Santander GO Global Equity

Marketing Communication

1 / 2026

Fund commentary

Market developments:

Equity markets entered 2026 in full risk-on mode, with January bringing a meaningful broadening out beneath relatively modest headline gains (+0.9% in EUR; +2.2% in USD). Geopolitical headlines around Venezuela, Greenland and Iran gripped markets at first, followed by a volatile corporate earnings season. Whereas large-cap stocks only crept up slightly, the small-mid-cap cohort performed much better. Sector leadership also flipped with last year's wallflowers such as energy and consumer staples suddenly rebounding strongly. Early results and revisions also show a widening gap between perceived AI winners and 'losers', though classic AI leaders have also started to hand over gains to AI-linked capex beneficiaries across the more capital-intensive sectors. For markets in general, credit spreads are still tight and equity valuations remain stretched, leaving a thin margin for error. Testament to this was the surprise announcement by President Trump to nominate Kevin Warsh as the new Federal Reserve Chairman, whose background seems less of a fit with a very dovish rate policy – something President Trump had been aggressively pushing for. This clearly changed the market vibe in the final days of January, where risk-on mode was quickly abandoned and areas such as precious metals and gold reversed course.

Top holdings:

Our top active position is Alphabet, as we believe that with its leading positions in Search, Cloud and the investments into its AI platform, it has a long runway for growth with attractive returns. Thermo Fisher is our second-largest active weight. Thermo is a US life sciences toolmaker with arguably the best operating track record in the healthcare tool space. We believe the medicaltool sector is past the worst and sees most of its end-markets accelerating from here. UK pharma company AstraZeneca rounds off our top-3 active positions. AstraZeneca has leading franchises in therapeutic areas such as oncology, cardiovascular diseases and immunology, enabling it to have strong growth potential for the coming years.

Regional spread:

We have relatively neutral regional weights. Recently, we moved slightly lower in weight in Europe, as we see political turmoil in select countries might lead to higher credit rates. We have added to our US weight and are now slightly overweight North America. We have a neutral position in Asia-Pacific, with a slight underweight in Japan and an overweight position in Emerging Asia.

Performance:

In January, the portfolio had a slight positive absolute return, effectively in line with the benchmark. Sector-wise, our positioning in Technology and Communication Services helped

In terms of stock selection, semiconductor equipment maker Applied Materials contributed best

to performance. The company continues to benefit from very strong demand in the AI chip supply chain. Confidence was further boosted by strong results and commentary from industry leaders TSMC and ASML.

Siemens Energy also did well in January, continuing the path they were on in 2025. The company is active in the primary bottleneck for AI services: power. With all the focus on the AI supply chain so far this year, Siemens Energy is in the right position. Analysts are upgrading their estimates, competitors are reporting strong results, and we expect Siemens Energy to report strong numbers as well.

Alphabet performed strongly too, driven by a cluster of AI-driven growth expectations, positive Cloud momentum and the Ad and Search franchise remaining solid. Further progress with Gemini and custom TPU chips including v7 underpins the AI compounder narrative, though admittedly valuation is starting to reflect all that too.

On the flipside, Salesforce was the largest detractor. The company had very little news to report, but investors fear AI is going to kill software. Most software companies derated meaningfully, after an already weak 2025. Attractive valuation is not yet enough of a support until management finds a way to dismiss the negative narrative that looms above Salesforce and its peers.

Sony Group also underperformed in January. Investors worry that the upcoming Netflix-Warner Bros. deal might negatively impact Sony's Pictures business. As Netflix adds HBO and other libraries, it can rely less on third-party licensing, putting pressure on Sony's ability to sell premium film and series packages.

Finally, Microsoft's share price corrected too as investors believe it has too little to offer yet in terms of AI strategy, and they question the tight relationship with OpenAI. Microsoft's Cloud business Azure continues to grow very strongly, though, but apparently not enough to meet buyside expectations.

Portfolio changes:

In January, we took a position in Booz Allen Hamilton, a consultancy firm that stands to benefit from more US defense spending. Booz had a tough year in 2025 as DOGE and the government shutdown shredded contracting activity. Valuation is very attractive now, with most contract issues in the rearview mirror. With geopolitics in play and higher energy prices, in combination with improved rig activity in international markets and a recovery in offshore spending, energy service provider SLB has been added to the portfolio. Vertiv is also a newcomer to the portfolio; it commands a dominant market position in liquid cooling and electrical equipment into data centers, one of the fastest-growing market segments. In Tech, we decided to also add Micron to close our underweight in memory semis. The memory cycle is expected to last longer as supply demand dynamics remain extremely tight, helping strong pricing for longer. We sold Trane Technologies and Schneider Electric instead, where we see a less attractive risk-reward set-up compared to Vertiv. Within Financials, Mizuho Financial Group has been a new addition, a well positioned Japanese mega bank that improved its capital allocation on shareholder returns, and which is beneficiary of a steepening yield curve. Lowe's also re-entered the portfolio as the Trump Administration is working hard to improve the housing affordability situation in the US, potentially leading to lower mortgage rates and, subsequently, more do-it-yourself (DIY) home activity that benefits Lowe's strongly. We also started a new position in AIA Group, a large Hong Kong-based life insurer, as we want to increase our emerging markets exposure given an improved growth outlook. AIA is rising on increasing demand for insurance protection and to some extent also wealth management in Asia. We decided to throw in the towel on RELX, as the AI narrative remains against the company and its large US presence hurts earnings given dollar weakness. Another name we sold was Deutsche Telekom, given lack of catalysts and overhang on increasing mobile competition in the US, including the likes of Starlink and Amazon.

Management expectations:

To some extent, January felt like a year in one month. Media headlines seem awash with theories around US dollar currency debasement, yet equity markets still chug along as economic data remains fine. Earnings revision trends are still solid and AI-driven spending remains a real tailwind, but investors are clearly becoming more demanding on earnings prints, raising the bar for the next few quarters. There is general tension, though, between crowded positioning and still-friendly macro data. On the one end, we've got risk-on exposure, low cash positions and large economies refusing to roll over. On the other, if something snaps such as high yield spreads gaping higher, the US 10-year jumping, or tariff headlines spiraling into a proper trade shock, there's plenty of fuel for a fast de-risking. The playbook to navigate this is to lean into the cyclicals with real earnings growth, upgrade the portfolio with more quality, be pickier within AI and diversify away from further dollar weakness. Put differently, the near-term setup is still constructive but finely balanced across broader slices of the market. The base case outlook still tilts towards an upward grind with occasional mood swings.