

# Santander Future Wealth

8 / 2022

## Fund commentary

Global stock markets had a turbulent month, with the first half of August seeing momentum driven rises across most markets, whilst the second half of August more than wiped these returns leading to declines across most markets for the month. The weight of increasing inflation, subsequent rises in interest rates and global supply challenges continue to be the key drivers affecting market paths. The key turning point seemed to be the Federal Reserve's Jackson Hole comments, leading market participants to believe that central banks will be hiking 75bps rather than the initially priced-in 50bps. Bond yields continued to rise over the month causing bond markets to suffer with government bonds hurt more than corporate bonds across most major markets. High yield despite the optimistic start to the month also finished August in negative territory given the market outlook following the Fed's announcement. We are wary of future disruption given Russia's suspension of the Nord Stream pipeline and expect greater pressure on energy prices across Europe, with the ECB potentially having to hike rates more than anticipated.

The fund ended the month with slight corrections (1.5%) despite the positive start to the month. Future Society was the weakest theme due to the correction of the sub-themes of Well-being, Population Aging and Life Sciences, while Future Technology consolidated, due to the good performance of E-Commerce and Cybersecurity, which offset the declines in Robotics and Internet of Things. During the period, positioning in Future Society was reduced as positions in Life Sciences (-1.4%) and Health Technology (-0.9%) decreased. The weight was increased in Future Technology through Internet of Things (1%) and Future Planet through Energy Transition (0.9%). Hedged through SP500 options which, adjusted for delta, reduced exposure by just over 3%.

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