

Santander US Equity Hedged

4 / 2026

Fund commentary

In April, the S&P 500 rebounded strongly, driven by the apparent de-escalation of the military conflict in Iran and the release of very strong corporate earnings. Major U.S. companies are surprising on the earnings side, driving the S&P 500 index up by +10.3% for the month. There has been a significant sector rotation, with sectors that had been struggling during the first quarter—such as technology and telecommunications—standing out positively with gains of +18%, while Energy fell -4% from its March highs, which were close to +40% for the year.

Since March 30, the market has risen +13.4%; a rally this intense in such a short time has occurred in history less than 1% of the time. The impact on the fund has been amplified because this rally began just as the fund had to renew its quarterly options positions. The sold CALL is currently limiting participation in much of the rally, thereby weighing on the fund's accumulated returns. On the upside, this option holds significant value that could materialize should the market pull back over the next two months.

Regarding positioning, we have repurchased half of the put options we sold at the start of the quarter, capturing a significant portion of the premium received and gaining flexibility to take advantage of potential market declines.

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