

Santander AM Euro Equity

5 / 2023

Fund commentary

Global equity markets fell -1.3% in May and YTD returns moderated to 6.8%. Although the aggregate monthly return was muted, the spread of global sector returns was large with semis (Nasdaq) up +17.9% on AI enthusiasm, and Energy down -9.6% as the oil price fell 11%. Similar to the previous month, DM equities slightly outperformed EM equities, mainly due to growth weakness in China also affecting European equities most exposed to the Chinese loss in growth momentum. There was no meaningful market reaction to the US Fed's hike in May. May manufacturing PMIs in the US, Europe, and China all remain in contraction territory. By sectors in May, the significant outperformance of Semiconductors was driven by the Multimedia Semis product group (+23.9%) as NVIDIA exceeded \$1 trillion market cap on strengthening demand for IA and large language models.

In this environment, the Stoxx 600 index ended the month down -2.31% while the EuroStoxx 50 was down by -2.21% and the MSCI Euro by -2.46%. This detracts to an already solid return for the year, with the Stoxx 600 and EuroStoxx 50 indices up by 8.84% and 13.47%, respectively and the MSCI Euro by 11.07%.

During the month of May, Santander Euro Equity had a negative absolute return and underperformed its benchmark MSCI EMU Net Total Return.

Sector allocation was negative being short Technology and Travel & Leisure and long Utilities and Media, slight positive contribution being short Real Estate.

On the stock selection side, main contributors included short position on chemicals (BASF), L'Oréal, Hermes, and Beverages (Heineken, Pernod) and overweight in Sanofi, Grifols or Sodexo. Main detractors were short ASML or Schneider, and long Teleperformance, Vinci, Bayer, and Deutsche Telekom.

During the month of May, we sold Nordea on concerns over its Swedish Real Estate exposure, bought BNP and continue increasing ASML weight to neutralise the short position versus the benchmark.

This document has been prepared by Santander Asset Management Luxembourg S.A. in relation to one or more Luxembourg undertakings for collective investment in transferable securities ("UCITS") under its management, under and in accordance with the UCITS Directive, and is provided solely in confidence for the recipient for the specific purpose of evaluating a potential investment or an existing investment in a UCITS managed by Santander Asset Management Luxembourg S.A.

This document is a marketing communication. Please refer to the prospectus of the UCITS and to the key information document ("KID") or for UK investors the key investor information document ("KIID") before making any final investment decisions, purchasing or converting shares or redeeming investments, together with the list of countries where the UCITS is registered for sale, available at www.santanderassetmanagement.lu or via authorized intermediaries in your country of residence.

This document is intended to provide information that summarizes the main characteristics of the UCITS and under no circumstances constitutes a contractual agreement or an information document required by any legislative provision. It is not a recommendation, personalized investment advice, an offer or solicitation to buy or sell any shares in the UCITS described in this document. Likewise, the distribution of this document to a client, or to a third party, should not be regarded as a provision or an offer of investment advisory services.

The UCITS described in this document may not be notified and registered for marketing in all EEA Member States under the UCITS Directive marketing passport and Santander Asset Management Luxembourg S.A. and/or the UCITS has the right to terminate the arrangements made for marketing of the UCITS in certain jurisdictions and to certain investors in accordance with applicable laws and regulations, including the UCITS Directive provisions.

It has not been proven that the data contained in this document meet marketing requirements of all countries of sale. The UCITS described in this document may not be eligible for sale or distribution in certain jurisdictions or to certain categories or types of investors. This UCITS may not be directly or indirectly offered or sold to or for the benefit of a United States Person under FATCA regulation (Foreign Account Tax Compliance Act), in line with the selling restrictions of the prospectus of the UCITS.

Past performance does not predict future returns. The returns may increase or decrease as a result of currency fluctuations relative to the respective investors' currency.

Investment in the UCITS may be subject to investment risks, including but not limited to, market risk, credit risk, issuer and counterparty risk, liquidity risk, foreign currency risk and, where applicable, risks pertaining to emerging markets. Additionally, if the funds hold investments in hedge funds, real estate funds, commodities and private equity, it should be noted that these can be subject to valuation and operational risks inherent in this type of assets and markets as well as the risk of fraud or risk derived from investing in unregulated or unsupervised markets or unlisted assets. Complete information on the risks can be found in the relevant "Risk Factors" section of the UCITS prospectus and KID (or KIID for UK investors), which should be consulted and read by the investors.

This UCITS has a prospectus (which is drafted in English), a KID (drafted in English and other languages depending on the country of registration of the UCITS) and a KIID for UK investors (drafted in English), which can be obtained from www.santanderassetmanagement.lu

For product information, please contact Santander Asset Management Luxembourg S.A. (43, Avenue John F. Kennedy L-1855 Luxembourg - Grand Duchy of Luxembourg), management company of the UCITS under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The depositary and administrator of the UCITS is JP Morgan SE, Luxembourg Branch (6, route de Treves, L-2633 Senningerberg - Grand Duchy of Luxembourg).

Prior to investment in the UCITS it is advisable that the investor seeks personalized advice regarding taxation as it depends on the individual circumstances of each investor and may change in the future.

Investors can obtain a summary of investor rights in English from www.santanderassetmanagement.lu

Information herein is believed to be reliable. Santander Asset Management Luxembourg S.A. assumes no responsibility for any use of the information contained herein.

© Santander Asset Management Luxembourg S.A. All Rights Reserved.