

# Santander GO Dynamic Bond

7 / 2024

## Fund commentary

Performance:

Santander GO DBF returned 1.32% in the month of July. In July, fixed income markets saw strong performance as macroeconomic data indicated potential rate cuts, leading to bond rallies across developed markets, except Japan, which continued to hike rates. The US showed encouraging inflation data, fueling expectations of a Fed rate cut, while the Bank of Canada and the Bank of England also eased policies. In contrast, the European Central Bank held off on rate cuts despite mixed economic data. Japan remained an outlier, tightening its monetary policy with a rate hike and reduced asset purchases, resulting in a significant appreciation of the Japanese Yen. Equity markets experienced a role reversal in July, with the DJIA and Russell 2000 outperforming while the Nasdaq and Nikkei lagged, and a notable shift from growth stocks to small caps.

Top Contributors:

- Exposure to US Duration, as yields fell
- Exposure to the cash interest rate in the US, from carry
- Holdings of corporate credit IG through carry and selection

Top Detractors:

- Holdings of non-agency MBS

Positioning and Outlook:

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Main changes over the month:

Slightly decreased duration via US and spread via corporate credit (in particular IG).

Duration:

Total portfolio duration stands at 1.42 yrs and is the result of exposures in the U.S. (0.93 yrs), Japan (-0.20 yrs) and EM (0.39 yrs).

Spread:

Total portfolio market weighted spread duration stands at 4.30 yrs, mostly focused on IG corporates (1.55 yrs) and to a lesser extent HY (0.47 yrs) and EM (0.34 yrs). Also have exposure to non-agencies (1.50 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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