

Santander Multi-Asset Low Volatility

4 / 2023

Fund commentary

The various central banks are debating whether to continue raising rates to cool the economy in their fight against inflation, which seems to be somewhat more contained, or to stop doing so in the face of the contagion effect of the bank failures we have seen in the US and the UK. It is also worth highlighting the recent publication of company results, which are once again surprisingly resilient in the face of a complicated macroeconomic scenario. In this environment, financial markets have maintained a sideways behavior during the month, ending with slightly positive returns in both fixed income and equities. In fixed income, credit spreads narrowed moderately, while in equities, defensive sectors led the indices to end the month in positive territory. MSCI World +1.8%, which in euros is flat due to the depreciation of the dollar. The Japanese stock market, France and the UK stand out with gains of around +3%, while Asia and Emerging Equity are on the negative side. All attention is focused on the first days of May and the Fed's decision regarding its monetary policy. The fund has been increasing its equity positioning in recent months, and we have added hedges on stock market indices as well as volatility, to protect in the event of turbulent markets.

The fund ends the month in positive territory again, with gains in all assets except gold, which declines slightly. The basket of defensive assets is the main source of performance, with short-dated fixed income standing out thanks to the pullback in bonds. The fund increases its weight in corporate credit, both investment grade and high yield, increasing the portfolio's yield to 3.14% while duration remains low at around 1.2 years.

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