Santander Private Banking

April 2024

Quarterly Report

Softer landing moderates rate cuts

In the first quarter of 2024, analysts have been surprised on the upside as economic momentum is improving in major countries such as the United States, India or Mexico. The dynamics of this cycle are corroborating the soft landing narrative although the rising momentum was not felt everywhere, with notably subdued growth in the euro area. The counterpart to the improvement in economic sentiment is the increased persistence of inflation. This context of lower recession risk and greater doubts about achieving the 2% inflation target would make central banks rethink the urgency of initiating cuts. We assume a smooth adjustment cycle also in the evolution of interest rates towards neutral levels.

This macroeconomic and financial scenario provides a favorable scenario for rebalancing investment portfolios. Conservative investors have alternatives to generate real returns with a low level of risk and can balance attractive yields in a diversified way and implement hedging strategies. Investors with longer investment horizons can complement the safety of fixed income returns with the potential for cyclical earnings recovery in listed equities, the attractiveness of private markets and innovation themes.

Softer landing moderates rate cuts

01 Definitely a soft landing

Despite high interest rates, growth data has held up and **the risk of recession has diminished**. However, this positive economic momentum is concentrated in a few regions, notably the United States. European economies may also avoid recession, but growth remains anemic. In the emerging bloc, **China is expected to grow close to 5%, but the real estate sector remains a drag**. Other economies such as Mexico and India are improving their outlook thanks to business investment and more specific issues such as nearshoring.

02 Disinflation at two speeds

Central banks cannot claim victory over inflation, but progress may be sufficient to allow them to begin to reduce monetary pressures. Persistent price pressures in the services component will make it difficult to stabilize inflation at 2%, but **we expect a gradual return of interest rates to neutral levels** in almost all regions. We have lowered our expectations for rate cuts in 2024, as central banks may remain cautious until wage pressures ease.

03 Focus on earnings recovery

The resulting environment of economic slowdown and moderate interest rate tightening provides a favorable backdrop for all types of investment strategies. Investors with a greater focus on minimizing risk can combine the high returns of short-term fixed income positioning with options to extend the opportunity to longer maturities through longer duration bonds, credit risk premiums on high quality corporate bonds and diversification into more complex fixed income strategies. Investors with a longer investment horizon can combine the more predictable returns of fixed income with the potential earnings recovery of equities and the growth of innovation themes.

01 Definitely a soft landing

We are facing an economic cycle that is out of step with historical patterns. Despite an accumulation of leading indicators (which historically have had a strong predictive value) showing clear signs of recession, the actual data continues to exceed expectations and the ability of economies (especially the US) to avoid it is surprising. We are referring to indicators such as the most dramatic interest rate hikes in recent decades, deteriorating manufacturing confidence, the inverted yield curve, credit availability or weak consumer confidence, among others. As shown in the chart below, **the US economy has never managed to avoid a recession after 24 consecutive months of declining LEI (Conference Board Leading Economic Index) until this year**. The exceptional nature of this cycle was confirmed by the first rebound in the LEI in February.

The pace of slowdown is moderating and the soft landing narrative is reinforced

Our central scenario for 2024 was revised upwards in line with the growing evidence of a milder slowdown. Monetary policy explains only part of the reaction function of economic agents. Other factors that help us understand the exceptional behavior of this cycle include the special circumstances in the labor market (very low unemployment due to demographics and the collateral effects of the pandemic), financing (low cost of household debt with a high share of fixed-rate mortgages), technology (artificial intelligence boom), and expansionary fiscal policy.

Tight monetary policy is having less of an impact on growth compared to previous cycles

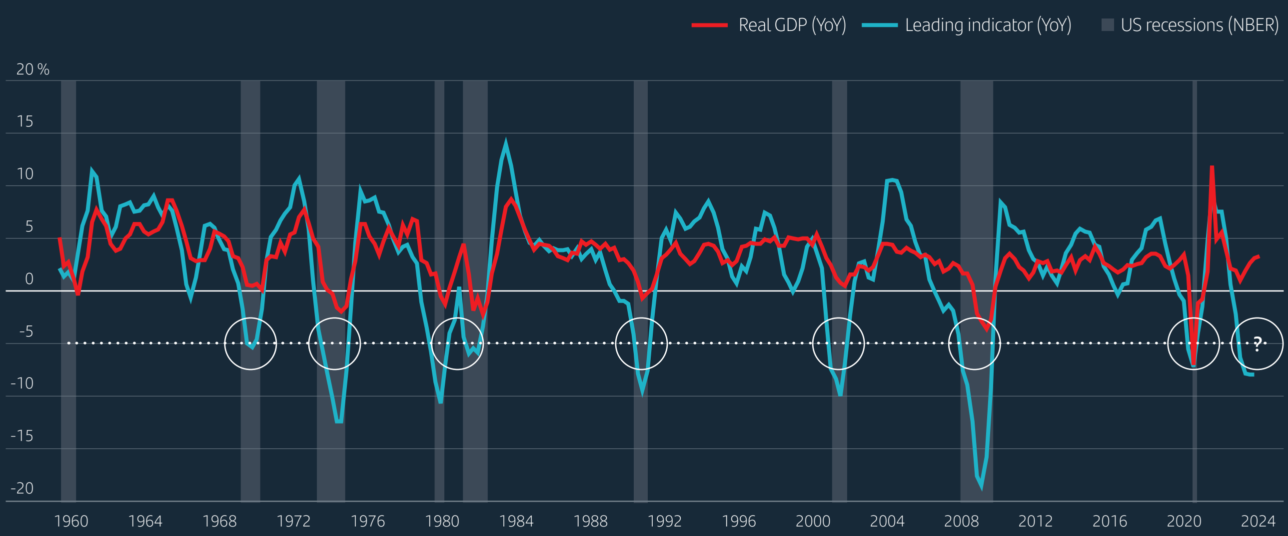
In the absence of further negative shocks to economic growth, this monetary tightening is not leading to a generalized recession. It is important to note that this cycle has not been preceded by a process of deterioration in private sector finances, which has allowed for a lower sensitivity of consumption and investment to interest rate increases. The increase in debt has been largely confined to the public sector and, as a result, the public deficit has also risen sharply. **At some point, austerity measures will have to be implemented in the major economies, although this adjustment is unlikely to take place in the near term as elections in the major economies are likely to dictate policy priorities.**

Barring new shocks or a shift to more orthodox fiscal policies, the outlook for economic growth does not appear to be recessionary.

Correlation between Conference Board Leading Economic Index® (LEI) and GDP growth in the U.S.

Source: Bloomberg. Data as of 3/31/2024

Historically, a recession has occured in the U.S. when the LEI falls to similar levels



* LEI: Conference Board Leading Economic Index ®

Differing expectations across geographies

The change in growth expectations is not widespread. The global economic landscape in the first quarter of 2024 presents a dichotomy of fortunes, driven primarily by the economic performance of the United States. **The improvement in U.S. growth expectations is evident in the bottom left chart.** U.S. economic data surprised to the upside in the fourth quarter (3.2% quarterly annualized growth), and this positive tone carries over into 2024, with growth expected to exceed 2%. If the U.S. economy grows 2.8% in the first quarter of 2024 (as the Atlanta Fed's GDPnow currently suggests), it would be the seventh consecutive quarter of growth above 2%. The upward revision for 2024 is supported by several factors: (i) a strong labor market, (ii) sustained wage growth, (iii) households' strong capacity to meet their financial obligations, (iv) stable debt service despite interest rate increases due to the prevalence of fixed-rate debt, especially mortgages, and (v) a rise in household net worth to record highs due to stock market appreciation. **Public sector spending and investment funded by the Biden administration's industrial policy programs are also supporting the US economy.**

Consumer spending and strong labor market keep U.S. economy ticking along

Other developed economies remain mired in cyclical weakness. Growth estimates for this year remain weak for the euro area, the United Kingdom and Japan, at levels below 1%. The euro area grew by 0.4% last year, with the southern countries (Spain, Portugal, Greece), which are more focused on the services sector, especially tourism, growing by 2.5%, 2.3% and 2.0% respectively, and the more industrialized core countries (Italy, France and Germany) growing by 0.9%, 0.7% and -0.3% respectively. **In 2024, the euro area is expected to grow by only 0.5%, with Germany flirting with negative growth.**

Germany is lagging other European economies that are less exposed to the manufacturing cycle

Among **Asia's two largest emerging markets**, as shown in the chart on the right, growth expectations are rising in India, where GDP is expected to grow close to 7% on the back of dynamic manufacturing activity and foreign investment. **The outlook for China is more subdued** as it faces the twin challenges of a slowdown in the property sector and weak investor confidence. In Latin America, **growth expectations have improved in Mexico**, which is enjoying a boost from investment spurred by **nearshoring-related capital flows**. In addition, lower interest rates may gradually improve growth expectations in the region.

