



THE BOOKLET

Santander AM European Equity Opportunities

Q1 2019

Reporting period first quarter 2019.
Distribution to institutional investors only.

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01 Executive Summary

Fund Manager comment

Santander European Equity Opportunities generates returns through a high conviction portfolio of European Equities, with a flexible investment approach across company size, country and sector. The investment approach will be focused on fundamental and value criteria, identifying companies with strong financial strength, low level of indebtedness, strong cash flow generation, outstanding quality of management and competitive positioning, trading significantly below their intrinsic value and holding sufficient growth potential to generate good – risk adjusted returns over the medium and long term.

PERFORMANCE (%)

	Portfolio	Index	Relative Return
Q1 2019	11.43	13.00	-1.57
YTD	11.43	13.00	-1.57
Since inception	35.94	35.56	0.39

Source: Santander Asset Management as at 29 March 2019, in EUR, I share class and net of fees.
Past performance is not a reliable indicator of future performance.



KEY FACTS

FUND NAME	SANTANDER AM EUROPEAN EQUITY OPPORTUNITIES
INCEPTION DATE	27/12/2013
BENCHMARK	MSCI EUROPE INDEX
TOTAL FUND ASSETS	41.171.576€ (AS AT 29 MARCH 2019)
FUND CURRENCY	EUR
FUND MANAGER	DOLORES SOLANA
ISIN ⁽¹⁾	LU0363169854
BLOOMBERG TICKER ⁽¹⁾	SANSPEI LX
MINIMUM INVESTMENT ⁽¹⁾	€500,000
MANAGEMENT FEE ⁽¹⁾	0.60%
TER ⁽¹⁾	0.78% (AS AT 31 AUG 2017)
SHARE CLASSES	A, B, I

(1) Class I



02 Market Review

Volatility returned with a vengeance in financial markets during the second half of 2018, accentuating in the final months of the year and amongst sharp declines in the main global equity indices. Uncertainty over the path of trade negotiations between the United States and China was compounded by doubts surrounding the sustainability of global growth – due in part to worrying Chinese economic data and fears of excessive future tightening at the US Federal Reserve – dampening global sentiment. Ongoing difficulties in the Brexit negotiations between the United Kingdom from the European Union contributed additional volatility and uncertainty.

In terms of Central Bank actions, the ECB maintained its course during its last meeting of the year where they dismissed any rate rises before the summer 2019, but also confirmed that its monthly bond purchases would end in December. In the US, the Fed announced its fourth rate rise

of the year during its December meeting, placing official interest rates in the 2.25%-2.50% range.

On the macro side, the continued strength of the US labor market was a particular highlight despite leading business and private consumption indicators recording setbacks in the last few months of the year. Moderating economic growth was more pronounced in the Eurozone which was affected by slower growth in the German and Italian economies, while core inflation closed the year at 1%. In Spain, economic strength proved to be surprisingly resilient of global concerns and business confidence levels continued to reflect signs of economic expansion.

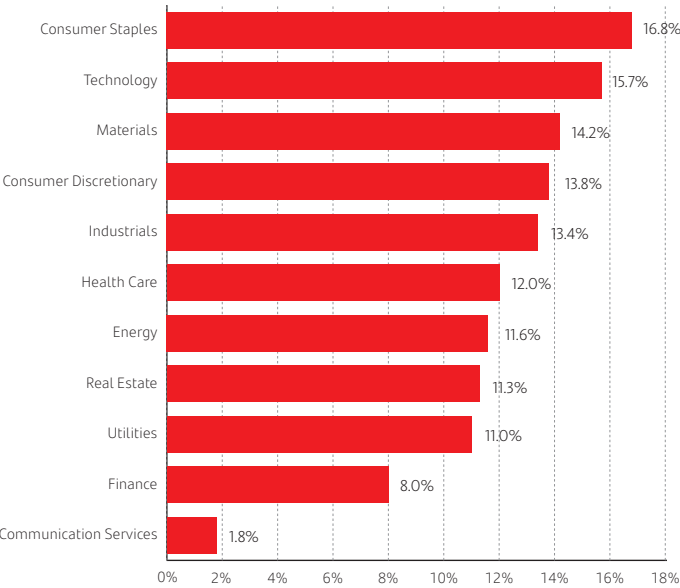
European equity markets fell -10% or more during the second half of the year; the EUROSTOXX 50 index fell -11.61%, the German DAX -14.20% and the IBEX35 -11.25%. The British FTSE100 also declined by -11.90%. In the case of States United

the falls were -7.78% for the SP500 and -11.65% for the Nasdaq. Japanese equities also joined the rout, with the NIKKEI225 declining by -10.26%.

