyzing the U.S. public administration risks worsening the situation. Finally, regional banks are causing concern with losses reported at some that recall the SVB episode of March 2023. All these developments have led the Fed to cut its key interest rates by 0.25 basis points for the second consecutive time.

In Europe, the situation seems better. On several occasions, representatives of the European Central Bank have stated that the interest rate levels in the Eurozone are appropriate for the situation. Inflation is close to the 2% target and is expected to remain there over the coming years. Economic activity continues to progress slowly but remains fragile and dependent on the overall situation.

France, on the other hand, remains the main cause for concern. Mr. Lecornu was reappointed as Prime Minister after his government resigned in early October, with the mission to find a budget despite not having a parliamentary majority. The persistence of uncertainties regarding deficit reduction has led Standard & Poor's to downgrade France's rating from AA- to A+, and Moody's to place a negative outlook.

## Markets

US rates showed volatility during the month. The 2-year rate recorded a significant drop at the beginning of the month, falling from 3.57% to 3.42% before ending at 3.58%. As for the 10-year rate, it dropped from 4.15% to 3.95% before rising back to 4.08%.

Euro rates followed the same trend. The 2-year rate fluctuated between 1.90% and 2.00%, and the 10-year rate between 2.55% and 2.70%, ending the month at 2.64%.

Despite doubts and uncertainties, the 10-year spread between France and Germany remains slightly below 80 basis points.

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The €STR swap curve remained relatively stable, with short maturities around 1.92% and the 1-year at 1.88% (slightly down).

Short-term bond spreads tightened over the period; the 5-year generic Itraxx moved from 56 to 54. Short-term bank issuance spreads remained stable (12 to 14 basis points for 3 months and 30 to 32 basis points for 1 year).

## Management

Assets under management continued to grow, reaching €2.72bn (+€90m over the month).

We maintained our interest rate risk hedging strategy by only covering maturities beyond the year-end.

The fund's WAL (Weighted Average Life) slightly increased from 150 to 153 days. We continue to work on increasing it.

## Risk metrics :

The fund's WAM remained at 6 days while the WAL increased to 153 days.

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

	I-Share	€str compounded	Spread vs Index
01/10/25 – 31/10/25	1.982%	1.928%	€str +0.05%
31/12/24 – 31/10/25	2.298%	2.259%	€str +0.04%

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