

# Santander Select Defensive

4 / 2022

## Fund commentary

The second quarter began like the previous one, with both fixed income and equity markets falling and with few assets performing well. Traditional defensive assets continued to be pressured by inflation and by the US Federal Reserve's messages, which once again surprised the markets with its hawkish talk of rate hikes. This situation has strengthened the dollar against most currencies and pressured the stock market, especially the U.S. stock market. The war in Ukraine coupled with lockdowns in China are causing new restrictions on the supply of raw materials, affecting the production chain in many sectors and leading to inflationary pressures on commodities prices, with the consequent negative effect on margins.

The fund fell back by just over 1.5% during the month, weighed down by corrections in both fixed-income and equity assets, with the outperformance of other assets failing to compensate. Inflation protection assets such as gold and linkers ended in positive territory, and in addition, both arbitrage strategies and equity investment styles barely fell, outperforming traditional assets. During the period we continued to reduce positioning in fixed income (high yield bonds and sovereign debt) which is not being defensive in the environment of rising interest rates and balance sheet reduction by central banks. We increased weighting in inflation protection assets and equity investment styles.

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