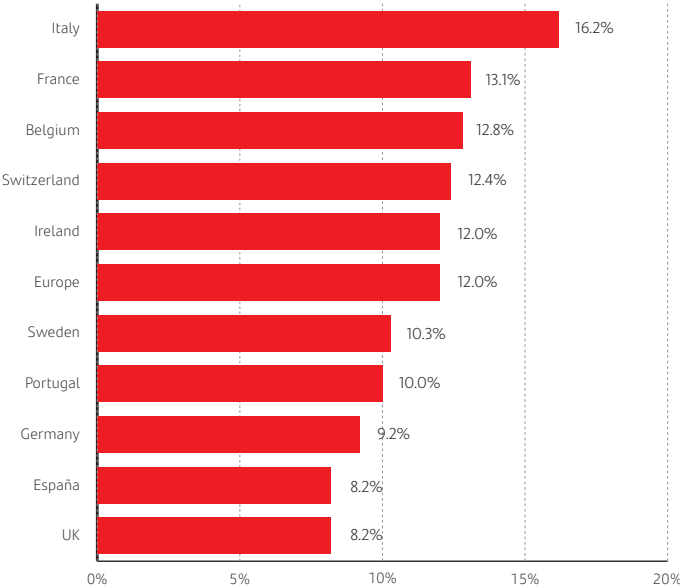
Looking ahead to the next few months, there will be a lot of attention focused on the extent of China's growth moderation, as well as the trajectory of international trade and the extent of its impact on exporting economies. The evolution of Brexit negotiations will also be a key factor to follow for financial markets. In the Eurozone, the emphasis will continue to be on ECB announcements, with markets looking to the Central Bank to maintain a dovish monetary stance until at least the summer and even further beyond. Similarly in the United States, all eyes will be on the ongoing growth story and any signs of a softening in policy at the Fed in the face of growing global headwinds.



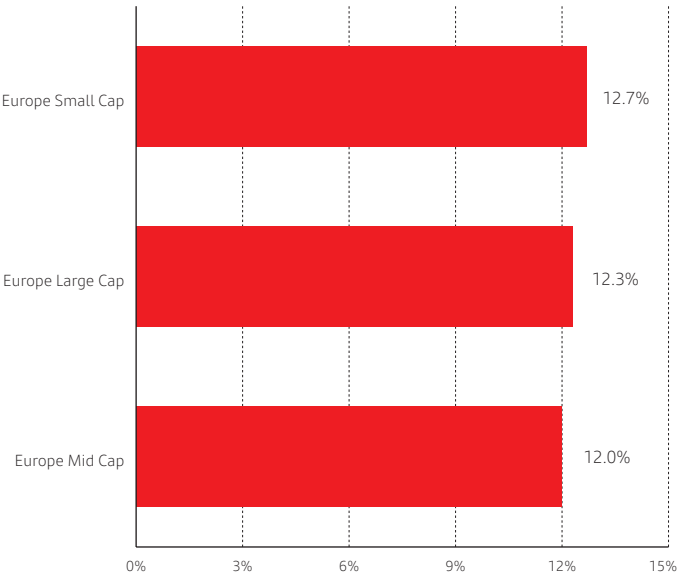
Sector performance Q1 2019



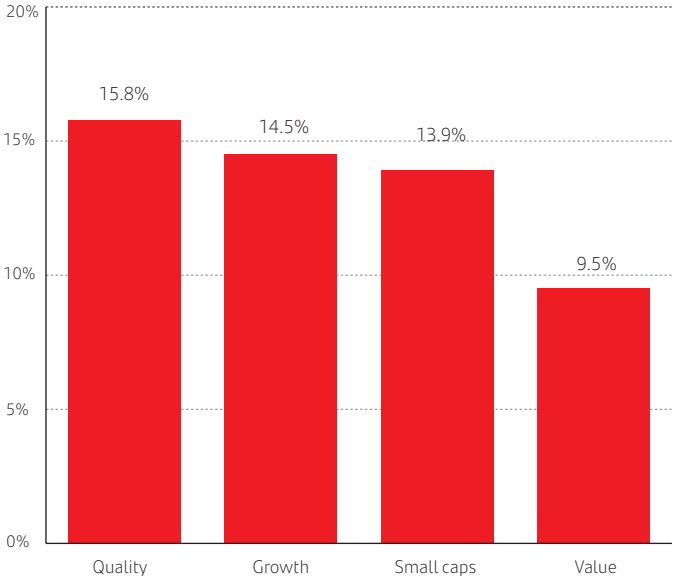
Country performance Q1 2019



Market Cap Performance Q1 2019



Style performance Q1 2019



Source of all data: Santander Asset Management as at 29 March 2019.

