Santander Prosperity

2 / 2025

Marketing Communication

Fund commentary

The fund delivered again a strong performance in absolute terms in Febrery, clearly outperforming global markets.

February ended slightly down, dragged down by weakness in the U.S. In contrast, Europe stood out with gains driven by regional optimism fueled by expectations of a possible truce in Ukraine, the strong performance of banks, and the anticipation of higher defense spending.

In absolute terms, sector wise, Real Estate, Consumer Discretionary, Health Care and Financials were the positive contributors for the month, while Energy and Consumer Staples were the main draggers in terms of performance. Regarding single names, the main positive contributors were Welltower (+12%, after outlook better than expected), Chugai Pharmaceutical (+14%), Ventas Inc (15%), Coca Cola Femsa (+14%) and MercadoLibre (+10%, after record quarter profit), While First Solar (-18%), Glanbia (-21%, shares fell to a tow-year low on a lower earnings guidance), Merck & Co (-17%, stock plummets as company announced a guidance mucho lower than expected), Qiagen (-14%) were the biggest detractors.

The fund has a clear social objective, investing in companies that generate a minimum of 30% of their revenues in activities linked to the United Nations' Sustainable Development Goals, with a special focus on three long-term growth megatrends: Health & Well-Being; Food & Nutrition; Education & Financial Inclusion. Considering these trends, the managers sold portfolio bets in Merck & CO. The company reported mixed 4Q2024 results, but management has tried to cool expectations for 2025 with guidance well below consensus expectations, in addition to Merck suspending all shipments of its drug Gardasil to China until at least mid-2025.

The fund currently has an equity exposure of around 97%, with a diversified footprint throughout Europe, US, Japan and Latam.

In terms of sector position, due to the fund's intrinsic thematic biases the manager holds a majority allocation to the Health Care, Consumer Staples, and Real Estate sectors.

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