

Santander AM Euro Equity

7 / 2024

Fund commentary

In July, developed equity markets as well as emerging ones had moderate appreciation, but suffered a significant rotation out of technology into defensives sectors, and out of big caps into small and midcaps companies.

Recent developments on employment in the US have prompted the markets to price the first rate cut by the Fed in September, and Bond yields dropped significantly in the US and Europe.

The first wave of half year corporate results -- though resilient overall -- hasn't injected the boost that equity markets initially hoped for and appears insufficient to serve as a strong valuation catalyst. Higher guidance in growth sectors was well anticipated, resulting in some profit-taking.

In this environment, European indices had a muted performance this month, with the Euro Stoxx 50% falling by -0.32%, the MSCI Euro up 0.42% and the Stoxx 600 up 1.17%.

Regarding sectors in Eurozone, Healthcare (6.86%), Construction (6.44%), Banks (5.77%) Utilities (5.3%) and Real Estate (4.47%) were the leaders while Technology (-6.4%), Consumer Discretionary (-5.68%), Basic Resources (-5%) and Media (-4.1%) were the worst performers.

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

Sector allocation was slightly positive being long utilities and telecoms and short technology. Negative contribution being short healthcare.

Positive performance on the stock selection side, main contributors included being long Linde, Fresenius, Vinci, Airbus, Dpost, Axa, ING, UniCredit and Enel, as well as being short Basf, Kering, ASM International and STM.

Main detractors were ASML, Heineken, UMG, Accor and short position in Orange, Engie, Philips and Danone.

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During the month of July, we reduce the position in LVMH to underweight and bought Hermes.

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