

Santander AM Euro Equity

3 / 2023

Fund commentary

Global equities ended March on a positive note despite the banking stress we saw in the US and Europe, still hawkish Central Banks and a return of the stagflation narrative, with strength seen both in Developed and Emerging markets.

Some of the concerns regarding the solvency of the regional banking system in the US were solved by the FED with a large liquidity injection. In Europe, authorities gave a fast response to the confidence crisis by facilitating a merger between UBS and Credit Suisse. All these measures helped to limit the contagion risk and gave breath to the market's recovery over the past couple of weeks. Also, lower energy and oil prices have played an important role in the improvement in business sentiment, along with the reopening of China.

In this sense, the Stoxx Europe 600 index ended the month almost unchanged at -0.32% (net total return) while the EuroStoxx 50 was up by 1.95% (net total return) and the MSCI Euro by 0.71%. This adds to an already solid return for the year, with the Stoxx Europe 600 and Eurostoxx 50 indices up by 8.39% and 14.16%, respectively and the MSCI Euro up by 12.21%.

Regarding sectors, Consumer Products & Services (5.93%), Technology (5.77%), Healthcare (4.32%), Utilities (3.83%), Food & Beverage (2.63%) and Travel & Leisure (2.19%) lead the pack while Banks (-12.96%), Real Estate (-11.45%), Energy (-6.26%) and Insurance (-5.25%) had a negative monthly return.

During the month of March Santander Euro Equity remained unchanged and underperformed its benchmark MSCI EMU Net Total Return.

Sector allocation was negative being long Energy and short Technology. Positive contribution being slightly long Telecoms and Utilities and short Real Estate.

On the stock selection side, main contributors included overweight positions in ABI, Inditex, Kering, LVMH, Sanofi, D Telekom, Nokia and D Boerse as well as being short BNP and Societe Generale. Main detractors were long Oils (Shell, Total), Construction (Saint Gobain) and Michelin and short L Oreal, SAP, Prosus, Adyen and ASML.

During the month of March, we sold Cap Gemini, reduced Publicis, Unicredit and Axa and bought Danone, Coca cola Europacific and SAP.

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