

Santander Select Moderate

2 / 2023

Fund commentary

By the beginning of February, the Central Banks seemed to be moderating their restrictive stance as they implemented further interest rate hikes. However, the latest inflation data pointed towards a slower deceleration than previously expected, which led to new outflows in fixed income markets. By contrast, investor sentiment has improved over the last few weeks, and European equities have experienced a strong rebound due mainly to the falling price of gas.

In this scenario we have kept the equity exposure below its neutral level (40,4% by the end of February). We have increased exposure to European equities via Eurostoxx 50 options, while we maintain hedging strategies in European and US markets to cover the downside risk. We keep defensive strategies in place in the European market, and a global Health sector one. Additionally, we have a new options strategy on the VIX volatility index to hedge off the risk of a quick downturn in the US market. With regards to our Fixed Income portfolio, we have increased duration in European debt, shifting towards 7-10 years bonds, and in US debt as well (long 5-year Treasury bond). Likewise, we have slightly increased our credit exposure, staying below the reference level. The modified duration of the fixed income portfolio by the end of the month is 3,9 years. Lastly, we maintain a long EUR/short USD strategy in place, as well as a small investment in gold.

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