Santander Asset Management

Marketing Communication

Santander GO Dynamic Bond

2 / 2025

Fund commentary

Performance:

Santander GO DBF returned 1.40% in the month of February.

February was marked by significant political and market volatility, with notable developments in both the US and Europe. In the US, the Trump administration's policy agenda began to take shape, including new tariffs and controversial plans for Gaza, while in Europe, Germany saw a political shift with Friedrich Merz leading the CDU back to power. In financial markets, fixed income performed well across most major developed markets, with US Treasuries experiencing a strong rally, particularly in the intermediate to long parts of the curve. However, Japan was an outlier, with both stocks and bonds underperforming, as rates sold off across the curve. Equities experienced mixed performance, with European and UK stocks rallying due to strong defense stocks and a UK rate cut, while US stocks lagged despite an initial strong start, hindered by tariff concerns and weaker tech earnings.

Top Contributors:

- Long exposure to US Duration, as yields fell
- Exposure to the cash interest rate in the US, from carry
- Holdings of US Agency MBS, as spreads tightened and through carry

Top Detractors:

- Exposure to US Inflation-linked bonds as breakeven inflation fell
- Long exposure to select EM Asia FX, such as IDR and INR, as they depreciated against the USD

Positioning and Outlook:

Main changes over the month:

We slightly increased duration via US and increased spread via IG and non-agency MBS.

Duration:

Total portfolio duration stands at 3.71 yrs and is the result of exposures in the U.S. (2.20 yrs), UK (0.69 yrs) and EM (0.46 yrs).

Spread:

Total portfolio market weighted spread duration stands at 4.19 yrs, mostly focused on IG corporates (1.62 yrs) and to a lesser extent HY (0.38 yrs) and EM (0.40 yrs). Also have exposure to non-agencies (1.47 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 and Canadian Dollar.