03 Portfolio Performance Review

Equity markets bounced back in the first quarter of 2019 after ending 2018 in negative territory. The Santander AM European Equity Opportunities fund ended the three month period 12.75% higher, just slightly behind its benchmark (13.48%).

All sectors performed exceptionally well during the quarter, recording double-digit increases across the board, with the exception of Financials and the Communication Services sector. In terms of fund positioning amongst sectors, we are overweight Industrials and Health, while we are underweight Financials and Energy.

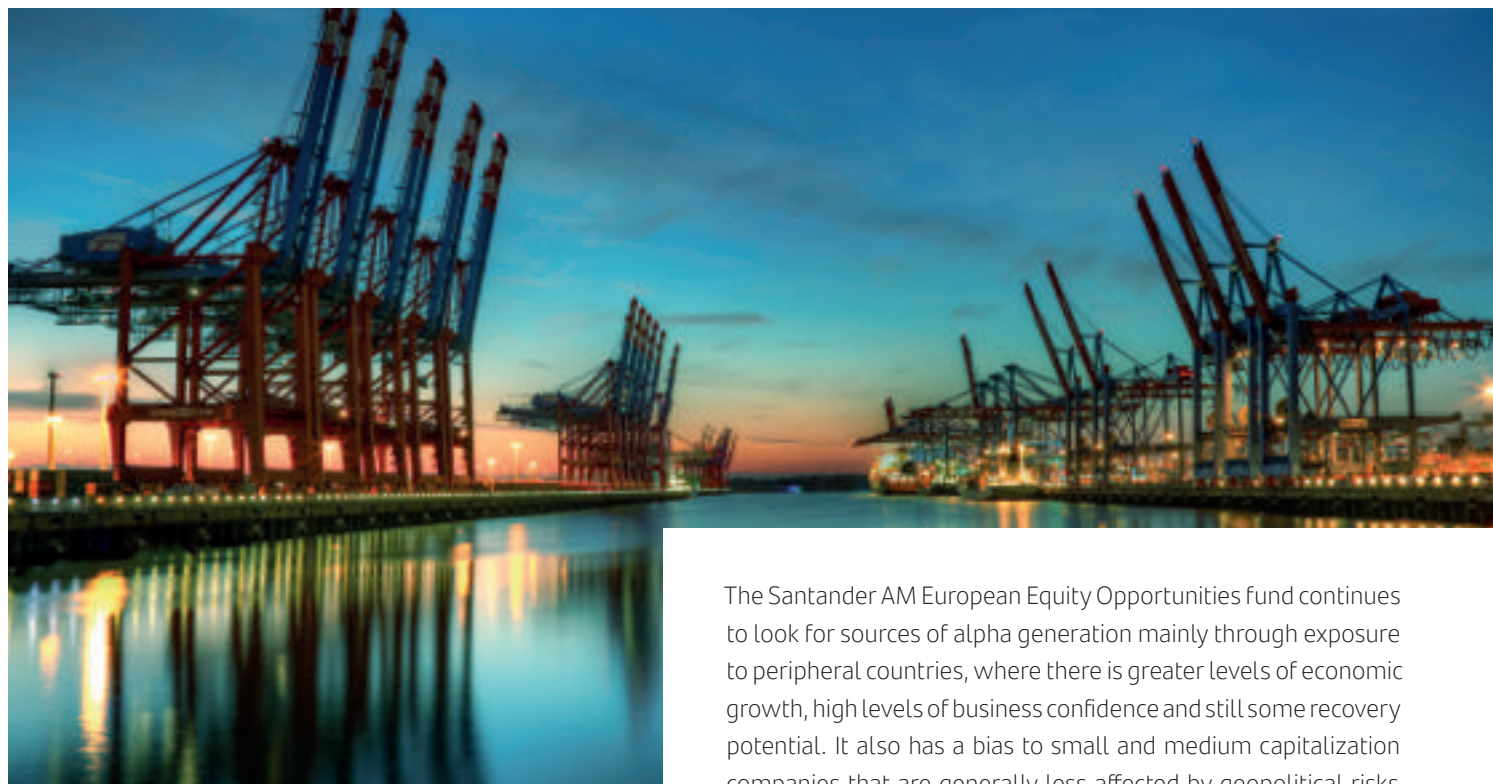
By capitalization, the fund continues to focus on small-caps over large-caps. During the quarter, small-caps revalued more than their large and mid-cap peers.

