

Santander GO Dynamic Bond

10 / 2023

Fund commentary

Performance:

Santander GO DBF returned -0.45% in the month of October.

October was a challenging month for fixed income markets, with geopolitical risks and higher long-end rates weighing on sentiment. European sovereign bonds rallied, but there was a significant sell-off in long-dated US Treasuries and Japanese bonds. Equities also struggled, with major indices experiencing a third consecutive month of poor performance. Credit spreads widened both on the investment grade and high yield spectrum. Lastly, both external and local emerging markets generated negative returns over the month.

Top Contributors:

- Short polish duration, as rates shifted upwards

Top Detractors:

- Long exposure to US duration, as yields increased
- Holdings of agency and non-agency MBS and corporate credit (IG and HY), as spreads widened

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Positioning and Outlook:

Main changes over the month

Slightly increased duration via the U.S.

Duration

Total portfolio duration stands at 3.62 yrs and is the result of long exposures in the U.S. (3.47 yrs), Europe (-0.06 yrs) and EM (-0.02 yrs).

Spread

Total portfolio market weighted spread duration stands at 4.91 yrs, mostly focused on IG corporates (1.97 yrs) and to a lesser extent HY (0.70 yrs) and EM (0.50 yrs). Also have exposure to non-agencies (1.27 yrs).

Currency

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

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