

Santander GO Dynamic Bond

1 / 2024

Fund commentary

Performance:

Santander GO DBF returned 0.49% in the month of January.

In January, bond yields initially rose across major sovereign curves, with the US 10-year Treasury yield climbing 25bps by January 26th, before retracing some gains as the Fed signaled potential rate cuts, then tempered expectations for an immediate reduction. Despite strong US economic growth data, with a 3.3% GDP increase surpassing the 2% forecast and full-year growth at 3.1%, inflation remained relatively stable. In Europe and the UK, inflation rates edged higher, prompting a sell-off in Bunds and Gilts, though the ECB and the BoE held interest rates steady to evaluate the delayed effects of monetary policy. Equities saw a general rally with the Nikkei leading at an 8.4% return, while Chinese and Hong Kong markets lagged significantly, and the Russell 2000 underperformed within developed markets.

Top Contributors:

- Short exposure to German duration, as yields rose
- Holdings of investment grade, as spreads tightened
- Holdings of US Non-Agency MBS, as spreads tightened

Top Detractors:

- Long exposure to US duration, as yields rose

Positioning and Outlook:

Main changes over the month:

Decreased duration via the U.S. and slightly increased spread especially via High Yield.

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Duration:

Total portfolio duration stands at 1.56 yrs and is the result of long exposures in the U.S. (1.11 yrs), Europe (-0.02 yrs) and EM (0.03 yrs).

Spread:

Total portfolio market weighted spread duration stands at 5.51 yrs, mostly focused on IG corporates (2.03 yrs) and to a lesser extent HY (0.73 yrs) and EM (0.49 yrs). Also have exposure to non-agencies (1.75 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.

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