

# Santander Select Moderate

2 / 2026

## Fund commentary

February closed on a constructive note for the markets once again. Global equities posted moderate gains, with the MSCI World AC rising 1.2%, while major fixed-income indices, both government and corporate, also finished in positive territory. This performance was supported by a relatively stable macroeconomic environment and monetary policy expectations that continue to point to cautious actions by central banks. In fixed income, yields fell across the board, particularly at longer end of the curve, leading to an appreciation of bond prices. In the Eurozone, the ECB kept interest rates unchanged, in line with expectations, reinforcing a cautious message ahead of upcoming economic data. In the United States, the minutes from the Federal Reserve's January meeting also reflected a cautious approach to future interest rate decisions, underscoring the data-dependent nature of the data. In the stock market, the focus was on the fourth-quarter earnings season. Earnings growth was solid and increasingly broad across sectors and regions. Although major US tech companies posted robust figures, high initial valuations prompted a rotation toward other segments with attractive dynamics, particularly boosting Europe and emerging markets. In currency markets, the euro depreciated slightly against the dollar, while gold and crude oil rallied, supported by geopolitical tensions.

From an allocation perspective, the fund closed February with an equity exposure of 44.5%, representing a 2.4% increase compared to the previous month. This increase was primarily concentrated in Europe and emerging markets, supported by their relatively stronger performance. During the month, we tactically implemented a bullish optionality strategy on Europe to capture market potential in an environment of attractive valuations. Part of this position was subsequently unwound after the upward movement materialized quickly. We also made internal adjustments within each region to increase exposure to more cyclical segments and those linked to macroeconomic recovery. In the United States, we reduced our exposure to the S&P 500 to incorporate the S&P 400 and S&P 500 Equal Weight, promoting greater diversification and reducing concentration in mega-cap stocks. In Europe, we reduced our allocation to MSCI Europe to increase our exposure to small caps and strengthen our position in the MDAX, the German mid-cap index. Additionally, a hedge against the S&P 500 was implemented during the month, slightly reducing the fund's exposure to this market.

In fixed income, the total duration remained at 2.63 years, virtually unchanged from January. While no adjustments were made to the aggregate duration, internal reallocations were carried out among underlying assets and segments to optimize the portfolio structure and improve its efficiency, while maintaining a balanced position between sovereign and corporate debt.

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In currencies, we maintained our exposure to the US dollar, which closed the month at 19.7% (2.8% higher than the previous month). This increase is partly due to the appreciation of assets denominated in this currency, particularly in emerging markets, and is consistent with the team's strategic view on the dollar.

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