

Santander AM Euro Equity

7 / 2023

Fund commentary

Global equity markets had another strong month despite fears of a possible recession, thanks to resilient GDP growth, lower than expected inflation in the US, better than expected 2Q results and continued market confidence in the potential of AI. As a result, the MSCI ACWI rose by 3.17% in July and accumulated a YoY return of 17.64%. Although there was positive performance in almost all markets, China (CSI 300 +5.35%) and the US (S&P500 +3.18%) outperformed Europe (Stoxx 600 +2.14%).

In this environment, the main European indices have continued the upward trend of July with the EuroStoxx 50 up 1.74% and the MSCI Euro up 1.92%. This adds to the good cumulative performance this year, with the EuroStoxx 50 and MSCI Euro up 18.45% and 17.52% YTD, respectively.

Regarding sectors in Europe (Stoxx 600), Real Estate (+10.46%), Basic Resources (+5.60%), Banks (+5.51%) and Financial Services (+5.49%) were the best performers. Telecom (-1.01%), Utilities (-0.84%), Travel Leisure (-0.37%) and Consumer Prod & Serv (-0.26%) were the only sectors in the red.

During the month of July Santander Euro Equity had a positive absolute return similar to its benchmark MSCI EMU Net Total Return.

Sector allocation was slightly negative being long Telecoms and Utilities and short Chemicals and Real Estate. Positive contribution this month being slightly short Technology and Industrials.

On the stock selection side, main contributors included overweight positions in Stellantis, Forvia, UMG, Grifols, Saint Gobain, Enel, Unicredit, ING, Santander and Wacker. Main detractors were short position in Basf, Prosus and Adyen as well as being long Nokia and Teleperformance.

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During the month of July, we sold Carrefour and EDP and increased RWE and Iberdrola.

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