In terms of specific names, leading performance contributors over

the quarter included Worldline (provider of digital transaction services), Spie (the leading company in Europe in providing electrical, mechanical and HVAC engineering) and Edenred (an employee solutions provider).

Wirecard (a company specializing in electronic payment systems and risk management services to customers in the retail, service and banking sectors, among others), Société Générale (one of the largest French banks) and Metrovacesa (an owner and developer of Spanish real estate) were names that detracted the most from performance.

During the quarter we have reduced our exposure to the Financials sector. With the sale of Neinor Homes and the partial sale of Metrovacesa we reduced our exposure to the Spanish real estate sector. We have begun to take profits in other securities such as Cineworld and Redrow as valuations reached our target prices.



The Santander AM European Equity Opportunities fund continues to look for sources of alpha generation mainly through exposure to peripheral countries, where there is greater levels of economic growth, high levels of business confidence and still some recovery potential. It also has a bias to small and medium capitalization companies that are generally less affected by geopolitical risks, present compelling growth opportunities and are currently at the center of merger and acquisition activity, one of the catalysts of the equity market for 2019.

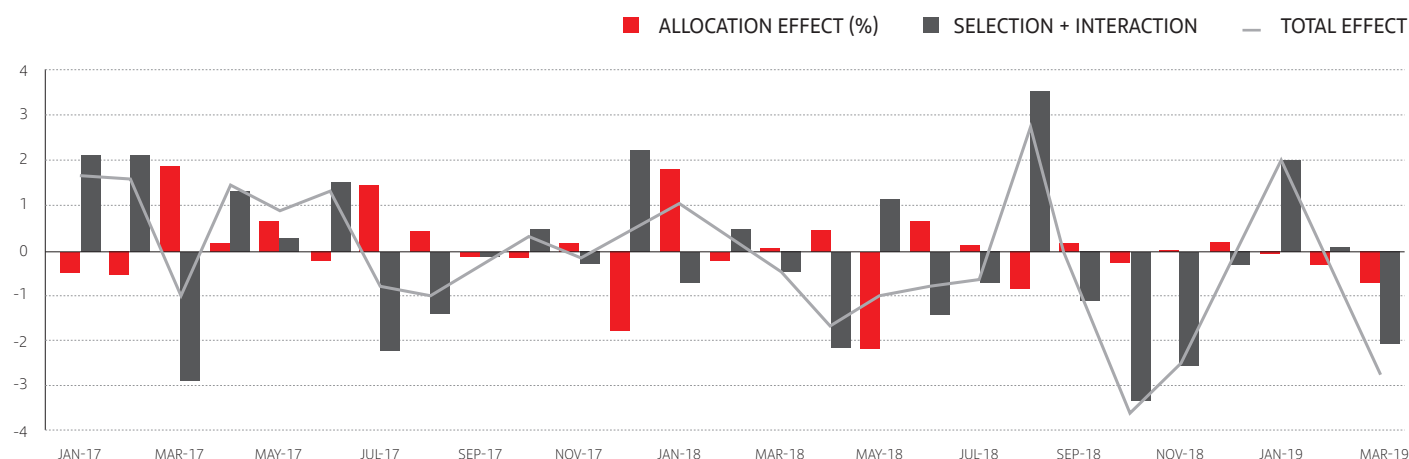
MONTHLY PERFORMANCE 2018 / 2019 (%)

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Fund	2.99	-0.79	-1.50	2.44	0.32	-0.51	-8.98	-3.52	-5.75	8.08	3.87	-0.73
Index	4.78	0.32	-0.66	3.12	-2.23	0.55	-5.30	-0.84	-5.51	6.21	4.17	2.14
Excess	-1.79	-1.11	-0.84	-0.67	2.55	-1.06	-3.68	-2.68	-0.24	1.87	-0.30	-2.87

CALENDAR YEAR PERFORMANCE (%)

