

Santander GO Dynamic Bond

8 / 2023

Fund commentary

Performance:

Santander GO DBF returned 0.12% in the month of August.

Over the month of August, bond markets faced fear and uncertainty. While Germany and China closed the month at slightly lower yields, the US, Japan and the UK were all underperformers. Specifically in the US, a combination of Powell's hawkish comments at Jackson Hole, the ratings downgrade by Fitch, and strong macro data sent long-term yields to levels not seen since 2007.

August was also a challenging month for equities, interrupting a consecutive 7-month rally and sending all major equity indices lower. In credit, global IG and HY spreads were slightly higher.

Top Contributors:

- Holdings of non-Agency MBS
- Short exposure to the Polish Zloty, as it depreciated against the USD

Top Detractors:

- Holdings of IG and HY corporate credit, as spreads widened slightly
- Long exposure to US duration, as yields shifted upwards

Positioning & Outlook:

Main changes over the month:

Decreased spread risk via IG and nonagency MBS.

Duration:

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Total portfolio duration stands at 2.54 yrs and is the result of long exposures in the U.S. (2.22 yrs), Europe (-0.09 yrs) and EM (0.05 yrs), UK (0.19 yrs).

Spread:

Total portfolio market weighted spread duration stands at 5.33 yrs, mostly focused on IG corporates (2.15 yrs) and to a lesser extent HY (0.73 yrs) and EM (0.53 yrs). Also have exposure to non-agencies (1.30 yrs).

Currency:

The fund is currently long the Australian Dollar and Japanese Yen and EM currencies such as the Brazilian Real. The portfolio has short positions in some DM currencies such as the EUR and the Canadian Dollar.

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