

# Santander US Equity Hedged

1 / 2026

## Fund commentary

The year 2026 begins with moderate gains in the S&P 500 index (+1.4%), while trading within a narrow range throughout the month. Looking at the market, we see that the rotation that began in November continues, with the mega-cap companies known as the “magnificent seven” losing ground to other companies in more traditional sectors such as materials, industrials, and basic resources. The 500 companies that make up the index have risen by an average of 3.3%, clearly outperforming the regular index, where larger companies carry more weight.

The portfolio started the quarter 100% hedged against declines greater than -5%, but selling only 50% of call and put options to reduce the cost of the hedge. What we did when the S&P rose 2% was to complete the sale of calls by entering a higher premium than at the beginning of the year. The fund is now two years old since its launch. In a very bullish market environment, it has managed to capture two-thirds of the S&P 500's returns with 40% less volatility, thus achieving the objectives we sought when designing the investment solution.

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