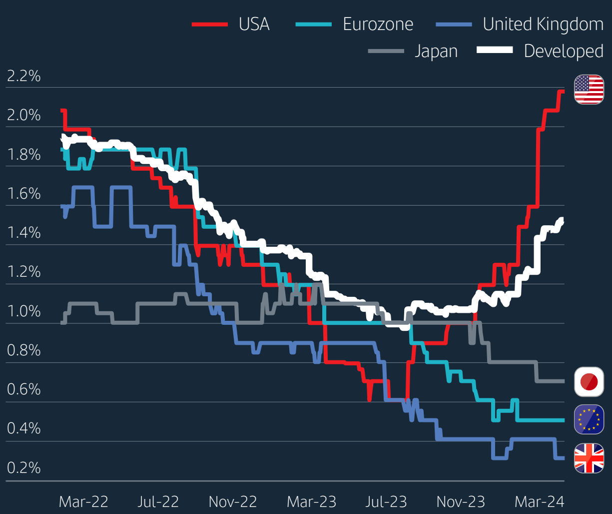
Within the emerging bloc, India and Mexico stand out on the positive side, while China is working to stabilize its real estate sector

2024 growth estimates

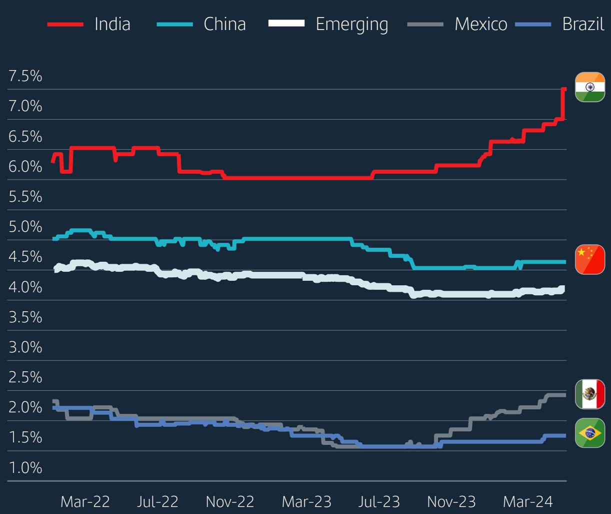
Source: Bloomberg Consensus of Economists. Data as of 3/31/2024

Divergence across countries, but slightly more positive overall growth tone

Developed economies



Emerging economies



Two speeds: manufacturing and services

Within this general soft landing scenario, there is one common element of hope: a **gradual improvement in business confidence indicators**. The charts below show the evolution of these indicators by sector (manufacturing and services) and by geography (developed and emerging economies). As business confidence is one of the leading indicators with the highest predictive value, the evolution in recent months shows an improving trend. This could be the prelude to a recovery in activity levels. However, **the manufacturing sector is starting from a much lower level than the services sector**, which has been less affected by the process of interest rate increases.

Better momentum in services sector continues to be supported by the strength in the labor market

There are also **signs of green shoots in manufacturing activity in economies that are more closely tied to the industrial cycle** because of the importance of exports to their economies. Experts tend to pay close attention to **developments in economies such as Sweden and South Korea** because of their **ability to provide early signals about the global manufacturing cycle**. Exports from these countries appear to have improved in recent months with respect to the level of contraction in 2023. This **improvement seems to be reflected in the January-February global manufacturing PMI data, which is in expansion territory (above 50) for the first time since September 2022**. The **real estate sector**, which stands out as one of the most cyclical and interest rate sensitive sectors, **is also showing positive signs**. This improvement is limited to the residential sector (the adjustment in prices and activity continues in the office sector) and is based on the shortage of supply resulting from the low level of residential construction in this cycle. The **boom in technology investment**, linked to the promising productivity gains associated with artificial intelligence solutions, could be another potential focus of accelerating activity. While it will take time for this to feed through to the broader economy, there is likely to be a huge surge in investment in software, data centers and information processing equipment in the near term.

Manufacturing sector shows early signs of recovery after two years of weakness

The sum of these factors and indicators reinforces the soft landing narrative by reducing the likelihood of a recession in 2024. The damage to economic growth from a rise in interest rates appears to be less severe in this cycle.

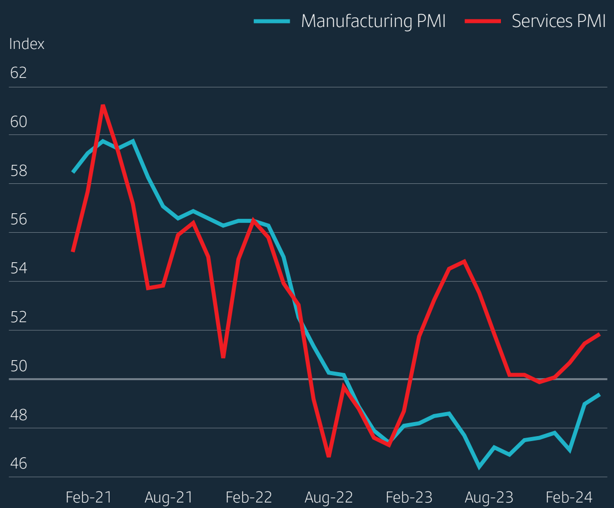
The narrative of mildly moderating growth is becoming increasingly reinforced by recent data

Manufacturing and services business confidence indicators

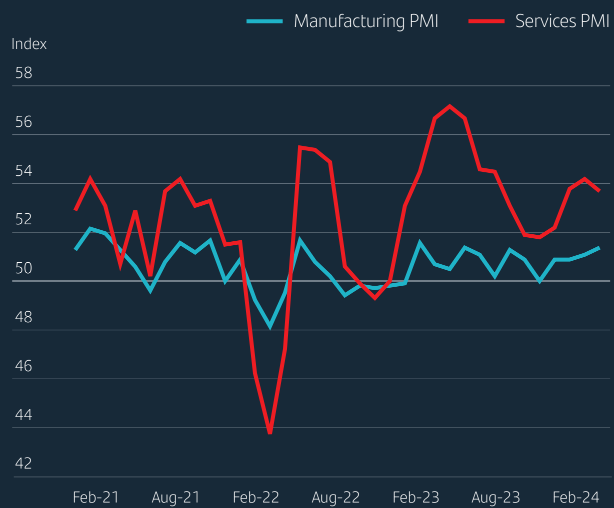
Source: Bloomberg. Data as of 3/31/2024

Manufacturing shows signs of recovery while services sector remains strong

Developed economies



Emerging economies



02 Disinflation at two speeds

In terms of inflation and the implications for monetary policy, **price developments for goods and services are similar to those for business confidence**, as shown in the charts below for the U.S. and the euro area. For goods, the inflation shock was initially triggered by problems in the supply chains of energy, commodities and intermediate goods, which pushed up goods inflation to 15% both in the U.S. and in the eurozone. These problems have gradually dissipated, and not even the recent conflict in the Red Sea has caused a rebound in industrial prices. Natural gas and oil prices are very stable, and China is once again exporting deflation. **For the time being, inflationary pressures have disappeared in everything from energy to commodities to manufactured goods.**

Price pressures on goods and energy have virtually disappeared

In contrast to goods inflation, the rise in services inflation has been more moderate and more persistent. Central banks pay much more attention to this component precisely because of its "stickier" nature. **These so-called second-round effects are of particular concern because of their impact on wage bargaining and the upward revision of inflation expectations.** The current disinflation process is clear, but it is becoming apparent that the "last mile" of the reduction to the 2% target will be very complex on the services side. **The price equilibrium level of the economies in general seems to be higher than before the pandemic**.

