

# Santander Multi-Asset Low Volatility

3 / 2021

## Fund commentary

The rise in inflation expectations and the progress in the vaccination process in some regions did not change the monetary policy direction of the main central banks because they still consider the recovery of the economies to be in an initial state. Risk assets reacted positively to the continued liquidity in the system, the MSCI World index rose +3.4% in March and +55% in 12 months. This scenario is leading the market to discount interest rate hikes in the US earlier than the central banks have already indicated, with the 10-year bond rallied from 0.91% to 1.74% year-to-date. In the euro zone, the rallied rates are of a smaller magnitude.

In this context, the asset allocation model has reduced weight in the risk asset basket more sharply in emerging debt, while in equities it has even increased slightly. As for the defensive basket, it has increased weight in sovereign and corporate bonds.

At the end of March, therefore, the portfolio structure would be as follows:

### RISKY ASSETS

14.4% Equity 2.1%

EM Debt 5.2%

High Yield 7.06%

### DEFENSIVE ASSETS

87.6% Government Bonds 18.2%

Investment Grade 11.9%

Linkers 3.3%

MM Bonds 13.3%

MM Funds 22.1%

Cash 18.8%

Note: The sum of both baskets is > 100% because the position in RV is implemented via futures.

The fund had a positive return in the month due to both the aggressive and defensive basket. The rate hike in the US curve has had a negative effect on emerging country debt, while other assets have contributed positively, highlighting equity and inflation-linked bonds.

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