Santander Asset Management

# Santander Future Wealth

10 / 2022

## Fund commentary

Global financial markets gained during October, after ten months of near-consecutive losses. Despite the complex macroeconomic environment, where corporate earnings will be pressured by higher financial costs, lower economic traction and weakened business and consumer confidence, investors began to discount less restrictive monetary policies, favoring the market rally. Comments from some member of the US Federal Reserve about slowing aggressive rate hikes initiated the strong recovery in fixed income prices. In turn, the tone offered by the president of the European Central Bank at the last policy meeting fed this process of lower expectations in the rate hike calendar and favored a drop of yield demanded on sovereign assets. In parallel, the collapse in gas prices and news from United Kingdom have helped to alleviate volatility levels, which are moving away from the highs seen at the beginning of the month. The Euro/USD exchange rate, a good thermometer of risk aversion levels, closed the month with a slight depreciation of the US currency.

In this environment, the fund recovered during the month (+3.5%), mitigating part of the falls accumulated over the year. Planet and Future Technology were the themes with the highest gains over the period due to the good performance of the Resource Scarcity, Circular Economy and Fintech sub-themes. Some sub-themes corrected during the period, mainly Energy Transition and Asian Consumers, although most of them contributed positively.

During the period, the weight of Future Society increased (+3.1%), mainly due to the increase in the position of Life Sciences and Population Aging; the weight of Future Technology also increased slightly through Artificial Intelligence and Fintech. The position in Future Planet was reduced (-3.5%) due to the reduced weighting in Future Transportation and Energy Transition. We closed derivative protection strategies on the S&P500, taking advantage of the market correction.