Central banks will continue to focus their attention on services inflation and wage increases

The main differences in the equilibrium price level are concentrated in two sectors of the economy: the labor market and real estate. **Regarding the labor market, the upward pressure on wage bargaining is closely related to the low level of unemployment**, which gives unions and workers greater bargaining power. Demographic trends (low fertility rates and limited immigration) are likely to exert additional pressure. **In the residential property market, prices are showing signs of recovery** as the supply shortage is exacerbated by the deterioration in families' purchasing power due to the higher cost of mortgage financing. In the near term, both wages and rents are showing rigidities in their inflation trends.

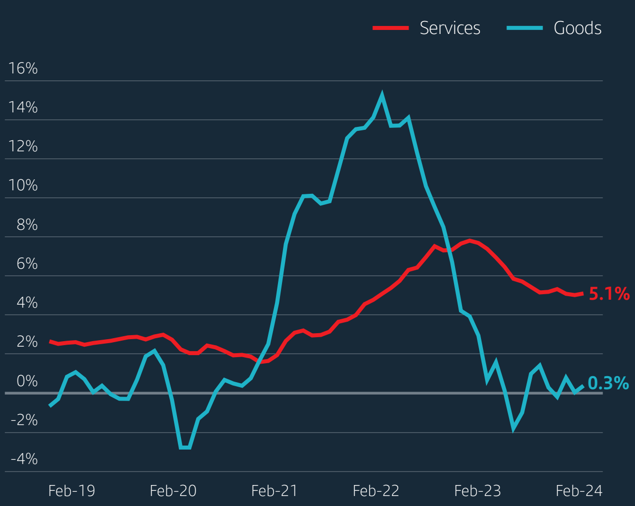
Tight housing and labor markets could represent a serious obstacle for central banks in fighting inflation

Goods and Services Inflation Trend

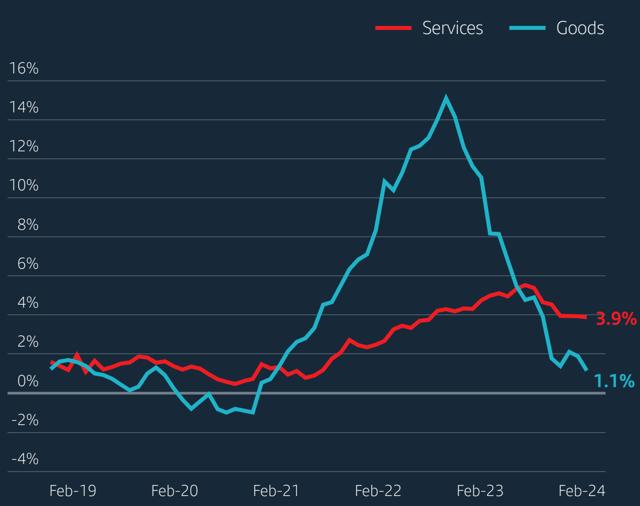
Source: Bloomberg. Data as of 3/31/2024

Persistency of services inflation complicates 2% target

United States



Eurozone



Central banks to start normalizing rates

Although the disinflation process appears to be losing momentum and there are doubts about future wage developments, there is no denying the enormous progress that has been made in reducing inflation levels. The combination of high nominal interest rates and declining inflation has led to a steady and sharp rise in real interest rates (nominal rates - inflation). The gradual tightening of monetary policy is fueling the debate on the desirability of starting to reduce the cost of money.

Central banks cannot claim victory over inflation, but progress should be sufficient to justify lower rates

The table below shows the **differences in the timing of monetary policy decisions around the world**, with some, such as the Bank of Japan, going in the opposite direction with its recent rate hike (the first since 2007). Apart from Japan's monetary policy, we can see that **the global hiking cycle is already very mature**, with only the timing differing between emerging and developed blocs. Emerging market central banks have responded to inflationary shocks with greater speed and discipline, prioritizing price stability through rate hikes. **This early action to stabilize prices has allowed countries such as Brazil, Chile and, more recently, Mexico to begin the process of cutting interest rates to stimulate growth.**

Central banks in Latin America have already started reducing interest rates, which has mitigated the appreciation of their currencies

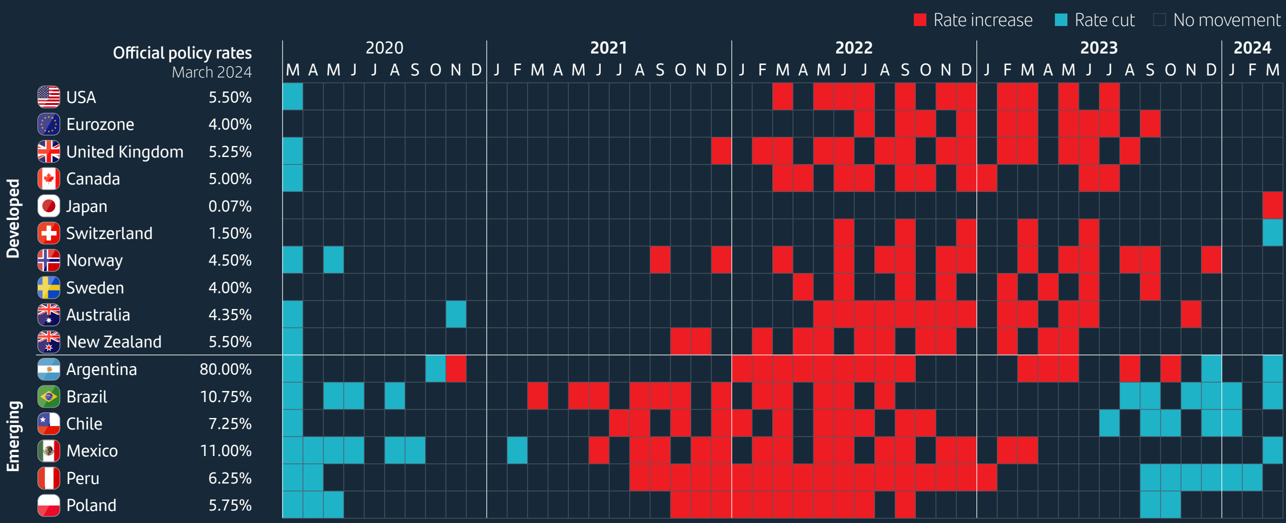
In contrast, the European and US central banks have been forced to delay the start of monetary easing, as rate hikes have had less of an impact on slowing the economy than in the past. **Both the Fed and the ECB are being very cautious about moving towards an easing cycle, as they observe that inflation expectations remain above 2%.** Against this backdrop, the Swiss National Bank (SNB) recently made a surprise move and decided to cut its key interest rate by 0.25% to 1.5%. This cut is the first since 2014, making it the first of the major central banks to take the step to reverse the monetary tightening cycle. This move by the Swiss monetary authority could be the starting signal for other major central banks to begin their cuts in a few months. **The next direction of monetary policy would be to bring interest rates back to the so-called neutral level.** The neutral interest rate is the rate at which aggregate demand in an economy equals aggregate supply, or in other words, the interest rate set by the central bank that would allow the economy to operate at full employment and price stability.

