

Santander Select Income

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. The US again detailed a new fiscal plan, this time in infrastructure that will further support the recovery of the economy and whose amount will affect the public deficit in the absence of new tax measures. 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 turn, the growth differential between regions is reflected in the strengthening of the dollar against the other currencies.

In this environment, over the month we have continued to increase beta in the portfolio, namely equities increased by 7% up to 22% of the fund, mainly via future dividends. In turn, we increased weight in high-yield bonds while reducing exposure to sovereign debt and corporate bonds. We have added equity absolute return strategies to the fund's portfolio up to 3% of the fund, and we plan to increase them in the future.

The fund's monthly return was higher than 1%, with Equity Beta being the main contributor thanks to its three sub-strategies. Income would be the next significant group, highlighting the positive contribution of peripheral bonds. Inflation-linked assets, both gold and linkers, have also delivered profitability this month.

This document is intended to provide information that summarizes the main characteristics of the product and under no circumstances constitutes a contractual agreement, a recommendation, personalized advice, an offer or solicitation. It is recommended that the KIID (Key Investor Information Document) is consulted before taking any investment decision, subscribing or purchasing shares or redeeming investments and the countries where the product is registered for sale: www.santanderassetmanagement.com or via authorised intermediaries in your country of residence. It has not been proven that the data contained in this document meet marketing requirements of all countries of sale as it is an information and not a marketing document. This shares of this product may not be directly or indirectly offered or sold in the United States of America or to or for the benefit of a United States Person.

This fund has a prospectus which is drafted in English and can be obtained from www.santanderassetmanagement.com

For product information, please contact SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg) Management Company under the supervision of Commission de Surveillance du Secteur Financier (CSSF). The Depositary entity and administrator of the funds is JP Morgan Bank Luxembourg S.A. (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

Investment in mutual funds or other financial products mentioned herein may be subject to investment risks: market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if funds hold their investments in hedge funds, assets, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in these type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets.

Past performance is not indicative of future results. Returns are calculated on a net asset value basis, net of fees and are annualized for periods longer than one year.

It should be clearly understood that any mention of tax depends on the individual circumstances of each investor and may change in the future. It is advisable to seek personalized advice regarding this. The distributor and other financial intermediaries may receive up to 85% of the fund management fee without incurring any additional cost to the customer.

Accounting or market information included in this document has been compiled from sources which SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. considers reliable but has not confirmed or checked for accuracy or completeness. SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A., All Rights Reserved.