

# Santander Go Global High Yield Bond

1 / 2025

## Fund commentary

Contributors:

- Credit selection in the banking sector
- Overweight allocation and credit selection in the media sector
- Overweight allocation to CCC & below rated credit

Detractors:

- Credit selection in the utilities sector, led by the overweight to Edison International
- Credit selection in the services sector
- Credit selection in single B rated credit

Outlook:

- The key talking point for investors is the trade policy developments between the US and its trading partners. We view recent events as just the opening moves in a long game of geopolitical chess, with the larger moves and impact still to come.
- Our base case for Europe is a gradual improvement in growth, with the EU better prepared to navigate tariff negotiations with the US, but less prepared for more defence spending.
- With higher expected rates and a positive backdrop for growth, we see a favourable environment for our asset class.
- Although spreads and valuations have tightened, the beta opportunity will get an uplift from more meaningful M&A/leveraged buyout supply in 2025.
- We see compelling opportunities across a range of sectors but remain cautious on European automotives.
- Capital-structure sustainability remains the dominant theme in our analysis of high-yield credits.
- Our base case for defaults remains in low single digits, in a few well-known idiosyncratic stories.

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