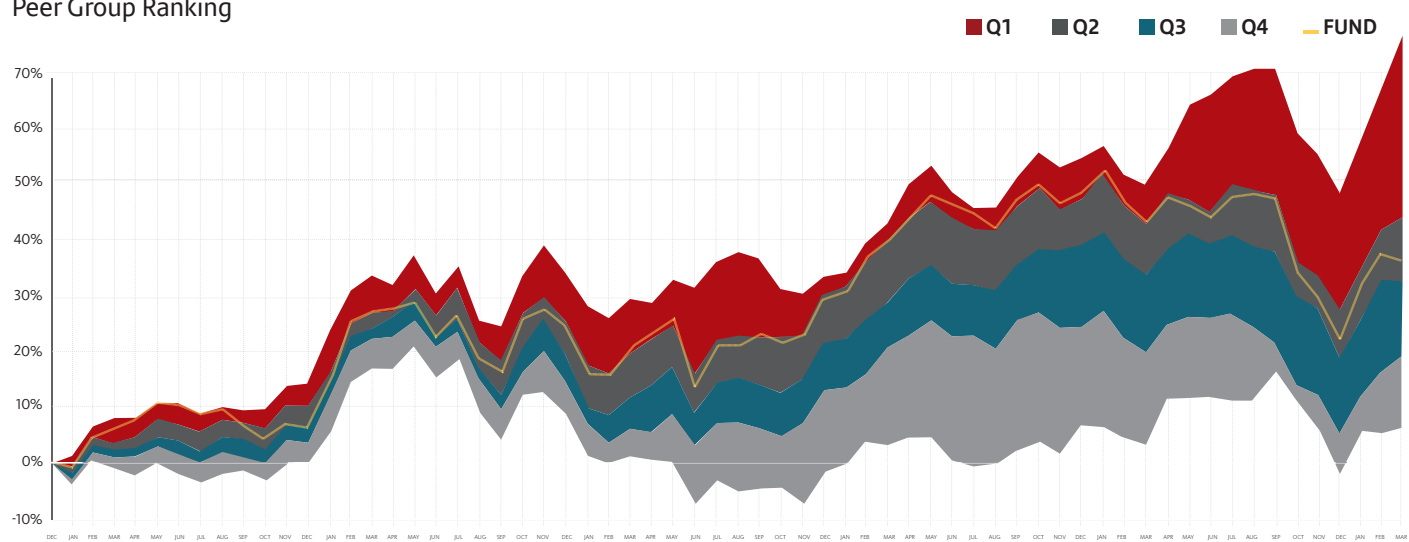
	2013	2014	2015	2016	2017	2018	2019
Fund	25.74	6.43	17.19	3.73	14.72	-17.81	11.43
Index	27.75	7.05	8.78	3.22	10.88	-10.00	13.00
Excess	-2.01	-0.63	8.40	0.51	3.84	-7.80	-1.57

Attribution total effect



Source of all data: Factset. Internal

Peer Group Ranking



Source: Santander Asset Management as at 29 March 2019, in EUR, I share class and net of fees.
Past performance is not a reliable indicator of future performance.

04 Portfolio Composition

PORTFOLIO CHARACTERISTICS

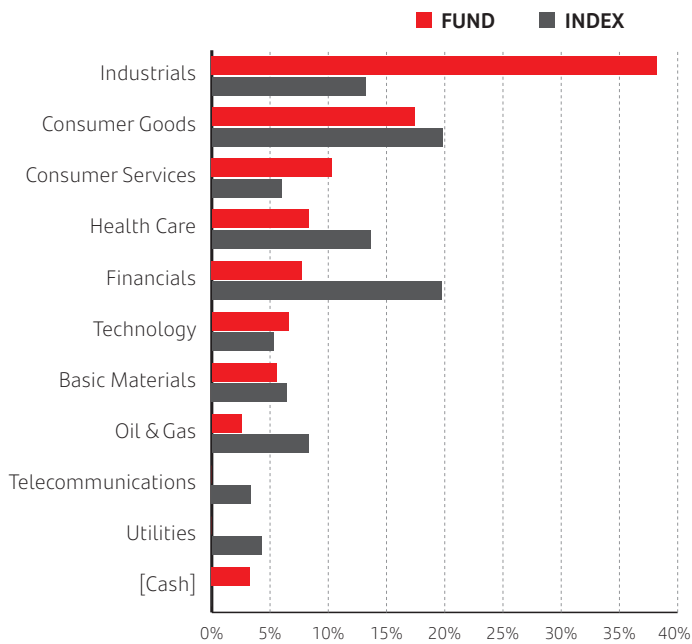
Tracking error	5.46%
Beta	0.96
Sharpe Ratio	0.35
Volatility	13.18%
Number of Holdings	47
Cash Weight	3.29%

