

Santander GO Dynamic Bond

8 / 2024

Fund commentary

Performance:

Santander GO DBF returned 0.72% in the month of August.

August was a volatile month for markets, marked by an initial selloff due to a Bank of Japan rate hike and a weak US jobs report, followed by a recovery driven by supportive macro data and dovish commentary from Jackson Hole. Fixed income markets saw a rally, with the US 10-year yield hitting a 2-year low of 3.75%, and a 4-month winning streak for US Treasuries. Long-term inflation expectations began to decline, signaling trust in central banks' ability to cut rates without spiking inflation. Equities experienced significant turbulence, with the Nikkei suffering its worst day since 1987, but ultimately recovered to post positive numbers by month-end. Commodities had a mixed performance, with Gold reaching an all-time high while oil and industrial metals declined.

Top Detractors:

- Short exposure to select EM Asia currencies, as they appreciated against the USD

Top Contributors :

- Exposure to US Duration, as yields fell
- Exposure to select EM local rates, as yields fell

Positioning and Outlook:

Main changes over the month:

We increased duration via US and UK and decreased spread via HY and non-agency MBS.

Duration:

Total portfolio duration stands at 1.85 yrs and is the result of exposures in the U.S. (1.07 yrs), Japan (-0.20 yrs) and EM (0.38 yrs).

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Spread:

Total portfolio market weighted spread duration stands at 4.03 yrs, mostly focused on IG corporates (1.51 yrs) and to a lesser extent HY (0.39 yrs) and EM (0.34 yrs). Also have exposure to non-agencies (1.40 yrs).

Currency:

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

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