

# Santander Multi Index Substance

2 / 2023

## Fund commentary

February saw a resurgence in inflation, reversing the optimism investors had shown earlier in the year. The prospect that interest rates would remain higher for longer provoked bond yields to rise (meaning bond prices suffered). The UK and European shares markets registered small positive performance, outperforming other regions, whilst most major global bond markets saw negative performance.

In terms of asset allocation, the portfolio bought some European corporate bonds and European government bonds towards the start of the month, funded from cash thus increasing its duration. Considering this activity, the portfolio still remains marginally underweight shares, bonds and duration compared to its neutral allocation.

Absolute performance over the month was negative given the poor performance in US shares and European bond markets. This negative performance was cushioned however by the team's tactical decision to be underweight shares and bonds, and performance would have been worse off had the portfolio held a neutral allocation in assets.

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