Santander Asset Management

Santander Select Dynamic

3 / 2026

Fund commentary

March was marked by the conflict in the Middle East. Tensions in the Strait of Hormuz pushed energy prices higher, with Brent reaching $118.4 per barrel. This led to broad declines across both equity and fixed income markets, intensifying throughout the month. The MSCI ACWI fell -7.4%, the Stoxx Europe 600 -8%, and the S&P 500 -5.09%. In fixed income, rising inflation expectations weighed on bond prices, pushing yields higher. This move was reinforced by messages from the Federal Reserve (Fed) and the ECB, both adopting a cautious tone in response to the energy shock. Market expectations adjusted accordingly: in the Eurozone, deposit rates are now priced at 2.50%–2.75%, while in the US, expectations of rate cuts have been removed. European IG credit spreads widened by +13 bps. In this environment, the US dollar acted as a safe-haven asset, appreciating to 1.1553 USD/EUR. In our view, the energy spike will have a temporary inflationary impact, without triggering second-round effects. We expect the global economy to remain in an expansion phase, albeit with slower growth than anticipated a month ago.

In equities, we closed the month with an exposure of 73.5%, representing a 2.9% reduction compared to the previous month-end, mainly concentrated in the US and Europe. During the month, in European equities we shifted positioning by reducing exposure to MSCI Europe and increasing allocation to more specific segments such as small caps and the MDAX, aiming to better capture relative opportunities following sharper declines in these segments. We also reinforced portfolio protection by extending hedges to longer maturities and wider ranges, while maintaining an approximately neutral cost. Additionally, we implemented short-term protection strategies on the EuroStoxx50 to tactically manage portfolio risk during periods of increased volatility.

In fixed income, the portfolio ended the month with a duration of 1.60 years, slightly higher than the previous month. We maintained balanced diversification across European and US sovereign debt, along with corporate credit and exposure to higher-yield segments. Management remained stable, with no significant changes in positioning.

Regarding currencies, USD exposure stood at 38%, 1.3% above the previous month. This increase was mainly driven by the higher weight of USD-denominated assets and the strong performance of the dollar during the month, rather than active allocation decisions.