Santander Asset Management

Marketing Communication

Santander US Equity

1 / 2026

Fund commentary

The fund started the year with a positive absolute return in January, comfortably outperforming its benchmark.

January started the year with a clearly “risk-on” tone in global equities, with a very strong leadership from emerging markets and a broadening of the rally beyond the main winners of 2025. In this context, markets rewarded exposure to cyclical sectors and commodities/energy, while the technology/AI theme remained a structural support, albeit with greater dispersion and selectivity.

In relative terms, by sector, the main positive contributors during the month were exposure to technology, industrials and consumer staples. In technology, despite being overweight in a month of sector correction, the contribution came mainly from stock selection, led by Micron, supported by strong AI-driven memory demand, and Lam Research, backed by a favorable outlook for the semiconductor equipment investment cycle. It also helped not holding Intuit and Robinhood, which corrected amid higher volatility in growth stocks and crypto-related assets. In industrials, Caterpillar stood out on strong results and improved demand visibility, while the short position in Visa also contributed, as the stock came under pressure from increased regulatory noise around the card business. In consumer staples, Estée Lauder contributed after recovering ground on recommendation upgrades and improved expectations for 2026, alongside Procter & Gamble.

On the negative side, utilities, basic materials and financials detracted from performance. In utilities, the negative contribution was concentrated in Constellation Energy, driven by increased regulatory uncertainty in the U.S. power sector. In basic materials, the lack of exposure to miners such as Freeport-McMoRan and Newmont weighed on performance, as these stocks rallied alongside metals prices. In financials, stock selection was negative, with Capital One affected by regulatory noise around credit card interest rate restrictions, and KKR also detracting.

In terms of portfolio activity, we sold our position in Oracle. While the company is set to benefit from the artificial intelligence investment cycle, we believe the risk-return profile has deteriorated: elevated capital expenditure is already resulting in negative free cash flow, greater reliance on debt and reduced financial flexibility, while the shift toward infrastructure pressures margins and increases concentration risk and sensitivity to the cost of capital.

The fund currently maintains an equity exposure of around 98%, with overweights in technology, financials and basic materials, and underweights in consumer discretionary, energy and real estate.