It is likely that both the Fed and the ECB will soon follow in the footsteps of the Swiss National Bank in cutting interest rates

Monetary policy decisions since the pandemic

Source: Bloomberg. Data as of 3/31/2024

Central banks in the emerging market bloc are leading the way in cutting interest rates



Interest rates will decline at a slower pace

Compared with expectations at the beginning of the year, central banks will take longer to cut rates in 2024 and will do so less frequently. This change is driven by the two main reasons discussed in previous chapters: better-than-expected economic data and inflation beginning to slow its decline. The charts below show rate cut expectations for the Fed and the ECB (red line, right axis). In both cases, markets started this year discounting a very abrupt number of rate cuts (around 7 cuts of 0.25% by 2024), replicating the pattern of previous monetary easing cycles. However, better economic data in the first quarter of this year (as measured by the Economic Surprise Index, represented by the gray area) has led to a change in the tone of central bank communications and market expectations. **The market now expects the Fed and the ECB to implement only three very gradual rate cuts starting in the summer.**

It is very likely that both the message and the action of central banks will be very cautious in the coming months, given the current difficulties in determining the reaction of economic agents to monetary policy decisions. As far as inflation is concerned, on the negative side, we are in a **different environment, both for the labor market and for supply chains, which are affected by a process of de-globalization, the extent of which is very uncertain.** Restrictions on U.S. sales of cutting-edge technology to China have increased significantly under the Biden administration, and it is foreseeable that Trump, if he becomes president, will raise tariffs even further. On the positive side, inflation levels could benefit from significant productivity improvements associated with the implementation of artificial intelligence (AI) solutions. Since the launch of ChatGPT, we have seen a boom in infrastructure investment related to more powerful basic models and AI solutions based on these models, which have a high potential to boost productivity by reducing labor market pressures.

All these factors raise doubts among monetary authorities about the new level of price stability and growth and their impact on the neutral policy rate. As a result, **we expect central banks to ease monetary policy very gradually. Interest rate cuts will take place, but they will be modest.**

Positive economic surprises have reduced the urgency and magnitude of rate cuts

Central banks have doubts about whether the new equilibrium level of interest rates (the neutral rate) is higher than before the pandemic

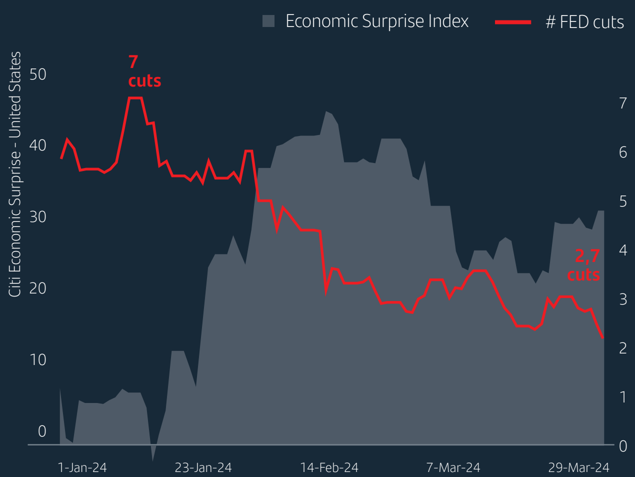
Interest rates have peaked, and we expect them to decline, but they will remain higher than in the previous cycle

Citi Economic Surprise Index (ESI) and market expectations on monetary policy during 2024

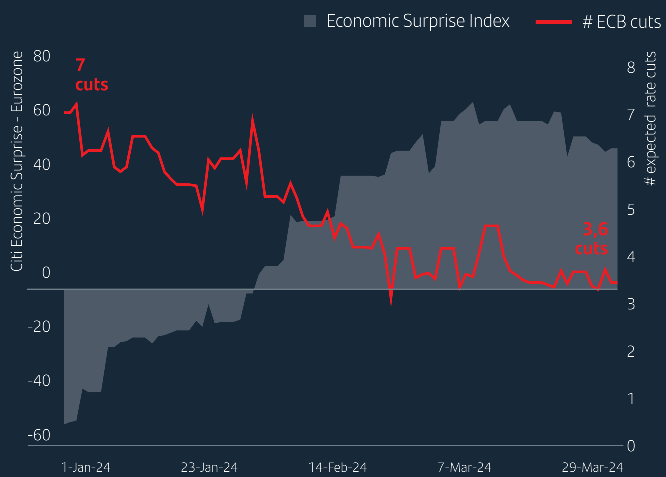
Source: WIRP Bloomberg. Data as of 3/31/2024

Improving economic data reduces expectations for rate cuts

United States (Federal Reserve)



Eurozone (ECB)



* The Citi Economic Surprise Index (CESI) measures the way in which the publication of economic data impacts markets expectations. A reading above zero implies that the release of economic data surprises positively against market expectations.

03 Focus on earnings recovery

To recapitulate what has been said in previous sections, the current macroeconomic environment is one of a **surprisingly moderate slowdown**, in which (i) job creation is supporting consumption, (ii) the services sector is offsetting weakness in manufacturing, (iii) inflation improvements are stagnating, and (iv) a more cautious tone from central banks regarding interest rate cuts is warranted. In our last Annual Report, we argued that this is a good time to build investment portfolios that combine and balance different levels of risk. **Slight upward revisions to growth and a more moderate cycle of interest rate cuts reinforce this view of a wide range of opportunities to optimize portfolio allocation.**

The current macroeconomic enviroment is favorable for the rebalancing of investment portfolios

In fixed income, the current high level of interest rates in short term maturities provide a strong incentive to invest in money market funds. Weak credit demand and the financial sector's strong capital position have led to a lack of availability of higher-yielding deposits and have diverted record flows into money market and buy-and-hold funds. This trend can be expected to continue if interest rate cuts are few and far between. It should be borne in mind that **these short-term interest rates offer positive real returns with little risk in a context of falling inflation, which has rarely been the case**, and it is normal that this should have such a strong attraction for investment flows.

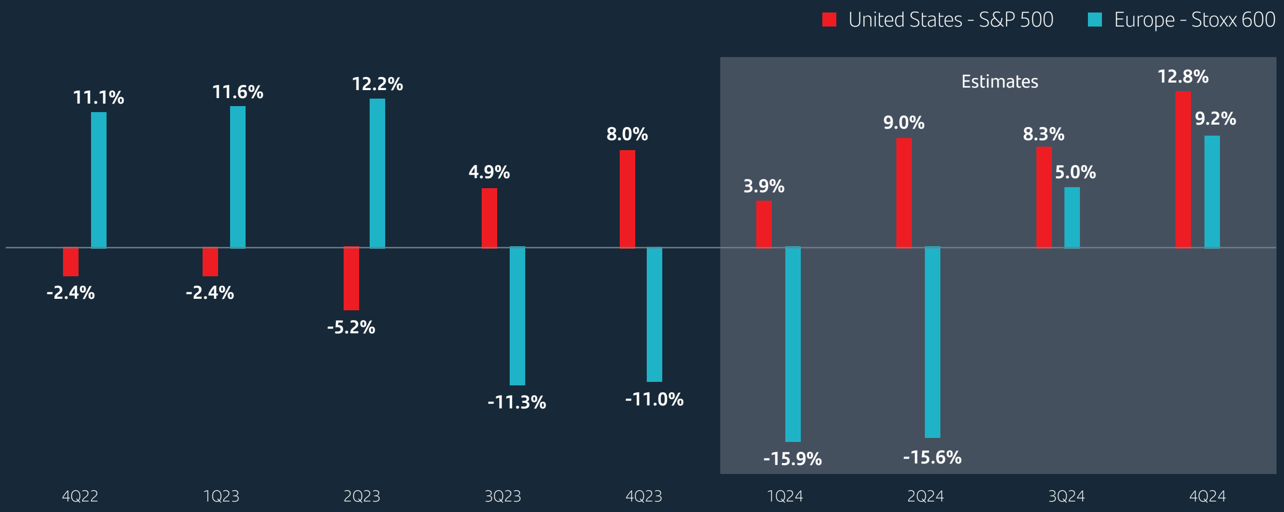
Short-term fixed income investment remains attractive but eventually rate cuts will begin

