

# Santander Money Market EUR VNAV

8 / 2025

## Fund commentary

### Environment:

The situation remains very uncertain both geopolitically and economically.

Despite talks to establish a ceasefire and a meeting between D. Trump and V. Putin, no significant progress has been made to envisage an end to the war between Ukraine and Russia.

Furthermore, the trade war triggered by D. Trump continues with impacts that remain to be measured but are expected to cause economic slowdown and inflation. The pressure exerted by the American president on the Fed governor and the question of its independence add further uncertainty.

In Europe, it is the French political situation that is worrying. Prime Minister François Bayrou, unable to gather a majority around his 2025 budget project, is putting his mandate at risk through a vote of confidence that should bring down the government and further delay measures to clean up public finances.

Neither the Fed nor the ECB met in August. But Mr. Powell, at Jackson Hole, opened the door to a possible rate cut soon due to the likely slowdown in growth and the deterioration of the labor market across the Atlantic.

In the United States, growth for the second quarter rebounded to 3.3% (after a disappointing first quarter at -0.5%), while inflation for July stands at 2.7%.

In Europe, growth in the second quarter is 1.4% with inflation close to the ECB target at 2.1%.

### Markets:

The US 2-year rates fell significantly in August from 3.95% to 3.60%. This movement is partly explained by the monthly US employment report which disappointed expectations, revived anticipation of Fed rate cuts in the near future, and weakened the dollar from 1.14 to 1.17 against the euro.

Over the same period, the German 2-year rate remained relatively stable between 1.90% and 1.95%. Political turmoil in France caused the 10-year France-Germany spread to widen to 80bps (compared to 65 at the beginning of the month), approaching levels reached in November 2024 (88bps).

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In the short term, the OIS interest rate swap curve remained stable with 3 months around 1.91% and the year at 1.83%.

The issuance spreads of well-rated issuers also remained stable at 14bps for 3 months and 31bps for the year.

#### Management:

The fund's assets under management continued to grow, reaching €2.57bn (+€170m over the month).

We maintained our policy of hedging interest rate risk through the use of interest rate swaps. However, in the coming weeks, as markets do not anticipate any rate move by the ECB, we have decided to no longer hedge the interest rate risk of fixed-rate investments maturing in 2025.

The fund's WAL decreased from 146 to 141 days and should remain within a range between 135 and 150 days. We remain very selective in the choice of issuers.

#### Risk metrics :

The fund's WAM remained at 4 days while the WAL increased to 141 days.

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

	I-Share	€str compounded	Spread vs Index
31/07/25 – 29/08/25	2.115%	1.9256%	€str +0.19%
31/12/24 – 29/08/25	2.400%	2.329%	€str +0.07%

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