Santander Asset Management

Marketing Communication

Santander Total Return

10 / 2026

Fund commentary

October was once again influenced by energy price trends and the expectations on monetary policy in a high volatility environment. Brent crude stood on very high prices, finishing the month around $115 per barrel and keeping the pressure on inflation perspectives. In the United States, robust economic activity—evidenced by an annualized GDP growth rate of 3.4% in the third quarter—coexisted with persistently high inflation, while the Federal Reserve kept interest rates unchanged. In Europe, the European Central Bank (ECB) also held rates steady, maintaining a restrictive bias in light of inflationary risks stemming from energy costs. Equity market performance became more uneven toward the end of the month, with the U.S. market facing pressure linked to the technology sector and expectations surrounding investment in artificial intelligence. Against this backdrop, the primary equity markets to which we have exposure ended the month in total return as follows: S&P 500 -0.89%, Stoxx 600 +1.98%, MSCI Emerging Markets -8.04%, and TOPIX -3.49%. Sovereign fixed income performed positively in October, with yields on 10-year German Bunds and U.S. Treasuries declining, even as corporate credit spreads widened.

During the month, the portfolio's performance was essentially flat, with significant dispersion across the various sources of return. Equities were the primary detractor—driven largely by emerging markets and Japan—though Europe partially offset these declines with a positive contribution. Conversely, credit and sovereign debt were the main positive contributors; within the credit segment, investment-grade bonds performed well, while European high-yield bonds detracted from performance. Regarding positioning, equity exposure was increased substantially—with hedges maintained in markets where exposure was highest, primarily in Europe and the United States—while exposure to European sovereign debt was reduced and liquidity was bolstered. Furthermore, a significant rotation in factor exposure was implemented: exposure to all individual factors was reduced in favor of a multi-factor fund, leaving only direct exposure to the "value" factor.

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