However, **we would see merit in extending the investment horizon, as we believe that an excessive focus on the short term could imply a high opportunity cost by not considering other longer-term investment options.** In this context, investors could consider alternatives at the long end of the curve and capture credit risk premia if they want to extend the opportunity of today's high yields to a longer horizon. The current scenario of a moderate economic slowdown implies that the increase in credit defaults would be less pronounced, so that investments in corporate bonds with a reasonable risk/return profile could be considered. In addition, positioning in longer-duration bonds has historically been attractive for portfolios ahead of interest rate reduction cycles. **The combination of duration risk and credit risk premiums continues to offer a favorable set of risk-adjusted return options.**

It is still a good time to have a look at longer-term investment opportunities and credit risk premiums

Expectations for earnings growth in the US (S&P 500) and Europe (Stoxx 600)
Source: Bloomberg. Data as of 3/31/2024

Europe will still see some negative quarters



Recovery on corporate earnings under way

One of the factors enabling low levels of bankruptcy in this rising rate cycle is the strong performance of corporate earnings. Corporate profitability typically takes a hit in an environment of slowing growth and demand, coupled with still-high inflation and upward pressure on financing costs. These negative trends have been present in recent quarters, leading to downward earnings revisions with varying degrees of severity across regions and sectors. Nevertheless, **equities have outperformed due to two factors: the magnitude of downward earnings revisions and the positive impact of technological innovation and disruption.**

U.S. corporate earnings are now past the point of adjustment and are on the path to recovery

The chart on the previous page illustrates the extent of the cyclical adjustment in the United States and in Europe. Starting with companies listed in the United States and using its most representative stock market index (S&P 500), we can see from its quarterly earnings growth that **U.S. companies have already absorbed the impact of the slowdown and are clearly on the road to recovery.** A typical recession implies an earnings adjustment of more than 15%, making the decline in this cycle small by comparison to previous ones. **In the case of European companies (Stoxx 600), the impact has been more delayed and more pronounced than for US companies** (without reaching the declines typical of a recession)**, and there is still some way to go** (in fact, two more quarters are still expected to be negative).

Earnings adjustment in Europe is still work in progress as the cyclical slowdown will probably make a dent in profitability for the next two quarters

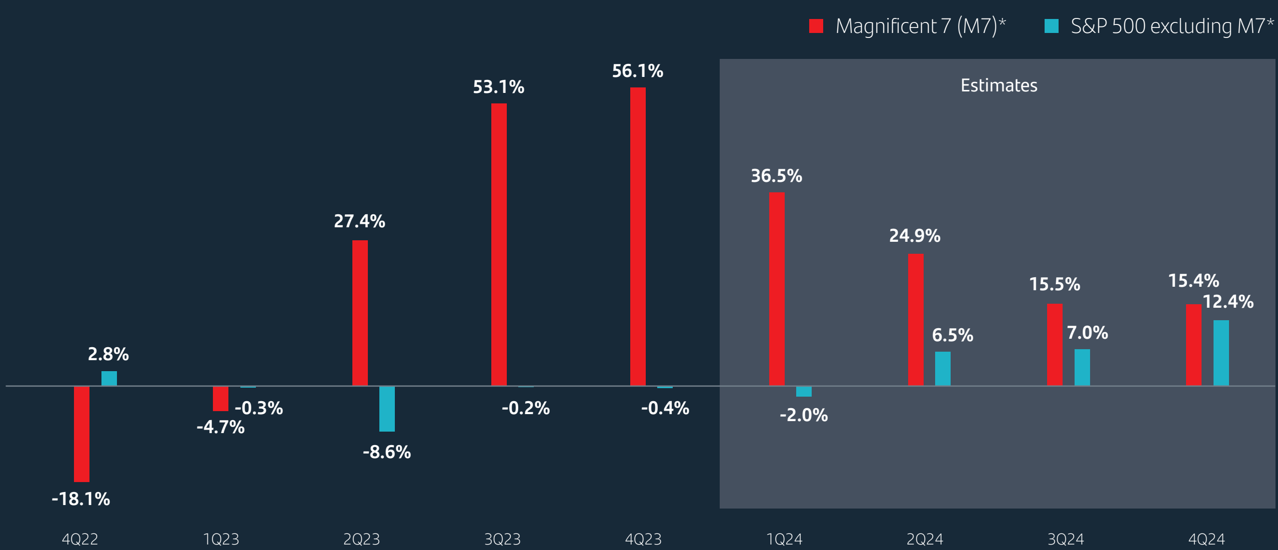
The difference in the impact and timing of the adjustment between U.S. and European companies is also true for U.S. equities between the companies known as the "Magnificent 7" and the rest of the components of the S&P 500 Index (493 companies). The chart below shows the cyclical performance of the earnings of these 7 tech giants and the rest of the US stock market. While the improved momentum of the US economy explains part of this, the exceptional generation of corporate earnings is largely supported by the fact that the major global digital oligopolies are based in the United States. Artificial intelligence (AI) is booming, and global digitalization continues to advance, helping U.S.-listed companies boost their profits enormously.

There are two realities of earnings in U.S. equities: those of the Magnificent 7 and those of the remaining 493

Expectations for earnings growth for the Magnificent 7 (M7) * and the remaining S&P 500 companies (493)

Source: Bloomberg. Data as of 3/31/2024

The positive momentum of profit generation continues to be monopolized by M7



* Magnificent 7: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla

An optimal environment for investing

We are in one of the best investment environments in recent decades if we consider the conclusions of our analysis of the growth, inflation, interest rate and fundamental environment (risk premia, valuation, earnings performance, etc.) in terms of investment portfolio construction. An environment in which both the risk of high interest rates and the risk of an economic slowdown are reduced is favorable for the performance of the two main asset classes: fixed income and equities. **Investors have a wide range of options where the risk-adjusted return equation is favorable relative to historical parameters.** This wide range of options makes it possible to construct balanced investment portfolios that combine different yielding assets with exposure to different types of risk.

This environment allows investors to build portfolios that meet their objectives without being overly biased toward any one type of asset

This wide range of options means that investors do not have to go outside their risk budgets to find sources of return. Starting with the most risk-averse portfolios, we find that short-term interest rates are at their peak and need to be combined with longer duration or credit risk assets to **extend the return horizon to a longer time horizon.** Investors do not need to take high credit risk in order to achieve attractive yields and in the case of more sophisticated investors can combine other alternatives (private credit, securitization, emerging market issuers and bank AT1s).

For a defensive investor, this high interest rate environment and the ability to hedge and diversify are very favorable

The expectation that equities will eventually return to earnings growth provides an incentive to have equity exposure. There are many sectors and regions where equities trade at reasonable valuations, and equities will be the best performing asset when the cycle no longer impacts earnings growth. **The overvaluation of the US equity market is closely related to the weight of the Magnificent 7 in the S&P 500.** After several months of strong equity market appreciation, investors looking to rebalance their asset allocation in a low-volatility environment may want to hedge with derivatives.

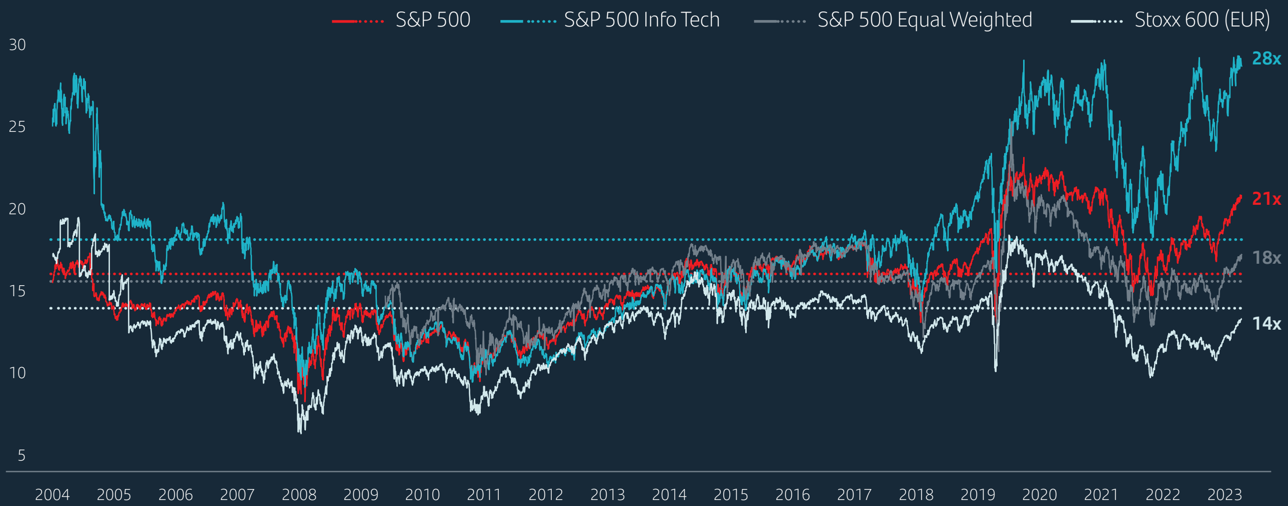
To maximize portfolio diversification, protect against market shocks and extend the return horizon, **investors may want to consider positioning in long-term themes** (artificial intelligence, energy transition, and biotech among others), **private markets and hedging assets** (with safe-haven currencies and gold offering value in an environment of potential geopolitical disruption).

