

# Santander Select Moderate

3 / 2026

## Fund commentary

March was marked by the conflict in the Middle East. Tensions in the Strait of Hormuz pushed energy prices higher, with Brent reaching \$118.4 per barrel. This led to broad declines across both equity and fixed income markets, intensifying throughout the month. The MSCI ACWI fell -7.4%, the StoxxEurope600 -8%, and the S&P 500 -5.09%. In fixed income, rising inflation expectations weighed on bond prices, pushing yields higher. This move was reinforced by messages from the Federal Reserve (Fed) and the ECB, both adopting a cautious tone in response to the energy shock. Market expectations adjusted accordingly: in the Eurozone, deposit rates are now priced at 2.50%–2.75%, while in the US, expectations of rate cuts have been removed. European IG credit spreads widened by +13 bps. In this environment, the US dollar acted as a safe-haven asset, appreciating to 1.1553 USD/EUR. In our view, the energy spike will have a temporary inflationary impact, without triggering second-round effects. We expect the global economy to remain in an expansion phase, albeit with slower growth than anticipated a month ago.

In equities, we closed the month with an exposure of 41.2%, representing a 3.3% reduction compared to the previous month-end, mainly concentrated in the US and Europe. This adjustment took place in the context of increased volatility driven by geopolitical tensions. During the month, we reinforced portfolio protection by extending one of the hedges to a longer maturity and wider range, maintaining a neutral cost. In European equities, we reduced exposure to the MSCI Europe index while increasing allocation to more specific segments such as Germany, through the MDAX index and a small-cap ETF, without altering the overall exposure level. Additionally, we implemented a short-term protection strategy on the EuroStoxx50 to tactically manage portfolio risk during episodes of heightened volatility.

In fixed income, the portfolio ended the month with a duration of 2.77 years, slightly higher than the previous month. We maintained balanced diversification across sovereign debt (both European and US) and corporate credit, including exposure to higher-yielding segments.

In currencies, USD exposure stood at 19.8%, broadly in line with the previous month. This variation was mainly explained by changes in the weight of USD-denominated assets rather than active management decisions.

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