

Santander GO Dynamic Bond

12 / 2025

Fund commentary

Performance:

Santander GO DBF returned 0.50% in the month of December.

December closed the year with contrasting central bank moves and shifting market sentiment. The Federal Reserve delivered another rate cut, while the Bank of Japan surprised with a hike—the sharpest in decades—underscoring global policy divergence. Despite easing from the Fed, U.S. Treasuries ended weaker as yields climbed and the curve steepened, while European bonds and UK gilts also edged higher. Japan's tightening pushed JGB yields to multi-year highs, reinforcing the theme of monetary whiplash across regions. Spreads especially in HY tightened modestly. Equities were mixed: U.S. tech struggled under AI valuation concerns, but European markets rallied into year-end, led by strong gains in Spain and resilience across major indices.

Top Contributors:

- Long exposure to Securitized specially Agency MBS, as spreads tightened.
- Long exposure to select Emerging Markets FX, primarily CEMEA and LatAm currencies, from carry.
- Long exposure to South African duration, as yields fell across the curve

Top Detractors:

- Long exposure to Australian and Brazilian duration, as yields rose across the curve.

Positioning and Outlook:

Main changes over the month:

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We slightly increased duration via US and we increased spread exposure via IG.

Duration:

Total portfolio duration stands at 3.45 yrs and is the result of exposures in the U.S. (1.76 yrs), UK (0.38 yrs) and EM (0.79 yrs).

Spread:

Total portfolio market weighted spread duration stands at 2.63 yrs, mostly focused on IG corporates (1.68 yrs) and to a lesser extent HY (0.31 yrs) and EM (0.16 yrs). Also have exposure to non-agencies (0.28 yrs).

Currency:

The fund is currently long EM currencies such as the Brazilian Real, the Mexican peso and the Indian rupee. The portfolio has long positions in DM currencies in JPY, EUR and short positions in AUD and CAD.

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