Santander US Equity ESG

Marketing Communication

3 / 2025

Fund commentary

The fund closed March with negative performance in absolute terms, lagging behind its benchmark index.

March marked a significant shift in market sentiment, with sharp declines in global equities following two months of gains. The MSCI World fell, its worst month since October 2023, dragged down by growing trade uncertainty in the U.S. and its potential global impact.

In this market environment we would like to highlight the Santander US Equity ESG fund, is an actively managed North American equity fund, with the S&P500 as its benchmark. This is an Article 8 fund incorporating sustainable investment criteria. The fund targets large companies, with a significant capitalization, good business prospects and always thinking in the long term. We seek to put together a diversified portfolio without any specific bias, but with a flexible investment style always trying to capture the best opportunities at any given moment.

On a relative basis, the main contributors during the month were the underweight in The Consumer Cyclical sector, in Real Estate, Industrials and Utilities sector. On the other side, the biggest detractors were positions in Healthcare (Dexcom, Intuitive Surgical), Financials (Goldman, Morgan, Citi, JP Morgan), Technology (Shopify, Netflix, ServiceNow, Broadcom) and Materials (CRH).

In terms of portfolio changes, in the Health Care sector, we sold a weight in Eli Lilly. Of the U.S. pharma companies, it is the company with the most relevant product pipeline at the moment. Five new drugs could be launched in the next two years in clinical areas as important as diabetes, oncology and Alzheimer's disease. But tactically, we have dropped some weight due to fears about the imminent publication of Phase III results of the oral GLP-1 drug for diabetes and obesity.

Within consumer, we sold Home Depot and we opened new position in Tapestry, which is a retailer specializing in the affordable luxury segment, owner of the Coach and Kate Spade brands, both known for their handbags and accessories. The company is highly exposed to North America (65% of sales), where it continues to gain new customers, especially among the younger population, without affecting gross margin. In terms of valuation, the company continues to trade at a discount to peers.

Currently, the fund holds an equity exposure of around 96%. In terms of sector positioning, the largest overweights come from the Technology, Telecoms and Financials sectors. The largest underweights come from the Healthcare, Consumer Goods and Real Estate sectors.