Santander Select Defensive

4 / 2025

Fund commentary

In April, after episodes of strong volatility, the stock markets had a mixed performance, while the main fixed income indices in the Eurozone and the US recorded gains. On April 2, President Trump announced reciprocal tariff increases, exceeding market expectations and triggering a tariff escalation between China and the US, causing declines in major stock markets, particularly in the US. The US subsequently suspended tariff increases for all countries except China, allowing for a gradual recovery in stock markets. In the US, the Nasdaq rose 0.85%, while the S&P 500 fell 0.76%. In the Eurozone, German DAX outperformed gaining 1.50%; the EuroStoxx 50 fell 1.68% due to French companies in the luxury and energy sectors.

In fixed-income markets, eurozone government bonds rose in price, and yields fell, helped by their safe-haven status and the ECB's signals of continuing to lower interest rates. In the US, tensions between Trump and the Federal Reserve generated volatility in the bond market, although yields declined during the month.

In the currency market, the euro strengthened against the dollar, appreciating more than 4.5%.

Regarding equity positioning, we closed the month at 18.2%, down 1% from the previous close. Given the high volatility and sharp declines in the first half of the month, we took advantage of the opportunity to take profits from the hedges implemented last month, in addition to increasing exposure through purchases of both Eurostoxx and S&P futures. Later, with the strong market recovery in the second half of the month, we sold S&P 500 futures, ending the month with a slight reduction in the US market, unlike in Europe, where exposure increased by 2%.

On the fixed-income side, thanks to the strong performance of European duration bonds, which acted as a safe haven against increased volatility, we decided to reduce duration by selling 5 and 10 year German bond futures. We also increased our exposure to High Yield Global funds, taking advantage of rising credit spreads during times of heightened uncertainty. As a result of all our operations, we closed the month with a fund duration of 3.15 years, a decrease of 0.09 years compared to the previous close. Our fixed-income portfolio is primarily composed of European government and credit bonds, although we do maintain a slight exposure to US Treasuries.

Regarding currency exposure, we still have exposure to the dollar.