

# Santander AM Euro Equity

12 / 2022

## Fund commentary

European Equity market fell by -4.0% in December with hopes of a Santa Rally largely unrealized, with concerns over a potential recession and earnings slow-down dampening sentiment. Despite inflation across many parts of the developed world, notably the US, continuing to moderate further in December, a still decisively hawkish Fed weighed on market sentiment. COVID related developments in China were the other key driver of markets through the month, with the country making significant progress towards re-opening despite a renewed surge in infections.

The Stoxx 600 index ended the month down by -3,40% (net total return), the Euro Stoxx 50 by -4,30% and the MSCI Euro by -3,60%. Year to date Stoxx 600 decline -10,6%, Eurostoxx-50 -9,5% and the MSCI Euro -12,47%.

During the month of December Santander Euro Equity had a negative absolute return but outperformed its benchmark MSCI EMU Net Total Return, ending the year slightly outperforming the index on an annual basis.

Sector allocation in December was positive, being short Technology and Consumer Products.

On the stock picking side, positive performance versus the benchmark in December. Positive contributions included stock picking in Industrials (Saint Gobain, Airbus, Teleperformance and short Schneider) and Utilities (EDP, short Engie), as well as short positions in Consumer (L Oreal, Hermes, Kering, Flutter and Auto names) and Tech (SAP, STM, ASML).

On the other side, main detractors were securities selection in Financials (Deutsche Boerse, Axa and Santander) as well as long Oil Companies.

No changes in the portfolio composition during the month of December.

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