Santander Asset Management

Santander European Dividend

Marketing Communication

6 / 2025

Fund commentary

June ended with strong gains in global equities, consolidating a very positive first half, especially in the U.S. and emerging markets. The MSCI World Index rose by +4.5% in the month (in USD), led by the U.S., where the S&P 500 reached new all-time highs driven by the strength of large tech companies and renewed appetite for AI-related assets.

In this context, emerging markets outperformed developed markets (+6.01% vs. +4.32% in USD). Among developed markets, there was a wide performance disparity, with Japan (Nikkei 225 +6.79%) leading, followed by the United States (S&P 500 +5.05%), the United Kingdom (FTSE 100 +0.04%), and lastly the eurozone (EuroStoxx 50 -1.12%).

European indices broke their positive trend from previous months and closed in June in negative territory. The EuroStoxx 50 and Stoxx 600 declined -1.12% and -1.22%, respectively, though they have gained 10.40% and 8.78% year-to-date. This correction was accompanied by profit-taking in defensive sectors and themes that had led in previous months, as well as increased political caution and a rotation toward the U.S. due to renewed tech optimism.

At the sector level, although most Stoxx 600 sectors ended the month in negative territory, Energy (+3.90%), Construction & Materials (+1.51%), Travel & Leisure (+1.46%), Technology (+1.36%), Utilities (+1.35%), and Industrials (+1.26%) managed to stay in the green. This dynamic was supported by a rebound in oil prices amid geopolitical tensions and the renewed AI trade momentum on both sides of the Atlantic.

On the opposite end, the most punished sectors were: Food, Beverage & Tobacco (-6.19%), Personal Care, Drug & Grocery Stores (-5.22%), Consumer Products & Services (-4.63%), Media (-4.55%), and Chemicals (-4.48%). This reflects profit-taking in more defensive sectors and a portfolio rebalancing amid slightly more uncertain macroeconomic expectations and a more volatile political environment in Europe.

From a geographical perspective, all European markets closed June in the red, with the exception of the UK (-0.04%), followed by Sweden (-0.10%) and Germany (-0.31%), which had the smallest declines. On the opposite side, the worst performers were Switzerland (-2.48%), Netherlands (-1.02%), and France (-0.92%).

In June, the fund achieved a slightly lower return than the MSCI EURO High Dividend Yield Net Index benchmark.

The portfolio remains defensively positioned, overweighted in Healthcare, Consumer Non-Cyclicals and Technology and underweighted in Insurance, Consumer Cyclicals and Energy.

The stocks that contributed most to the funds' performance were: the underweight position in Swiss Re, which dropped amid an increasingly interconnected and uncertain risk environment affecting insurers' underwriting. The overweight position in Sopra Steria, that rose extending momentum driven by defense and security contracts. The underweight position in Zurich Insurance, which dropped due to USD weakness and cashflow exposure to U.S.

The stocks that most negatively impacted the fund's performance were: the overweight position in Astrazeneca, which dropped ahead of mixed expectations of key Phase 3 trial update. The overweight position in ABI, which pulled back amid decline in beer and spirits markets. The overweight position in Heineken, which dropped after disappointing performance in Europe as retailer negotiations dragged on.

In terms of sector contribution, the sectors that most contributed to the fund compared to the benchmark were: First, the Insurance sector, where the fund is now underweight. Second, the Technology sector, where the fund is now overweight. Third, Industrials sector, where the fund is now underweight.

The sectors that most penalized the fund compared to the benchmark were: First, Consumer Non-Cyclicals, where the fund is overweight. Second, Healthcare sector, where the fund is now overweight. Third, the Energy sector, where the fund is now underweight.

During this period, the portfolio composition has been changed and some new positions were added. The fund built a position in Shell and increased its weight in TotalEnergies in order to increase exposure to the Energy sector amid geopolitical instability and attractive European Oil valuations. The positions in Rio Tinto and Anglo American were sold to be less exposed to fund this additions. The fund also reduced weight in Sanofi given the heightened regulatory and political uncertainty surrounding the company's operations in the U.S.

In terms of flows, this month the fund experienced €0.8 mn of net outflows, representing 0.17% of its NAV.

The fund's main positions are: Roche, TotalEnergies, Axa and Allianz.