TOP 10 HOLDINGS

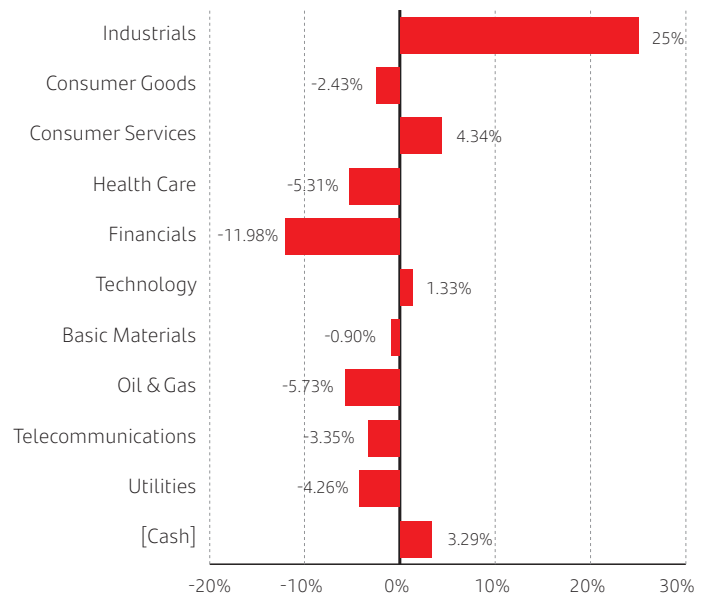
	Country	Weight (%)
WORLDLINE	France	5.73
BEFESA	Germany	4.62
EDENRED	France	3.92
BANCO SANTANDER	Spain	3.87
SPIE	France	3.18
GLOBAL DOMINION ACCESS	Spain	3.09
TEMENOS AG	Switzerland	2.94
ANDRITZ AG	Austria	2.87
FNAC DARTY	France	2.66
SBM OFFSHORE NV	Netherlands	2.57
Total		35.45

Source: Facset as at 29 March 2019.

