

Santander GO Dynamic Bond

9 / 2023

Fund commentary

Performance:

Santander GO DBF returned -0.45% in the month of September.

In September, there was a significant sell-off in yields across major markets, with equities tumbling and central banks reminding us that it is too early for rate cuts. US Treasury yields rose significantly, reaching a level not seen since 2007, impacting house markets as well. The selloff was triggered by expectations of another policy rate increase and a hawkish Fed pause, along with the inflationary impact of higher oil prices. European bond markets also saw records in yields broken, with the ECB hiking rates and peripheral spreads widening. Equities were not immune to losses either, with the Nasdaq and Nikkei giving back gains for a second consecutive month.

Top Contributors

- Holdings of non-agency MBS, as spreads tightened

Top Detractors

- Long exposure to US duration, as yields increased
- Long exposure to Brazilian duration, as yields shifted upwards

Positioning and Outlook:

Main changes over the month:

Increased duration, especially via US, and decreased spread risk via IG and nonagency MBS.

Duration:

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Total portfolio duration stands at 3.45 yrs and is the result of long exposures in the U.S. (3.18 yrs), Europe (-0.07 yrs) and EM (0.05 yrs), UK (0.09 yrs).

Spread:

Total portfolio market weighted spread duration stands at 4.92 yrs, mostly focused on IG corporates (1.99 yrs) and to a lesser extent HY (0.71 yrs) and EM (0.50 yrs). Also have exposure to non-agencies (1.24 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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