For investors with a longer time horizon, there are many alternatives to positioning for cyclical earnings recovery and technology disruption themes

Price/earnings ratio (P/E) of U.S. and European stock indexes

Source: Bloomberg. Data as of 3/31/2024

In contrast to the overall market, which is slightly overvalued in the US and below average in Europe, technology multiples are well above their 20-year average



Annex tables

Main asset returns over the last 10 years

Source: Bloomberg and own elaboration

Data as of 3/31/2024							Returns	Annualized returns		
	2018	2019	2020	2021	2022	2023	YTD	3 Years	5 Years	10 Years
Liquidity (USD) (1)	**1.9%**	**2.2%**	**0.4%**	**0.1%**	**1.7%**	**5.2%**	**1.4%**	**2.8%**	**2.1%**	**1.4%**
Liquidity (EUR) (2)	**-0.4%**	**-0.4%**	**-0.5%**	**-0.5%**	**0.1%**	**3.4%**	**1.0%**	**1.3%**	**0.6%**	**0.2%**
R. Fixed Global USD (3)	**-1.2%**	**6.8%**	**9.2%**	**-4.7%**	**-16.2%**	**5.7%**	**-2.1%**	**-4.7%**	**-1.1%**	**-0.1%**
R. Fixed USD (4)	**0.0%**	**8.7%**	**7.5%**	**-1.5%**	**-13.0%**	**5.5%**	**-0.8%**	**-2.5%**	**0.4%**	**1.5%**
R. Fixed Governments (USD) (5)	1.4%	5.2%	5.8%	-1.7%	-7.8%	4.3%	-0.4%	-1.4%	0.7%	1.1%
R. Fixed Corporate (USD) (6)	-2.5%	14.5%	9.9%	-1.0%	-15.8%	8.5%	-0.4%	-1.9%	1.6%	2.6%
R. Fixed High Yield (USD) (7)	-2.1%	14.3%	7.1%	5.3%	-11.2%	13.4%	1.5%	2.2%	4.2%	4.4%
Euro Fixed Income (8)	**0.4%**	**6.0%**	**4.0%**	**-2.9%**	**-17.2%**	**7.2%**	**-0.3%**	**-4.3%**	**-1.5%**	**0.7%**
R. Fixed Governments (EUR) (9)	1.0%	6.8%	5.0%	-3.5%	-18.5%	7.1%	-0.6%	-5.0%	-1.7%	0.8%
R. Fixed Corporate (EUR) (10)	-1.3%	6.2%	2.8%	-1.0%	-13.6%	8.2%	0.5%	-2.2%	-0.3%	1.2%
R. Fixed High Yield (EUR) (11)	-3.6%	12.3%	1.8%	4.2%	-11.1%	12.8%	1.8%	1.3%	2.7%	3.5%
R. Global Emerging Fixed Income (USD) (12)	**-2.5%**	**13.1%**	**6.5%**	**-1.7%**	**-15.3%**	**9.1%**	**1.5%**	**-1.5%**	**1.1%**	**2.9%**
R. Latam Emerging Fixed Income (USD) (13)	-4.9%	12.3%	4.5%	-2.5%	-13.2%	11.1%	2.9%	0.9%	1.3%	2.9%
MSCI World (USD)	**-8.7%**	**27.7%**	**15.9%**	**21.8%**	**-18.1%**	**23.8%**	**8.9%**	**8.6%**	**11.8%**	**9.4%**
S&P 500 (USD)	-4.4%	31.5%	18.4%	28.7%	-18.1%	26.3%	10.6%	11.5%	14.8%	13.0%
MSCI Europe (EUR)	-14.9%	23.8%	5.4%	16.3%	-15.1%	19.9%	5.2%	6.2%	7.7%	4.4%
MSCI Emerging Markets (USD)	-14.6%	18.4%	18.3%	-2.5%	-20.1%	9.8%	2.4%	-5.1%	2.0%	2.9%
MSCI Asia Pac. Ex Japan (USD)	-13.9%	19.2%	22.4%	-2.9%	-17.5%	7.4%	2.1%	-5.1%	2.6%	4.1%
MSCI Latin America (USD)	-6.6%	17.5%	-13.8%	-8.1%	8.9%	32.7%	-4.0%	10.5%	3.4%	1.7%

(1) Barclays Benchmark Overnight USD Cash Index; 2) Barclays Benchmark 3mEUR Cash Index; 3) Bloomberg Barclays Global Aggregate Total Return Index Value Un; 4) Bloomberg Barclays US Agg Total Return Value Unhedged USD; 5) Bloomberg Barclays US Intermediate Treasury TR Index Value Unhedged U; 6) Bloomberg Barclays US Corporate Total Return Value Unhedged USD; 7) Bloomberg Barclays US Corporate High Yield Total Return Value Unhedged USD; 8) Bloomberg Barclays EuroAgg Total Return Index Value Unhedged EUR; 9) Bloomberg Barclays EuroAgg Treasury Total Return Index Value Unhedged EUR; 10) Bloomberg Barclays Euro Aggregate Corporate Total Return Index Value Unhedged EU; 11) Bloomberg Barclays Pan-European Aggregate High Yield TR Index Value Unhedged; 12) Bloomberg Barclays EM USD Aggregate Total Return Value Unhedged; 13) Bloomberg Barclays Emerging Markets Latam Total Return Value Unhedged USD.

