

Santander European Dividend

12 / 2025

Fund commentary

December closed with a positive return for global equities, albeit with significant regional dispersion: leadership shifted toward emerging markets and Europe, while the United States ended the month broadly flat. In terms of market dynamics, the month was characterized by a rotation toward financials and more cyclical sectors, supported by a still-resilient macroeconomic backdrop, a weaker US dollar, and renewed—albeit more selective—momentum in themes linked to artificial intelligence.

In this context, emerging markets outperformed developed markets (+2.99% versus +0.81% in USD). Among developed markets, the UK (FTSE 100 +2.26%) and the Euro area (EuroStoxx 50 +2.23%) ended the month strongly positive, while Japan (Nikkei 225 +0.26%) and the United States (S&P 500 +0.03%) finished close to flat.

In Europe, the main equity indices also closed the month firmly higher. The EuroStoxx 50 and the Stoxx 600 rose by +2.23% and +2.80%, respectively, bringing year-to-date gains to 21.20% and 19.80%.

At a sector level in Europe (Stoxx 600), December showed notable sector dispersion, although most sectors ended in positive territory. The best performers were Basic Resources (+10.31%), Banks (+7.91%), Retail (+7.50%), Financial Services (+6.48%), Travel & Leisure (+3.76%) and Insurance (+3.64%). On the downside, the only sectors posting negative returns were Food, Beverage & Tobacco (-1.41%), Chemicals (-1.06%), Real Estate (-0.40%) and Energy (-0.30%).

From a geographic perspective, all European markets closed December in positive territory, led by Spain (+5.89%), supported by its exposure to banks, followed by Italy (+3.67%) and Sweden (+3.41%). By contrast, the weakest performers were France (+0.49%), the Netherlands (+0.84%) and the UK (FTSE 100 +2.26%).

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In the month of December, the fund had a strong positive absolute return similar to its benchmark MSCI Europe High Dividend Yield, and kept the year-to-date outperformance at the closing of 2025.

Sector allocation was neutral, positive contribution being long healthcare and travel&leisure as well as short energy. Negative contribution being short insurance and long tobacco.

Positive performance on the stock selection side, main contributors included ABI, Ryanair, Roche, Fresenius, Orange, Sopra, Allianz, Axa and RWE as well as being short Shell, Pernod and Diageo. Main detractors were Verallia, Imperial Brands and CCEP, as well as being short UPM, Maerks, Kuehne and Nagel, Publicis, H&M, Zurich Insurance and Baloise Holding.

During December, we sold the positions in Heineken, increased the position in Diageo and took some profit on Glanbia starting to decrease the position.

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