

Santander GO Dynamic Bond

10 / 2022

Fund commentary

Performance

Global equities broadly rose with DM equities largely outperforming its EM peers as investors revised expectations for the pace of central bank tightening. Developed sovereign yields were largely mixed in October (e.g. US 10-yr Treasury and German 10-yr bund yields rising, while UK yields falling). Credit spreads were also mixed over the month. Global investment grade credit spreads widened modestly, while U.S. investment grade credit spreads were unchanged. Meanwhile, global high yield credit spreads tightened over the month. External emerging markets saw modest positive performance in October, while local EM ended the month in negative territory.

Top Contributors

- Positioning in select developed market currencies, such as the US Dollar
- Short exposure to Polish local rates, as yields rose
- Holdings of HY credit, as spreads tightened

Top Detractors

- Long exposure to US duration, as yields rose
- Holdings of non-agency MBS, as spreads widened

Positioning

Main changes over the month

Increased duration modestly and reduced credit exposure mostly via HY.

Duration

Total portfolio duration stands at 2.99 yrs and is the result of long exposures in the U.S. (1.96 yrs), Europe (0.60 yrs) and EM (0.15 yrs), UK (0.12 yrs).

Spread

Total portfolio market weighted spread duration stands at 6.04 yrs, mostly focused on IG corporates (2.56 yrs) and to a lesser extent HY (1.13 yrs) and EM (0.64 yrs). Also have exposure to non-agencies (1.33 yrs).

Currency

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The fund is currently long the British Pound, Australian Dollar and EM currencies such as the Brazilian Real and the South African Rand. The portfolio has short positions in some DM currencies such as the EUR and CAD.

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