Santander Asset Management

Santander US Equity

11 / 2025

Marketing Communication

Fund commentary

The fund closed November with a slightly positive return in absolute terms, also beating its benchmark index, the S&P500.

November was a month of consolidation for global equities, with very modest overall returns but strong rotations across regions, styles and sectors. After several months of gains supported by the momentum of artificial intelligence, the market showed some "fatigue" in the names most exposed to this theme, while defensive and financial sectors gained traction.

In relative terms, the largest positive contributions during the month came from exposure to the technology, real estate, and financials sectors. In technology, the overweight position was a slight drag given the sector's underperformance versus the broader market, but stock selection was clearly positive. Notable contributors included Alphabet, which rebounded following Warren Buffett's investment; Broadcom, supported by news that Meta will use Google's TPUs; and Analog Devices, which reported FY2025 Q4 results ahead of expectations, driven by solid growth in its industrial and communications segments. Additionally, not holding weaker performers such as Palantir, AMD, or Doordash was helpful. In real estate, the underweight versus the index detracted somewhat, but this was more than offset by the excellent performance of Welltower, which several analysts have added to their top sector ideas. In financials, the contribution was likewise positive, supported by the strong performance of companies such as Intercontinental Exchange.

On the negative side, the sectors that weighed most on performance were basic materials, consumer staples, and energy. In basic materials, the impact was concentrated in Linde, which lowered its guidance due to weaker industrial activity. In consumer staples, a combination of margin pressure and downward earnings revisions affected several companies in the sector. Lastly, in energy, the decline in crude oil prices and the underperformance of stocks linked to exploration and oilfield services, such as SLB, generated a negative contribution for the month.

Regarding portfolio activity during the period, we did not introduce any significant changes to the composition of the portfolio. However, we did implement an options hedging strategy through the purchase of S&P 500 put options, with the objective of partially protecting the portfolio and limiting downside risk in an environment of greater uncertainty, while at the same time maintaining participation in a scenario where equity market gains continue.

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Currently, the fund has an equity exposure of around 97%. In terms of sector positioning, the largest overweights are in the financial, technology and basic materials. Meanwhile, the largest underweights are the pharmaceutical, consumer cyclical and energy sectors.

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