

Santander US Equity ESG

10 / 2024

Fund commentary

During the month of October, the fund had a positive performance in absolute terms, although it lagged slightly behind its benchmark index.

October was a weak month across almost all equity markets mainly due to the market discounting a more gradual pace of Fed policy easing, given the resilience of the U.S. economy which mitigated near-term growth concerns, uncertainty related to the U.S. elections, especially on fiscal matters, and increased geopolitical tension in the Middle East.

In this market environment we would like to highlight the Santander US Equity ESG fund, is an actively managed North American equity fund, with the S&P500 as its benchmark. This is an Article 8 fund incorporating sustainable investment criteria. The fund targets large companies, with a significant capitalization, good business prospects and always thinking in the long term. We seek to put together a diversified portfolio without any specific bias, but with a flexible investment style always trying to capture the best opportunities at any given moment.

On a relative basis, the main contributors during the month were our bets on Technology (overweight on Setinelone Inc, Nvidia and Salesforce), on Telecoms (Tmobile strong results) and Financials (Morgan Stanley, Travelers Company and Goldman Strong performance). On the negative side, the biggest detractors were our stock selection in the Consumer Staple sector (underperformance on Coca Cola Company and Colgate) and in Real Estate, as well as our underweight in Energy.

In terms of portfolio changes, in Health Care sector, we sell the position in Pfizer opening a new position in Vertex Pharmaceuticals, a biotech company focus in the development and commercialisation of therapies for the treatment of diseases such as cystic fibrosis, haemoglobin disease, acute pain, diabetes and renal franchise. In the financial sector, we unwound the position in American Express after excellent performance, and bought Mastercard (As the world's second largest card network, it seems well positioned to benefit from market share gains in specific regions and consumer spending trends, which have been fairly resilient even through economic cycles). In addition, we bought Shopify, a cloud-based commerce platform designed for small and medium-sized businesses. Merchants use its software to manage their businesses across all sales channels.

Currently, the fund holds an equity exposure of around 95%. In terms of sector positioning, we continue to have a rather defensive bias with the largest overweights in Health care and Consumer Staples. While the largest underweights come from the Financials, Utilities, Technology and industrials.

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For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

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