Santander Asset Management

Marketing Communication

Santander US Equity

9 / 2026

Fund commentary

The fund recorded a positive absolute return in September, broadly in line with US equities, and comfortably outperformed its reference benchmark.

September was marked by renewed tensions in the Middle East and pressure on energy prices, although evidence emerged during the month that oil flows from the region were recovering. The US market proved more resilient than Europe, while technology outperformed the broader market. The Fed and the ECB each raised rates by 25 basis points, and stronger-than-expected growth reinforced expectations that monetary policy would remain restrictive for longer. Higher bond yields weighed on equities, while the dollar strengthened against the euro.

In relative terms, the main positive contributors were technology, industrials and financials. In technology, semiconductor and AI infrastructure exposure benefited from renewed investor interest in the theme, with Marvell, Micron and Lam Research contributing positively. Infrastructure software and large platforms also performed well. In industrials, stock selection added value despite weakness in the sector, led by Eaton and Caterpillar, although defence exposure detracted. In financials, both the sector underweight and stock selection helped, particularly the short position in insurers amid concerns that AI agents could make it easier for customers to compare and switch providers.

On the negative side, energy, consumer non-cyclicals and basic materials detracted from performance. Baker Hughes was the main drag in energy after comments highlighted near-term pressure on margins and cash generation related to the integration of Chart Industries. In consumer non-cyclicals, the sector overweight and Estée Lauder weighed on returns against a more challenging consumer backdrop. In basic materials, the overweight detracted as the sector fell sharply, with Newmont affected by the decline in gold following its strong August rally.

In terms of portfolio activity, we modestly increased energy exposure, replacing Exxon with Chevron and SLB with Baker Hughes. In technology, we reduced Palo Alto, brought Micron back to a neutral position ahead of results and added to Apple, NVIDIA and Meta. We sold Kroger, allocated part of the proceeds to Walmart and retained the balance in cash. We also renewed the portfolio's S&P 500 put-option protection.

The fund currently maintains an equity exposure of around 97%, with overweights in basic materials, industrials and consumer non-cyclicals, while its underweight in consumer cyclicals, energy and utilities.

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