

Santander GO Dynamic Bond

12 / 2024

Fund commentary

Performance:

Santander GO DBF returned -0.02% in the month of December.

In 2024, global bond markets experienced significant volatility and rising yields, particularly affecting UK Gilts and US Treasuries, as sticky inflation and resilient labor markets delayed central bank actions. The Bank of Japan's shift away from negative rates and yield curve control sent shockwaves through markets, contributing to heightened volatility and a temporary panic in August. The Federal Reserve eventually cut rates multiple times, leading to a rally in the short end of the US yield curve and a normalization of the interest rate environment. Meanwhile, stocks soared to new heights, driven by rate cuts and advancements in Artificial Intelligence, with US and Japanese equities performing strongly, while Gold and Bitcoin emerged as standout winners in the financial markets.

Top Contributors:

- Holdings of IG credit through carry and selection

Top Detractors:

- Long exposure to US Duration, as yields rose
- Long exposure to UK Duration, as yields rose

Positioning and Outlook:

Main changes over the month:

We increased duration via US and decreased spread via IG and EM.

Duration:

Total portfolio duration stands at 3.88 yrs and is the result of exposures in the U.S. (2.32 yrs), UK (0.69 yrs) and EM (0.48 yrs).

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Spread:

Total portfolio market weighted spread duration stands at 3.86 yrs, mostly focused on IG corporates (1.42 yrs) and to a lesser extent HY (0.37 yrs) and EM (0.31 yrs). Also have exposure to non-agencies (1.36 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 Australian and Canadian Dollar.

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