

Santander GO Dynamic Bond

7 / 2023

Fund commentary

Performance:

Santander GO DBF returned 0.83% in the month of July.

Although positive market sentiment suggested a soft landing, Central Banks were indeed hawkish across the board. Core bond yields rose, with 10y US Treasury and German Bund yields rising by +11 and +10bps respectively, while 10y UK gilt yields fell by -6bps. Japan's JGB curve saw historic moves, with its 10y yields rising by +16bps as a result of the adjustment to its yield curve control policy. The equity market saw a broad-based rally driven by AI-related optimism and macro data, with all major indices except for the Nikkei posting gains. In credit, global IG and HY spreads tightened.

Top Contributors:

- Holdings of IG and HY corporate credit, as spreads tightened
- Holdings of securitized credit, including Agency and non-Agency MBS
- Long exposure to EM external debt, as spreads tightened

Top detractors:

- Short exposure to Polish local rates, as yields fell
 - Short exposure to the Polish zloty, as it appreciated against the US Dollar
- Positioning and Outlook:

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Main changes over the month:

Increased duration via US and agency MBS.

Duration:

Total portfolio duration stands at 2.57 yrs and is the result of long exposures in the U.S. (2.20 yrs), Europe (-0.05 yrs) and EM (0.04 yrs), UK (0.20 yrs).

Spread:

Total portfolio market weighted spread duration stands at 5.86 yrs, mostly focused on IG corporates (2.27 yrs) and to a lesser extent HY (0.80 yrs) and EM (0.54 yrs). Also have exposure to non agencies (1.46 yrs).

Currency:

The fund is currently long the Australian Dollar and Japanese Yen and EM currencies such as the Brazilian Real. The portfolio has short positions in some DM currencies such as the EUR and the

Canadian Dollar.

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