Santander Asset Management

Santander Multi Index Balance

10 / 2025

Marketing Communication

Fund commentary

October was another positive month for financial markets, with gains in both equities and fixed income. Throughout the month, several indices reached new all-time highs, including the S&P 500 and Nasdaq in the United States, the EuroStoxx 50 in the Eurozone, and the Nikkei in Japan. This momentum was supported by a strong third-quarter earnings season and the Federal Reserve's further interest rate cut at its October meeting. On the macroeconomic front, the partial US government shutdown prevented the release of some key data, such as third-quarter GDP and September employment figures. Nevertheless, indicators from private sources point to sustained growth and a moderate slowdown in the labor market. In the Eurozone, third-quarter GDP surprised slightly on the upside, increasing by 0.2% compared to the previous quarter. In fixed-income markets, the month was marked by a notable decline in yields and an increase in sovereign bond prices, driven by expectations of further interest rate cuts in the US. This movement moderated toward the end of the month, with the yield on the German two-year bond settling at 1.97% and the ten-year bond at 2.63%. In the currency market, the dollar appreciated 1.7% against the euro, closing the month at $1.1540/€.

Equity exposure closed the month at 46.3%. The portfolio remains primarily focused on the United States, Europe, emerging markets, and Japan, reflecting a global yet balanced perspective. During this period, the global equity position was unwound to reshape the portfolio with a more targeted geographical allocation, aligned with the growth and valuation prospects of each region. The positive market sentiment and stable macroeconomic indicators supported the decision to maintain significant exposure to this asset class.

The portfolio duration closed at 2.19 years, maintaining a cautious approach considering interest rate developments. The allocation is primarily composed of European corporate credit, followed by European sovereign debt and a tactical position in US Treasury bonds, which helps diversify geographic exposure. Management continues to focus on preserving the balance between return and risk, selectively capitalizing on credit opportunities.

Exposure to the US dollar closed the month at 27.9%, driven by the currency's strong performance during the period. This level reflects both the dollar's strength against other currencies and the appreciation of assets denominated in this currency.