

Santander GO Dynamic Bond

6 / 2024

Fund commentary

Performance

Santander GO DBF returned 0.48% in the month of June.

In June, fixed income markets saw mixed performance. US, German, and UK treasuries posted strong results with 10-year yields dropping by 10-20 basis points, while European peripheral bonds and French OATs struggled post-European elections. Central banks continued easing monetary policy, with the ECB, Bank of Canada, and Swiss National Bank all cutting rates, marking a significant shift in policy direction across Europe and the dollar bloc. In the US, the Federal Reserve maintained its federal funds rate, aligning with market expectations, while in the UK, inflation hit the BoE's 2% target, increasing pressure for potential rate cuts. In equities, the Nasdaq surged by 6%, driven by strong performances from tech giants, while small caps and European stocks, particularly the French CAC40, experienced significant losses.

Top Contributors

- Exposure to US Duration, as yields fell
- Exposure to the cash interest rate in the US, from carry

Top Detractors

- Holdings of Agency MBS, as spreads widened

Positioning and Outlook:

Main changes over the month:

Decreased duration via US and spread via corporate credit (both IG and HY).

Duration:

Total portfolio duration stands at 1.53 yrs and is the result of exposures in the U.S. (1.87 yrs), Japan (-0.21 yrs) and EM (0.19 yrs).

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Spread:

Total portfolio market weighted spread duration stands at 4.50 yrs, mostly focused on IG corporates (1.67 yrs) and to a lesser extent HY (0.50 yrs) and EM (0.37 yrs). Also have exposure to non-agencies (1.52 yrs).

Currency:

The fund is currently long EM currencies such as the Brazilian Real, the Mexican peso and the South African Rand. The portfolio has short positions in some DM currencies such as the EUR and the Australian Dollar.

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