Santander Asset Management

Marketing Communication

Santander Money Market EUR VNAV

6 / 2026

Fund commentary

Environment:

The signing of a ceasefire agreement between the United States and Iran should allow the gradual reopening of the Strait of Hormuz, which has already caused oil prices to fall from $98 per barrel at the beginning of June to $72 at the end of the month. The two belligerents have 60 days to find common ground on numerous points, each more thorny than the last. These discussions are viewed positively by the markets.

The FOMC, chaired for the first time by Kevin Warsh, did not change its key interest rates, which remain at 3.50%/3.75%. The new chairman emphasized the need to restore price stability and outlined the various development axes in the Fed's operating approach. The DOTS indicate a median Fed Funds rate of 3.75% at the end of the year, implying a 25bps increase before a return to a rate-cutting cycle in 2027.

Despite the drop in energy prices, inflation remains high in the Eurozone: the Consumer Price Index for May stands at 3.2%, and 2.6% excluding energy and food products, which is above the ECB's 2% target. It is in this context, and because it considers that inflation is spreading beyond energy, that the ECB decided to raise its key interest rates by 25bps on June 11, 2026. For Ms. Lagarde, it is necessary to nip inflation in the bud and not let inflation expectations become unanchored. The ECB now forecasts headline inflation at 3% in 2026, 2.3% in 2027, and 2% in 2028. It has revised down growth forecasts to 0.8% in 2026, 1.2% in 2027, and 1.5% in 2028. The president once again reiterated that the ECB does not commit in advance to a trajectory, that the setting of its monetary policy depends on economic data, and that it is well positioned to navigate the current unpredictable environment. An additional 25bps rate hike remains priced in by the markets by the end of the year.

Markets:

The 2-year US government borrowing rate rose from 4.03% at the beginning of the month to 4.12% at the end of June after reaching 4.22%. The 10-year rate, meanwhile, fell from 4.45% to 4.39% after hitting 4.56%.

In the Eurozone, the 2-year government borrowing rate fell from 2.625% to 2.53%. Indeed, while markets anticipate a rate hike by the end of 2026, they also foresee a return to rate cuts as early as 2027 to support economic activity. The 10-year rate fell more sharply from 3% to 2.86% at the end of the month.

The €STR swap curve flattened over the month following the ECB's 25bps rate hike. Thus, the 1-month rate rose to 2.19% (from 2.045%) while the 1-year rate increased by only 3bps to 2.41%.

Good fundamentals and technical factors keep credit spreads at low levels: the 5-year Itraxx index remains close to 52.

At the same time, short-term issuance spreads remained stable at 18bps for 3 months and 35bps for one year.

Management:

Assets under management continued to grow strongly (+€342m) to reach € 5 000m at the end of June.

Since we expect the ECB to increase its key interest rates by 25bps by the end of 2026, we have maintained our WAM low at 6 days.

We continue to invest on longer maturities to benefit from higher credit premium, while remaining very selective.

Risk metrics :

The portfolio's WAM moved down to 6 days, while the WAL increased from 145 to 146 days.

Net Performance (I-share class – 360 basis) versus index:

	I-Share	€str compounded	Spread vs Index
29/05/26 – 30/06/26	2.189%	2.042%	€str +0.147%
31/12/25 – 30/06/26	2.071%	1.960%	€str +0.111%