Santander Asset Management

Santander US Equity

Marketing Communication

2 / 2026

Fund commentary

The fund ended February with a negative absolute return, also lying behind its reference benchmark.

February was marked by divergent performance in global equities and a clear rotation in market leadership. While emerging markets, Japan and the UK posted strong gains, the S&P 500 ended the month in negative territory, weighed down by volatility in large-cap tech and increased scrutiny over returns on AI-related capex. Overall, the move reflected composition effects and internal rotation rather than a deterioration in fundamentals, with US earnings still solid.

In relative terms, the main positive contributors during the month were industrials and consumer discretionary. In industrials, performance was driven primarily by stock selection, with Wabtec and Caterpillar supported by solid results and strong order visibility. In consumer discretionary, Ferrari contributed on continued operational strength, while Hasbro benefited from better-than-expected results and share buybacks. In addition, not holding Tesla helped, as the stock corrected amid renewed demand concerns.

On the negative side, healthcare, financials and technology detracted from performance. In healthcare, IQVIA was a key drag, reflecting concerns that rapid advances in artificial intelligence could disrupt parts of its data and clinical services model, alongside weakness in Thermo Fisher. In financials, uncertainty around private credit and potential technological disruption weighed on KKR and Capital One. In technology, IBM and Palo Alto declined, and the short position in Applied Materials detracted in a strong month for semiconductor equipment.

In terms of portfolio activity, within industrials we rotated from S&P Global into L3Harris, seeking greater earnings visibility and exposure to the structural defense spending cycle. In technology, we repositioned the portfolio to better capture value within the AI cycle: we rotated Salesforce and ServiceNow into DataDog, neutralized Microsoft given elevated capex and near-term margin uncertainty, and modestly increased exposure to Alphabet. In hardware, we initiated a position in Arista Networks, a key provider of high-speed networking systems for data centers. Finally, in energy, we moved to a neutral sector stance by increasing exposure to Exxon, focusing on cash generation and capital discipline in a more uncertain geopolitical environment.

The fund currently maintains an equity exposure of around 98%, with overweights in technology, financials and basic materials, and underweights in consumer discretionary, utilities and real estate.