

Santander AM Euro Equity

3 / 2025

Fund commentary

March marked a significant shift in market sentiment, with sharp declines in global equities following two months of gains. The MSCI World fell by -4.49%, its worst month since October 2023, dragged down by growing trade uncertainty in the U.S. and its potential global impact. This uncertainty, along with the lack of progress in resolving the conflict in Ukraine, also led to a steep correction in European indices.

Within this context, emerging markets outperformed developed ones (+0.30% vs -5.02%). Stronger performance in Asia — particularly China and India — helped support emerging markets, while developed markets were penalized by a sharp decline in tech stocks and rising risk aversion.

In this environment, European indices broke their positive streak from the first two months of the year. Both the EuroStoxx 50 and the Stoxx 600 fell -3.84% and the MSCI Euro -3,10%. Despite this, year-to-date gains remain solid at 7.53%, 5.77% and 7,54% respectively.

Defensive sectors and energy were the leaders in a context of rotation toward lower-volatility assets. Utilities led gains with +6.93%, followed by Insurance (+5.54%), Energy (+2.86%) and then Banks (+1.69%) and Construction (+1.52%). On the other end, the most cyclical sectors and those with global consumer exposure were hardest hit: Consumer Discretionary (-13.45%), Travel & Leisure (-13.17%), Retail (-11.48%), Autos & Parts (-10.87%) and Technology (-8.50%).

During the month of March Santander Euro Equity had a negative absolute return but outperformed its benchmark MSCI EMU Net Total Return.

Sector allocation was positive, being long utilities, telecoms, and banks as well as short consumer discretionary. Negative contribution being short energy.

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Positive performance on the stock selection side, main contributors included being long defence names, Iberdrola, Fresenius, Vinci, Heidelberg Materials, Spie and specific positions on the insurance sector, as well as being short luxury and Ferrari. Main detractors were Schneider, Linde, ASML, CVC, DSM, Ryanair, Publicis and Adidas.

During the month of March, we sold the positions in UMG (Universal Music Group).

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