

Santander Select Moderate

6 / 2025

Fund commentary

The US stock market during the month of June, continued to regain, driven by the easing of trade and geopolitical tensions, expectations of interest rate cuts by the Fed, and renewed optimism surrounding the development of AI. The S&P 500 ended the month up 5%, breaking its all-time high. In the Eurozone stock markets, the month ended with slight profit-taking and a -1.20% drop in the EuroStoxx 50. In the fixed-income markets, strong performance of investment-grade credit boosted by strong investor demand. In government bonds, the month ended with rising US government bond prices, and consequently falling yields, following a shift in investor expectations, which began to price in further rate cuts by the Federal Reserve. In contrast, in the Eurozone, profit-taking in government bonds was the trend, with yield increasing, resuming the trend that began with the approval of new fiscal plans in Germany. In the currency markets, the euro's rally against the dollar continued, with the euro appreciating 3.9%, surpassing the \$1.17/€ mark.

Regarding equity positioning, we closed the month with a 40.8% exposure, representing a 1.8% increase compared to the previous month. Geographically, we increased exposure to the US and emerging markets, while reducing it in both Europe and Japan. All of this trading is done through futures on the major indices, with the exception of Japan, which is done through the sale of a fund. Furthermore, we made changes to our Eurostoxx 50 hedge, unwinding the strategy we had close to maturity, taking profits, and thus being able to finance a new hedge with a longer maturity.

In fixed-income, the portfolio's duration increased to 2.54 years, an increase of 0.06 years compared to the previous month. This month, we decided to buy back the shorted upside option on the 10-year German bond futures and thus take profits given the latter's poor performance during the month, thereby increasing the fund's duration.

Regarding the currencies, we remain exposed to the US dollar, with no significant changes this month, but with a slight increase due to the positive performance of assets denominated in that currency.

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