

# Santander GO Dynamic Bond

5 / 2024

## Fund commentary

Performance:

Santander GO DBF returned 0.96% in the month of May.

In May, investors regained confidence driven by AI and soft-landing expectations, leading to a rally in risk assets and tighter credit spreads across the board. US Treasuries participated, with the 10-year yield returning to 4.5% after an 18bps rally, and Dollar Bloc government bonds posted marginal gains.

However, the rally did not extend to European and Japanese government bonds, with German Bunds and peripherals experiencing moderate losses and the 10-year JGB yield rising over 1% after a 20bps increase. In equities, all major developed market indices recovered much of their April losses, with the Nasdaq up 6.3% and notable gains in AI-related stocks like NVIDIA, which surged 30% on strong earnings. Precious metals had a strong month, while the US Dollar Index gave back some of its year-to-date gains.

### Top Contributors

- Exposure to US Duration, as yields fell
- Holdings of Agency MBS, as spreads tightene

### Top Detractors

- Exposure to US Duration, as yields fell
- Holdings of Agency MBS, as spreads tightened

## Positioning and Outlook

Main changes over the month:

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Decreased duration via US and increased spread via non-agency MBS.

Duration:

Total portfolio duration stands at 1.97 yrs and is the result of exposures in the U.S.

(1.87 yrs), Japan (-0.21 yrs) and EM (0.19 yrs).

Spread:

Total portfolio market weighted spread duration stands at 5.13 yrs, mostly focused on IG corporates (1.84 yrs) and to a lesser extent HY (0.62 yrs) and EM (0.42yrs). Also have exposure to non-agencies (1.72 yrs).

Currency:

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

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