

Santander US Equity Hedged

3 / 2026

Fund commentary

March ended with widespread declines in the equity markets, reflecting the instability of the conflict in the Middle East, the lack of clarity regarding its duration, and the markets' heightened sensitivity to every news report and statement by Donald Trump. Throughout the month, the index fell week by week as the military conflict in Iran dragged on and the rise in oil prices took hold. The S&P 500 ultimately fell by 4.98%, affected by deteriorating expectations for both global growth and inflation. On the last day of the month, the index rebounded sharply (+2.92%), triggering two effects: one on the market and the other on the fund's strategy. Regarding the first, this rise offset the sharp decline the S&P 500 had been experiencing, as it was down 7.69% as of March 30. To put this in perspective, declines of this magnitude or greater have occurred, on average, once every two years over the past 50 years, and none have occurred since the Santander US Equity Hedged Fund was launched in January 2024. The value of the hedges had skyrocketed with the market declines; however, much of it evaporated with the market's recovery on the last day, which marked the largest daily gain in the past 10 months. Finally, the extent of the fall in March (-4.98%) is a more common occurrence, and in this environment, the fund has fallen by -5.20%. The first quarter of the year ended with a market decline of -4.42% and the fund posting a similar, slightly smaller drop (-4.38%). Remember that, according to the solution's specific hedging design, the fund participates in the first 5% of the market's decline and is 100% hedged beyond that level. We have renewed the hedge again for the second quarter of the year.

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