

Santander AM Euro Equity

8 / 2024

Fund commentary

August was a volatile month for stock markets, falling significantly at the beginning of the month and turning to a subsequent recovery. This initial drop was due to the unwinding of yen carry trades, which led some investors to sell risky assets, and fears of a possible recession in the US due to poor employment data earlier in the month. However, these fears receded as economic data pointed to a recovery in consumer spending and indicated that the impact of Hurricane Beryl explained part of poor employment data. The increased certainty of a September rate cut in the US also contributed to the equity rally.

In this environment, European indices posted positive results, with the MSCI Euro up by 1.61%, the EuroStoxx 50 by 1.79%, while the Stoxx 600 rose 1.55%. Year to date, all indices continue to perform strongly, with MSCI Euro, the EuroStoxx 50 and Stoxx 600 up by 10.53%, 12.06% and 12.10%, respectively.

In terms of sectors in Eurozone, Retail (7.83%), Real Estate (6%), Travel&Leisure (5.62%), Insurance (5.44%) and Telecoms (4.75 %) were the best performers while Basic Resources (-1.38%), Technology (-1.35%) Energy (-0.96 %), and Banks (-0.72%) were the only sectors in negative territory for the period.

During the month of August Santander Euro Equity had a positive absolute return similar to its benchmark MSCI EMU Net Total Return.

Sector allocation was neutral, positive contribution being long utilities and telecoms and short technology. Negative contribution being short healthcare.

Neutral performance on the stock selection side, main contributors included being long Sanofi, Inditex, Deutsche Telecom, Cellnex, Vinci, Iberdrola, Enel, Vonovia, Axa and Munich Re, as well as being short Kering, Societe Generale and BBVA.

Main detractors were ASML, Shell, Accor and short position in Ferrari, Nokia, Basf, and ABI.

During the month of August, we sold Accor, bought ABI and start a new position in Jeronimo Martins.

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