Equities

Source: Bloomberg and own elaboration

Data as of 3/31/2024

			Variation	Range last 10 years			Profitability			Annualized profitability			
		Last price	12 months	Minimum	Range	Maxi-mum	2022	2023	YtD	1 year	3 years	5 years	10 years
EEUU	S&P 500	5,254		1,884		5,254	-19.4%	24.2%	10.2%	27.9%	9.8%	12.9%	10.8%
	DOW JONES INDUS.	39,807		16,285		39,807	-8.8%	13.7%	5.6%	19.6%	6.5%	8.7%	9.2%
	NASDAQ	16,379		4,115		16,379	-33.1%	43.4%	9.1%	34.0%	7.3%	15.9%	14.4%
Europa	Stoxx 50	513		2,701		4,428	-12.9%	12.7%	7.0%	12.0%	6.1%	6.0%	4.3%
	Euro Zone (EuroStoxx)	5,083		2,787		5,083	-11.7%	19.2%	12.4%	17.8%	9.1%	8.5%	4.8%
	Spain (IBEX 35)	11,075		6,452		11,521	-5.6%	22.8%	9.6%	20.0%	8.9%	3.5%	0.6%
	France(CAC 40)	8,206		4,233		8,206	-9.5%	16.5%	8.8%	12.1%	10.6%	8.7%	6.4%
	Germany (DAX)	18,492		9,327		18,492	-12.3%	20.3%	10.4%	18.3%	7.2%	9.6%	6.8%
	United Kingdom (FTSE 100)	7,953		5,577		7,953	0.9%	3.8%	2.8%	4.2%	5.8%	1.7%	1.8%
	Italy (MIB)	34,750		16,198		34,750	-13.3%	28.0%	14.5%	28.2%	12.1%	10.1%	4.7%
	Portugal (PSI 20)	6,281		3,945		7,457	2.8%	11.7%	-1.8%	3.9%	8.4%	3.6%	-2.1%
	Switzerland (SMI)	11,730		7,808		12,876	-16.7%	3.8%	5.3%	5.6%	2.0%	4.2%	3.3%
LatAm	Mexico (MEXBOL)	57,369		34,555		57,386	-9.0%	18.4%	0.0%	6.4%	6.7%	5.6%	3.6%
	Brazil (IBOVESPA)	128,106		40,406		134,185	4.7%	22.3%	-4.5%	25.7%	3.2%	5.9%	9.8%
	Argentina (MERVAL)	1,213,485		6,782		1,260,563	142.0%	360.1%	30.5%	393.9%	193.5%	105.6%	68.9%
	Chile (IPSA)	6,644		3,487		6,644	22.1%	17.8%	7.2%	24.8%	10.7%	4.8%	5.8%
Asia	Japan (NIKKEI)	40,369		14,304		40,369	-9.4%	28.2%	20.6%	44.0%	11.4%	13.4%	10.6%
	Hong-Kong (HANG SENG)	16,541		14,687		32,887	-15.5%	-13.8%	-3.0%	-18.9%	-16.5%	-11.0%	-3.0%
	Corea (KOSPI)	2,747		1,755		3,297	-24.9%	18.7%	3.4%	10.9%	-3.6%	4.8%	3.3%
	India (Sensex)	73,651		22,418		73,651	4.4%	18.7%	2.0%	24.9%	14.2%	13.6%	12.6%
	China (CSI)	3,537		2,156		5,352	-21.6%	-11.4%	3.1%	-12.7%	-11.2%	-2.3%	5.0%
World	MSCI WORLD	3,438		1,547		3,438	-19.5%	21.8%	8.5%	23.2%	6.9%	10.0%	7.4%

Equities by Style and by Sectors

Source: Bloomberg and own elaboration

Data as of 3/31/2024

			Change	Last 10 years			Return			Annualized returns				Ratios	
		Last Price	12 months	Low	Range	High	2022	2023	YtD	1 year	3 years	5 years	10 years	PE Ratio	Dividend Yield
	MSCI World	3,438		1,547		3,438	-19.5%	21.8%	8.5%	23.2%	6.9%	10.0%	7.4%	19.39	1.79
Factor	MSCI World High Dividend Yield	1,488		978		1,488	-7.4%	6.0%	4.7%	10.1%	3.2%	4.0%	3.0%	14.23	3.51
	MSCI World Momentum	4,318		1,387		4,318	-17.8%	11.8%	20.1%	36.0%	8.0%	12.7%	11.8%	22.52	1.10
	MSCI World Quality	4,663		1,419		4,663	-22.2%	32.4%	11.6%	33.6%	12.0%	15.5%	12.7%	24.32	1.40
	MSCI World Minimum Volatility	4,842		2,348		4,842	-9.8%	7.4%	5.6%	11.1%	4.9%	5.9%	7.7%	17.70	2.42
	MSCI World Value	13,252		6,429		13,252	-6.5%	11.5%	7.5%	18.8%	7.6%	8.1%	6.4%	14.66	2.86
	MSCI World Small Cap	683		318		705	-18.8%	15.8%	4.4%	15.9%	1.3%	7.6%	6.8%	17.70	2.04
	MSCI World Growth	10,363		3,358		10,363	-29.2%	37.0%	10.2%	31.2%	8.9%	14.8%	11.9%	27.94	0.78
Sector	Energy	505		164		505	46,0%	-2,5%	9,8%	16,5%	23,6%	8,7%	2,8%	11,76	3,65
	Materials	608		229		608	-10,7%	-12,9%	3,3%	11,8%	5,2%	9,8%	6,5%	17,88	2,71
	Industrials	597		238		597	-13,2%	-18,8%	9,6%	26,1%	8,2%	10,9%	8,7%	20,85	1,70
	Consumer Discretionary	571		214		595	-33,4%	-26,0%	6,8%	23,8%	3,0%	11,5%	10,1%	20,97	1,16
	Consumer Staples	461		260		470	-6,1%	-2,3%	3,4%	2,2%	4,1%	5,8%	6,1%	18,68	2,87
	Health Care	547		228		547	-5,4%	-3,6%	7,5%	13,3%	7,9%	10,3%	9,2%	19,51	1,74
	Financials	296		125		296	-10,2%	-13,9%	10,5%	30,4%	9,2%	10,2%	7,3%	13,35	2,66
	Information Technology	812		137		812	-30,8%	-34,8%	12,3%	42,1%	15,1%	22,0%	19,2%	39,32	0,69
	Real Estate	1,969		1,235		2,450	-25,9%	-9,2%	-1,5%	7,0%	1,0%	2,4%	5,2%	29,87	3,85
	Communication Services	211		106		220	-36,9%	-31,3%	12,9%	39,2%	3,5%	10,5%	6,6%	19,52	1,05
	Utilities	316		186		331	-4,7%	-0,3%	1,3%	1,0%	1,9%	4,5%	5,3%	14,62	3,92

Sovereign Bonds

Source: Bloomberg and own elaboration

Data as of 3/31/2024

	Rating (S&P)	Interest rate			Change	Last 10 years			10 years		Pending
		B. Central	2 years	10 years	12 months	Minimum	Range	Maximum	YTD	At 1 year	10-2 years
Developed											
USA	AA+	5.50%	4.62%	4.20%		0.53%		4.93%	32	78	-0.42
Germany	AAA	4.00%	2.85%	2.30%		-0.70%		2.84%	27	-2	-0.55
France	AA	4.00%	2.84%	2.81%		-0.40%		3.43%	25	-8	-0.03
Italy	BBB	4.00%	3.43%	3.68%		0.54%		4.78%	-2	-50	0.25
Spain	A	4.00%	3.02%	3.16%		0.05%		3.93%	17	-20	0.15
United Kingdom	AA	5.25%	4.17%	3.93%		0.10%		4.51%	40	21	-0.24
Greece	BBB-	4.00%	n.d.	3.38%		0.61%		15.42%	32	-80	n.d.
Portugal	A-	4.00%	2.77%	3.01%		0.03%		4.19%	35	-13	0.24
Switzerland	AAA	1.50%	0.86%	0.63%		-1.05%		1.58%	-3	-38	-0.23
Japan	A+	-0.10%	0.19%	0.73%		-0.27%		0.95%	11	33	0.54
Emerging											
Brazil	BB	10.75%	10.04%	11.09%		6.49%		16.51%	73	-125	1.06
Mexico	BBB	11.00%	10.08%	9.30%		5.24%		10.20%	34	51	-0.79
Chile	A	7.25%	5.66%	5.87%		2.19%		6.79%	n.d.	n.d.	n.d.
Argentina	CCC	80.00%	n.d.	n.d.		0.00%		0.00%	n.d.	n.d.	n.d.
Colombia	BB+	12.25%	8.04%	10.18%		5.39%		13.79%	22	n.d.	2.13
Turkey	B	50.00%	41.20%	n.d.		6.98%		26.37%	n.d.	n.d.	n.d.
Poland	A-	5.75%	5.15%	5.44%		1.16%		8.37%	24	-46	0.29
China	A+	2.45%	1.90%	2.29%		2.29%		4.34%	-27	-49	0.39
India	BBB-	6.50%	n.d.	7.05%		5.84%		8.83%	-13	-6	n.d.

* Intervention rate, except in Euro Zone countries, where the marginal deposit facility is used.

