

Santander European Dividend

10 / 2025

Fund commentary

Equity markets showed remarkable resilience in the face of volatility stemming from the trade war and geopolitical tensions. These factors were offset by a strong start to the earnings season and a partial de-escalation of geopolitical conflicts. At the end of October, EuroStoxx 50 and S&P 500 reached record highs despite the US government shutdown.

Emerging markets outperformed developed markets (+4.18% vs. +2.00% in USD), with Japan (Nikkei 225 +16.65%) standing out, followed by the United Kingdom (FTSE 100 +4.09%), the Eurozone (EuroStoxx 50 +2.50%) and the United States (S&P 500 +2.32%).

In Europe, the main indices closed the month on a positive note. The Euro Stoxx 50 and Stoxx 600 rose +2.50% and +2.56%, with a year-to-date return of +18.26% and +15.44%, respectively.

At the sector level in Europe (Stoxx 600), the best performing sectors in October were Utilities (+7.45%), Basic Materials (+6.63%), Energy (+5.74%), Goods & Services (+5.07%), Healthcare (+4.46%) and Technology (+3.56%). In contrast, the worst-performing sectors were Automobiles (-3.46%), Media (-2.39%), Insurance (-1.60%), Chemicals (-1.06%) and Travel & Leisure (-0.78%).

In the month of October, the fund had a positive absolute return similar to its benchmark MSCI Europe High Dividend Yield but keep the outperformance on a year-to-date basis.

Sector allocation was neutral, positive contribution being long utilities and short consumer discretionary. Negative contribution being short basic resources and energy.

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Neutral performance on the stock selection side, main contributors included Enel, RWE, Ryanair, Fresenius, Lonza, AstraZeneca, Jeronimo, ABI, Glanbia, as well as being short WPP, Elisa and Merck. Main detractors were Tate&Lyle, Seb, Verallia, as well as being short Metso, SGS, Boliden and Novartis.

During Octobre, we sold the positions in NovoNordisk, Merck, JDPeet, Teleperformance and Nestle to increase the positions in Roche, Imperial Brand, Jeronimo Martins and CCEP.

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