Santander Asset Management

Santander AM Euro Equity

Marketing Communication

3 / 2026

Fund commentary

March marked a sharp shift in the tone of global equity markets, with a strong correction following the positive start to the year and a clear increase in risk aversion. The deterioration in sentiment was mainly driven by the geopolitical escalation in the Middle East, the sharp rise in oil prices, and the resulting concerns over a more challenging outlook for growth and inflation. This was compounded by increased volatility in the technology sector, where the market continued to question both the sustainability of AI-related capex and the visibility of returns in certain areas of software and semiconductors. In this context, both Europe and the U.S. ended the month with significant declines, although the U.S. market showed greater relative resilience.

In this environment, developed markets significantly outperformed emerging markets, although both ended March with substantial losses. Among developed markets, the U.S. was the most resilient (S&P 500 -5.01%), followed by the UK (FTSE 100 -6.18%), the euro area (EuroStoxx 50 -9.18%), and Japan (Nikkei 225 -12.76%).

In Europe, the main indices also closed sharply lower. The EuroStoxx 50, MSCI Euro and the Stoxx 600 declined by -9.18%, -8.37% and -7.66%, respectively, breaking the positive trend seen in the first two months of the year and bringing first-quarter performance to -3.58%, -2.42% and -1.01%, respectively.

Sectors' performance in Eurozone was characterized by very high dispersion and a sharp rotation toward energy-related segments and more defensive profiles. Almost all sectors ended the month in negative territory, with Energy as the only positive sector (+9.22%), supported by the strong rise in oil prices. This was followed by Chemicals (-0.42%), Utilities (-2.76%), Telecoms (-4.12%), and Insurance (-4.19%). At the other end of the spectrum, the most affected sectors were Real Estate (-15.65%) Consumer Products & Services (-14.86%), Industrials (-13.28%), Basic Resources (-13.05%), and Autos & Parts (-12.53%).

During the month of March Santander Euro Equity had a negative absolute return and underperformed its benchmark MSCI EMU Net Total Return.

Sector allocation was neutral, positive contribution being long Energy and Utilities and short Consumer Discretionary and Real Estate. Negative contribution being short Chemicals and long Technology.

Negative performance on the stock selection side. Main positive contributors included Total, Repsol, Basf, RWE as well as being short Arcelor, Saint Gobain, Safran, D Post, Vonovia, SAP, Mercedes, Ferrari, Hermes and BNP.

Main detractors were Spie, Schneider, Legrand, Airbus, ABI, Fresenius, ASMl, Infineon, Ryanair, Adidas, Allianz, Societe Generale, Unicredit and Santander.

During the month of March, we continue to reduce Heidelberg Materials, bought Repsol, sold Deutsch Bank to buy D Boerse, took some profit at Infineon, sold the whole position in Hermes (already short) and slightly reduced the weight in the banking sector to increased Adyen, l´Oreal and Sanofi.