

Santander Select Moderate

3 / 2021

Fund commentary

Global stock markets delivered mostly positive returns in March, particularly in developed markets such as the UK, US, Japan and Europe, although China and the emerging markets were mostly negative. Once again, the biggest influence on financial markets was COVID-19, as investors paid close attention to vaccination rates around the world and the possibility of economies reopening later in the year. The short-term possibility of a third wave of infections in some regions also weighed on investors.

At the beginning of March, markets started to rebound from a period of heightened volatility that caused shares in technology companies to fall sharply. The prospect of reopening economies later this year raised concerns that inflation may also rise. This prompted investors to predict that interest rates may rise in response to higher inflation, causing bond prices to fall. Shares in the technology sector also sold off, given that these companies often borrow significant sums of money and as a result are sensitive to interest rate movements.

From a tactical asset allocation perspective we started transitioning into new models which are more closely aligned with an MSCI ACWI exposure. Overall, we are increasing equities in US and emerging markets and reducing European exposure.

In terms of fixed income, European government debt is in the process of being reduced while increasing European corporate debt through both passive and active vehicles.

The moderate portfolio ended the month with positive performance driven by equities.

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

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