Currencies

Source: Bloomberg and own elaboration

Data as of 3/31/2024

	Last Price	Change 12 months	Last 10 years Low	Range	High	Return YtD	Annualized returns 1 year	3 years	5 years	10 years
EUR/USD	1.0790		0.98		1.39	-2.3%	-0.5%	-2.7%	-0.8%	-2.4%
EUR/GBP	0.85		0.70		0.92	1.4%	-2.7%	0.1%	0.0%	0.3%
EUR/CHF	0.97		0.93		1.22	-4.5%	2.0%	4.4%	2.9%	2.3%
EUR/JPY	163		114		163	4.9%	-11.8%	-7.4%	-5.2%	-1.3%
EUR/PLN	4.29		4.04		4.86	1.2%	9.1%	2.6%	0.0%	-0.3%
GBP/USD	1.26		1.12		1.71	-0.8%	2.3%	-2.9%	-0.7%	-2.7%
USD/CHF	0.90		0.84		1.03	-6.7%	1.5%	1.5%	2.1%	-0.2%
USD/JPY	151		101		152	-6.8%	-12.2%	-9.9%	-6.0%	-3.7%
USD/MXN	16.56		12.86		24.17	2.5%	9.0%	7.3%	2.9%	-2.4%
USD/ARS	857.67		8.00		857.67	-5.7%	-75.6%	-52.5%	-45.1%	-37.3%
USD/CLP	979		553		979	-10.2%	-18.8%	-9.8%	-7.3%	-5.6%
USD/BRL	5.01		2.21		5.75	-3.1%	1.0%	4.0%	-5.1%	-7.7%
USD/COP	3.852		1.877		4.940	0.1%	20.0%	-1.3%	-4.0%	-6.5%
USD/CNY	7.22		6.11		7.32	-1.7%	-4.8%	-3.2%	-1.5%	-1.5%
EUR/SEK	11.51		9.02		11.88	-3.2%	-2.0%	-3.8%	-2.0%	-2.5%
EUR/NOK	11.69		8.12		11.85	-4.0%	-2.9%	-5.0%	-3.8%	-3.4%

Raw materials

Source: Bloomberg and own elaboration

	Last Price	Variation 12 months	Range last 10 years Mini-mum	Range	Maxi-mum	Profitability 2022	2023	YTD	Annualized profitability 1 year	3 years	5 years	10 years
Crude oil (Brent)	87.0		18		124	5.5%	-4.6%	12.1%	10.0%	11.5%	7.9%	-5.5%
Oil (W. Texas)	83.2		19		115	4.2%	-10.7%	16.1%	9.9%	12.0%	10.5%	-6.4%
Gold	2.217.4		1.060		2.217	-0.1%	13.4%	7.0%	12.6%	9.0%	19.8%	20.1%
Copper	8.867.0		4.561		10.375	-13.9%	2.2%	3.6%	-1.4%	0.3%	11.1%	10.0%
CRB Index	290.3		117		317	19.5%	-5.0%	10.0%	8.4%	16.2%	16.1%	-1.3%
Natural Gas (USA)	1.8		2		5	34.5%	-37.7%	-25.5%	-45.3%	-9.4%	-13.4%	-29.0%
Natural Gas (Europe)	27.3		13		116	207.5%	-56.4%	-14.8%	-50.5%	22.0%	17.1%	n.d.

"Periodic table" of asset returns.

Activo	Índice de referencia	Calendar Year Returns										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
US Equities	S&P 500 TR	16.7% Spain Government	12.1% Japan Equities	14.8% Global High Yield	37.3% Emerging Market Equities	2.6% Spain Government	31.5% US Equities	18.4% US Equities	38.5% Commodities	22.0% Commodities	28.3% Japan Equities	18.1% Japan Equities
Japan Equities	Topix TR	13.7% US Equities	6.4% Europe Equities	12.0% US Equities	22.4% Global Equities	2.4% Eurozone Government	28.2% Europe Equities	18.3% Emerging Market Equities	28.7% US Equities	0.1% Liquidity	28.0% Spain Equities	12.8% Europe Equities
Spain Equities	Ibex35 TR	10.3% Eurozone Government	1.6% Spain Government	11.2% Emerging Market Equities	22.2% Japan Equities	-0.4% Liquidity	27.7% Global Equities	15.9% Global Equities	23.2% Europe Equities	-2.0% Spain Equities	26.3% US Equities	11.5% Commodities
Emerging Markets Equities	MSCI EM TR	10.3% Japan Equities	1.4% US Equities	9.7% Commodities	21.8% US Equities	-1.2% Europe IG	18.4% Emerging Market Equities	8.0% Global High Yield	21.8% Global Equities	-2.5% Japan Equities	23.8% Global Equities	10.6% Spain Equities
Europe Equities	Eurostoxx50 TR	8.6% Spain Equities	0.3% Eurozone Government	7.5% Global Equities	11.3% Spain Equities	-3.3% Global High Yield	18.1% Japan Equities	7.4% Japan Equities	12.7% Japan Equities	-9.5% Europe Equities	22.2% Europe Equities	10.6% US Equities
Commodities	Commodity RB TR	8.3% Europe IG	-0.1% Liquidity	4.8% Europe IG	10.2% Global High Yield	-4.4% US Equities	16.6% Spain Equities	4.4% Spain Government	10.8% Spain Equities	-13.2% Global High Yield	13.4% Global High Yield	8.9% Global Equitiesl
Global Equities	MSCI World TR	4.9% Global Equities	-0.5% IG Europa	4.2% Spain Government	9.2% Europe Equities	-8.7% Global Equities	13.7% Global High Yield	3.0% Eurozone Government	1.4% Global High Yield	-14% IG Europa	9.8% Emerging Market Equities	2.4% Emerging Market Equities
Europe IG	ERL0 TR	4.0% Europe Equities	-0.9% Global Equities	4.0% Eurozone Government	2.5% Europe IG	-10.7% Commodities	11.8% Commodities	2.7% Europe IG	-0.5% Liquidity	-17.7% Spain Government	8.0% Europe IG	1.5% Global High Yield
Liquidity EUR	Eonia TR	0.1% Liquidity	-3.5% Spain Equities	3.7% Europe Equities	1.7% Commodities	-11.5% Spain Equities	8.6% Spain Government	-0.5% Liquidity	-1.1% Europe IG	-17.8% Eurozone Government	6.9% Spain Government	1.0% Liquidity
Global High Yield	HW00 TR	-0.1% Global High Yield	-4.2% Global High Yield	2.6% RV España	1.1% Spain Government	-12.0% Europe Equities	6.3% Europe IG	-3.2% Europe Equities	-2.50% Emerging Market Equities	-18.1% US Equities	5.6% Eurozone Government	0.4% Europe IG
Spain Government	SPAIN 10 YR	-2.2% Emerging Market Equities	-14.9% Emerging Market Equities	0.3% Japan Equities	-0.4% Liquidity	-14.6% Emerging Market Equities	3.0% Eurozone Government	-9.3% Commodities	-2.7% Eurozone Government	-18.1% Global Equities	3.4% Liquidity	-0.3% Spain Government
Eurozone Government	GERMANY 10 YR	-17.9% Commodities	-23.4% Commodities	-0.3% Liquidity	-1.4% Eurozone Government	-16.0% Japan Equities	-0.4% Liquidity	-12.7% Spain Equities	-3.1% Spain Government	-20.1% Emerging Market Equities	0.0% Commodities	-1.4% Eurozone Government

\+ Returns -

*Data as of 3/31/2024
*Total return indices track both the capital gains as well as any cash distributions, such as dividends or interest, attributed to the components of the index.

Global team.

Investment Strategy.

Santander Private Banking.

Private Banking

Álvaro Galiñanes, miAX, CEFA
Alfonso García Yubero, CIIA, CESGA®, CEFA
Felipe Arrizubieta
Kevin Esteban Iglesias

Nicolás Pérez de la Blanca, CFA, CAIA
Carlos Shteremberg, CFA
Jorge Suárez, CFA
Michelle Chan
Olivia Estrugo

Gustavo Schwartzmann
Christiano Clemente
Priscila Deliberalli

Fernando Buendía
Pablo Figueroa

Bruno Almeida

Carlos Mansur

Piotr Tukendorf

Míriam Thaler

Javier Martín-Pliego
Juan de Dios Sánchez-Roselly, CFA
Cristina González Iregui

Santander
Private Banking

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