

# Santander Select Dynamic

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## Fund commentary

The US stock market during the month of June, continued to regain, driven by the easing of trade and geopolitical tensions, expectations of interest rate cuts by the Fed, and renewed optimism surrounding the development of AI. The S&P 500 ended the month up 5%, breaking its all-time high. In the Eurozone stock markets, the month ended with slight profit-taking and a -1.20% drop in the EuroStoxx 50. In the fixed-income markets, strong performance of investment-grade credit boosted by strong investor demand. In government bonds, the month ended with rising US government bond prices, and consequently falling yields, following a shift in investor expectations, which began to price in further rate cuts by the Federal Reserve. In contrast, in the Eurozone, profit-taking in government bonds was the trend, with yield increasing, resuming the trend that began with the approval of new fiscal plans in Germany. In the currency markets, the euro's rally against the dollar continued, with the euro appreciating 3.9%, surpassing the \$1.17/€ mark.

Regarding equity positioning, we closed the month with a 74.5% exposure, a 1.8% decrease compared to the previous month. Geographically, most of this reduction was realized in the European market. In Europe and the US, we decided to reduce equity exposure by selling Eurostoxx 50, Stoxx Europe 600, and S&P 500 futures. In the latter, it's important to note that the rising markets increased exposure to the region, so the net reduction was smaller. Additionally, in Europe, we made changes to our hedging strategy on the Eurostoxx 50, unwinding the hedge we had close to maturity, with profits, and implementing a new hedge with a longer maturity.

In fixed-income terms, the portfolio's duration increased to 1.54 years, an increase of 0.11 years compared to the previous month. This month, we decided to buy back the sold upside option on the 10-year German bond futures and thus capture profits given the latter's poor performance during the month, thereby increasing the fund's duration.

Regarding the currencies, we remain exposed to the US dollar, with no significant changes this month, but with a slight increase due to the positive performance of assets denominated in that currency.

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