

# Santander AM Euro Equity

5 / 2025

## Fund commentary

May was a month of clear recovery for financial markets, following the sharp declines in March and the volatility seen in April. The rebound was driven by easing trade tensions between the U.S. and its strategic partners, strong macroeconomic data in both Europe and the U.S., and more stable interest rate expectations. The Q1 earnings season also exceeded forecasts, especially in cyclical and industrial sectors, reinforcing the positive sentiment.

In this context, developed markets outperformed emerging markets (+5.93% versus +3.13%). Among the developed markets, all the major economies closed May in positive territory, with the United States (S&P 500 +6.25%) leading the way, supported by the strength of consumption and the rebound of the technology sector. Japan (Nikkei 225 +5.33%) also advanced strongly, followed by the Eurozone (EuroStoxx 50 +5.06%) and the United Kingdom (FTSE 100 +3.82%).

European indices followed this trend with solid gains. The EuroStoxx 50 and Stoxx 600 rose by +5.06% and +4.82% respectively and the MSCI Euro by 5,56%, bringing their year-to-date performance to +11.65%, +10.12% and 13,70% respectively. This performance reflects improving regional growth prospects, supported by better-than-expected macro data, easing inflation pressures, and increased clarity around ECB monetary policy.

At the sector level, every sector ended the month in positive territory. Travel & Leisure led the way (+11.71%), driven by seasonal demand and tourism. It was followed by Banks (+9.34%) and Industrials (+9.14%), boosted by improving margins and corporate investment. Technology (+7.77%) and Autos & Parts (+6.41%) also performed strongly, in line with the recovery in the manufacturing cycle.

On the other hand, defensive sectors posted more modest gains: Healthcare (+0.47%), Food, Beverage & Tobacco (+1.16%), Personal Care, Drug & Grocery Stores (+1.99%), Consumer Products & Services (+2.00%), and Utilities (+2.28%). This performance reflects a rotation into cyclical assets amid a rising risk appetite.

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During the month of May Santander Euro Equity had a strong positive absolute return similar to its benchmark MSCI EMU Net Total Return, keeping the outperformance on a year to date basis.

Sector allocation was slightly negative, being long utilities, telecom and short discretionary. Positive contribution being short healthcare and long industrial and technology.

Slightly positive performance on the stock selection side, main contributors included ASML, Prosus, Adidas, Ryanair, ABI, DSM, Fresenius, Schneider, Spie, Airbus and positions in the defence sector as well as being short Sanofi. Main detractors were short position in the Auto sector as well as in Siemens Energy, DHL, Cap Gemini or ASM International.

During the month of May, we sold the position in Eon after a +35% on the year and tactically bought EDP on a more attractive valuation.

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