

Santander GO Dynamic Bond

2 / 2024

Fund commentary

Performance:

Santander GO DBF returned 0.05% in the month of February.

In February, the equity market experienced significant gains, particularly in technology stocks like Nvidia, driven by optimism around AI, while fixed income markets struggled with rising yields due to inflation surprises and strong labor markets. Government bonds saw yields increase, notably in the short end of the US and German curves, as market expectations adjusted to anticipate fewer and later rate cuts in 2024. The resilience of inflation and employment figures dampened hopes for imminent policy easing, pushing the anticipated timeline for rate cuts further into the year and contributing to a sell-off in Treasury yields.

Top Contributors:

- Holdings of US Non-Agency MBS, as spreads tightened
- Holdings of investment grade and high yield, as spreads tightened

Top Detractors:

- Long exposure to US duration, as yields rose

Positioning and Outlook:

Main changes over the month:

Decreased duration via Japan and decreased spread via Investment Grade and High Yield.

Duration:

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Total portfolio duration stands at 1.43 yrs and is the result of exposures in the U.S. (1.29 yrs), Japan (-0.24 yrs) and EM (-0.04 yrs).

Spread:

Total portfolio market weighted spread duration stands at 5.10 yrs, mostly focused on IG corporates (1.79 yrs) and to a lesser extent HY (0.56 yrs) and EM (0.51 yrs). Also have exposure to non-agencies (1.66 yrs).

Currency:

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

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