

Santander Money Market EUR VNAV

11 / 2025

Fund commentary

Environment:

After 43 days of shutdown, it is difficult to assess the state of the US economy. The gradual return of statistics will allow to see a little more clearly and in particular to know the impact of this shutdown on activity. Available data point to relatively stable growth, above-target inflation and a weakening labour market. Consumer confidence is declining. The US economy also seems to be marked by widening gaps between wealthy households and large companies (particularly technology) on the one hand, and low-income households and SMEs on the other, with the latter category seeing their situation deteriorate. Markets are now pricing in a 25bps cut by the Fed in December and two more cuts in 2026.

In Europe, the situation may look better with resilient but somewhat weak economic activity and inflation on target. Nevertheless, the situation is disparate between countries with strong growth (Spain at 2.8% over 1 year) and others that are not prospering (only 2 quarters of growth in Germany over the last 3 years). In addition, inflation expectations continue to fall due to a marked slowdown in wage and energy price increases. This could make the ECB's task more difficult. The German infrastructure and defence spending plan is not expected to benefit activity until the second half of 2026. In this context, the markets do not anticipate any move in the Central Bank's rate for 2026.

Market:

US rates benefited from the announcement of the end of the shutdown in mid-November: the two-year rose from 3.61 to 3.45% and the 10-year from 4.15% to 3.99% before ending the month at 3.53% and 4.08% respectively.

In the Euro zone, long-term rates rose during the month: the 2-year rose from 1.97% to 2.06% and the 10-year from 2.63% to 2.75%. Indeed, the markets are starting to anticipate a change in monetary policy by the ECB, which could raise rates from March 2027.

The €str swap curve remained relatively stable at 1.93% for the 3-month (+1bp) and 1.90% for the 1-year. The approach of the end of the year and the reduction in excess liquidity may explain this slight increase.

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Bond credit spreads tightened slightly during the month, with the generic 5-year Itraxx rising from 54 to 53. In the short term, spreads have widened by 2 to 3bps over the year.

Management:

Assets under management continued to grow to approach €3bn (+€250m over the month).

We have slightly increased the portfolio's WAM by covering only the longest maturities.

The portfolio's WAL continued to increase to 159 days. A few investments between 15 and 24 months (Société Générale, L'Oréal, Volvo, Carlsberg) in the primary bond market have enabled us to seek attractive spreads.

Risk metrics:

The fund's WAM remained at 9 days while the WAL increased to 159 days.

Net Performance (I-share class – 360 basis) versus index:

	I-Share	€str compounded	Spread vs Index
01/11/25 – 28/11/25	1.949%	1.929%	€str +0.02%
31/12/24 – 28/11/25	2.272%	2.228%	€str +0.04%

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