

Santander AM Euro Equity

12 / 2024

Fund commentary

December was again a positive month for European Equities despite a weak close for global markets with the MSCI World falling -2.37%. The market started discounting a more gradual pace of rate cuts by the Federal Reserve given higher inflation expectations from the new US administration potential measures, especially in terms of tariff increases.

In this environment, European indices posted better results with the Euro Stoxx 50 up by 1.94%, the MSCI Euro by 1.38% and the Stoxx 600 down by -0.46%. On a year-to-date basis, positive returns for the European market, with the Euro Stoxx 50 and Stoxx 600 up 11.01% and 8.79%, respectively and the MSCI Euro by 9.49%.

In terms of sectors in Eurozone, Consumer Prod & Serv (7%), Banks (4.92%), Autos & Parts (4.80%), Travel & Leisure (4%) and Technology (3.48%) were leading while Real Estate (-5.77%), Telecoms (-3.31%), Retail (-3%), Utilities (-2.61%) and Energy (-2.43%) were the worst performing sectors for the period.

During the month of December 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 banks and technology and short energy and basic materials. Negative contribution being long telecoms, utilities and real estate.

Negative performance on the stock selection side, main contributors included being long Axa, Intesa, Ryanair, UMG, Airbus, Schneider, as well as being short Safran, Eni, Neste Oil and Ahold. Main detractors were Linde, DHL, DSM, ABI, Inditex, Iberdrola, RWE and Cellnex as well as being short BMW, Vow and Luxury names.

During the month of December, we reduce position in Inditex, Sap and Schneider and bought CVC Partners.

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