

Santander Select Defensive

4 / 2023

Fund commentary

Over the past few weeks, Fixed Income assets have reclaimed their role as main diversifiers, while investors adjusted their expectations regarding the next moves of Central Banks following Silicon Valley Bank and Credit Suisse news last month. Equity markets had positive returns over April, especially in Europe, and the corporate earnings published in the last few days have exceeded general expectations.

Since the start of 2023, we have progressively increased our Equity exposure, reaching 20,9% by the end of April. Over the last few weeks, we have adjusted our exposure to US equity market, however we maintain a clear preference for European markets, and we have implemented a relative value strategy long Eurostoxx 50/short S&P500. We also maintain a small bet in European banks, which we believe to be a solid investment in terms of solvency and liquidity and suffered a significant setback in March. Additionally, we maintain a long strategy on the VIX volatility index. With regards to our Fixed Income portfolio, we have a positive outlook for the asset class, and we have closed the short position in the German two-year bond. With regards to the credit portfolio, we have slightly increased exposure to investment grade corporate debt, and we keep a small position in high yield debt. The modified duration of the fixed income portfolio by the end of the month is 2,9 years.

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