

Santander GO Dynamic Bond

2 / 2023

Fund commentary

Performance

Santander GO DBF returned -0.64% in the month of February. Risk sentiment waned in February as hawkish global central bank announcements were made in the face of persistently high inflation and strong labor reports. In this context, both developed and emerging markets equities ended in negative territory over the month. Developed sovereign yields broadly rose in February after inflation metrics surprised to the upside and central banks continued tightening. Global IG spreads widened, while global HY spreads tightened marginally. Both external and local debt were negative over the month, driven by an increase in US yields and given EM currencies depreciated against the US dollar.

Top Contributors

Exposure to non-agency MBS

Top Detractors

Long exposure to US Duration, as yields rose

Long exposure to the Japanese yen, as it depreciated against the US dollar

Positioning and Outlook:

Main changes over the month: Modestly increased duration and reduced credit exposure mostly via non-agency MBS and investment grade.

Duration: Total portfolio duration stands at 2.75 yrs and is the result of long exposures in the U.S. (1.93 yrs), Europe (0.53 yrs) and EM (0.06 yrs), UK (0.12 yrs).

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Spread: Total portfolio market weighted spread duration stands at 5.81 yrs, mostly focused on IG corporates (2.32 yrs) and to a lesser extent HY (1.27 yrs) and EM (0.64 yrs). Also have exposure to non-agencies (1.16 yrs).

Currency: 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.

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