

Santander AM Euro Equity

1 / 2024

Fund commentary

In January equity markets finished overall on a slightly positive tone, however, there has been a large divergence between the different markets. During the month the high market expectations for rate cuts were cooled off by the Fed delivering a more hawkish message than expected and geopolitical tensions increased with the situation in the Red Sea getting worse. DM outperformed EM (1.2% versus -4.6% respectively), mainly due to China's poor performance despite numerous stimulus announcements. In this environment, all European indexes recorded positive results with the EuroStoxx 50 up 2.93% and the MSCI Euro up 2.17%.

Regarding sectors in Eurozone, Technology, Media, Telecom and Travel & Leisure were the best performers. Chemicals, Utilities, Basic Resources and Real Estate were the worst performers.

During the month of January Santander Euro Equity had a positive absolute return but underperformed its benchmark MSCI EMU Net Total Return.

Sector allocation was neutral. Positive contribution being long Media and Telecom and short Healthcare and Chemicals, but negative contribution being slightly overweight Utilities and slightly underweight Tech.

On the stock selection side, main contributors included being short Basf, Bayer and STM, and long Sodexo, Publicis, UMG, Coca cola, Europacific DSM, Airbus and Teleperformance. Main detractor was Grifols, as well as Infineon, Puma, Forvia and RWE, and short position in Cap Gemini and Safran.

During the month of January, we reduce the exposure to Grifols for fear of excessive volatility after the doubts caused by the Gotham report and sold Kering and Sodexo before the Pluxee spin off.

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