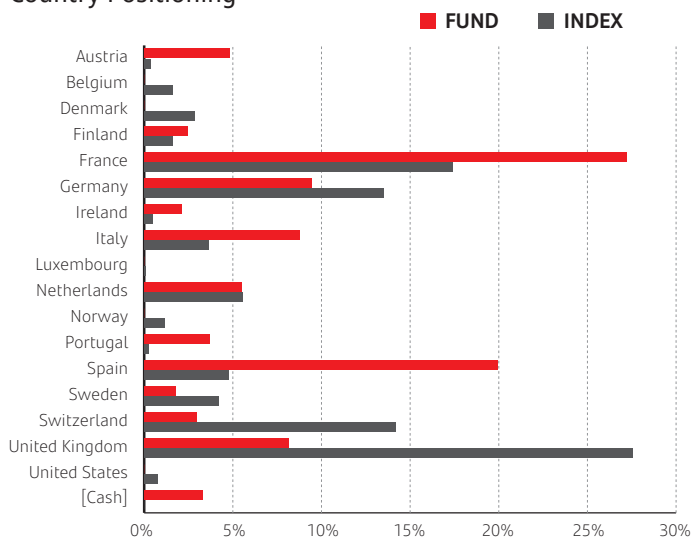
Sector Positioning



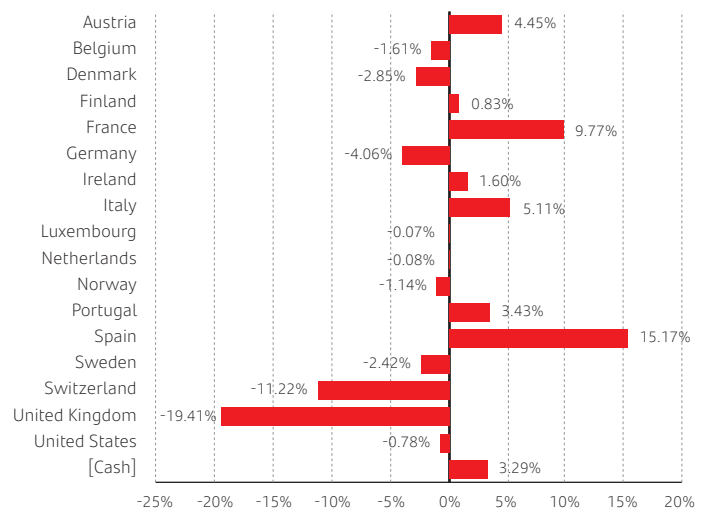
Active Exposure



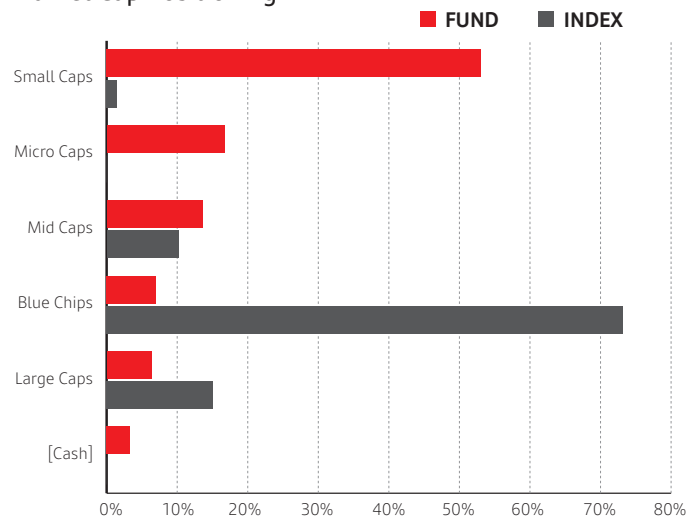
Country Positioning



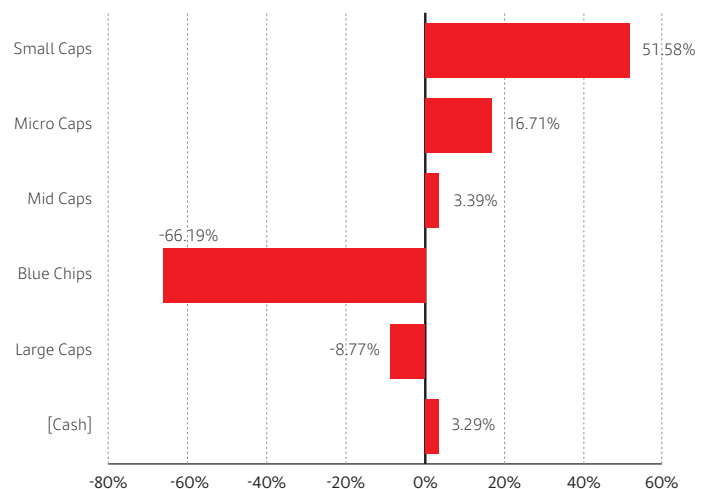
Active Exposure



Market Cap Positioning



Active Exposure



05 Appendix

Santander AM has offices in 11 countries and has strong local roots across Europe and Latin America where it is a recognized leader. The firm has 48 years of experience in the investment management business and the portfolio manager of the Santander European Equity Opportunities strategy, Lola Solana, has 28 years' experience in financial markets.

WHY CHOOSE SANTANDER ASSET MANAGEMENT FOR EUROPEAN EQUITIES?

- **Extensive experience of the management team.** Our fund managers have on average 20 years' experience and our analysts 16 years'.
- **Deep knowledge of companies and their corporate, organizational and business structures,** with access to the leadership teams of the companies under management.
- **Soundness and consistency in our approach to investing.** This, together with our management team's experience and capabilities, allows us to offer an alpha-generating product.
- **Differentiated and value added products.** Our funds consistently beat their benchmarks and are well positioned against their competitors.

OUR INVESTMENT PROCESS:

We invest in companies where the present value of future cash flows exceeds its current market price. The fund typically invest in 30 to 40 companies, providing investors exposure to a well-diversified portfolio. Within the portfolio we look for companies that meet one or more of the following four pillars of Valuation, Growth, Restructuring and M&A.

We employ a bottom-up portfolio construction process with the goal of generating positive returns via an attractive risk/reward strategy profile. Our investment universe is comprised of stocks within the MSCI Europe Index. Thorough fundamental analysis is carried out in order to find companies that display:

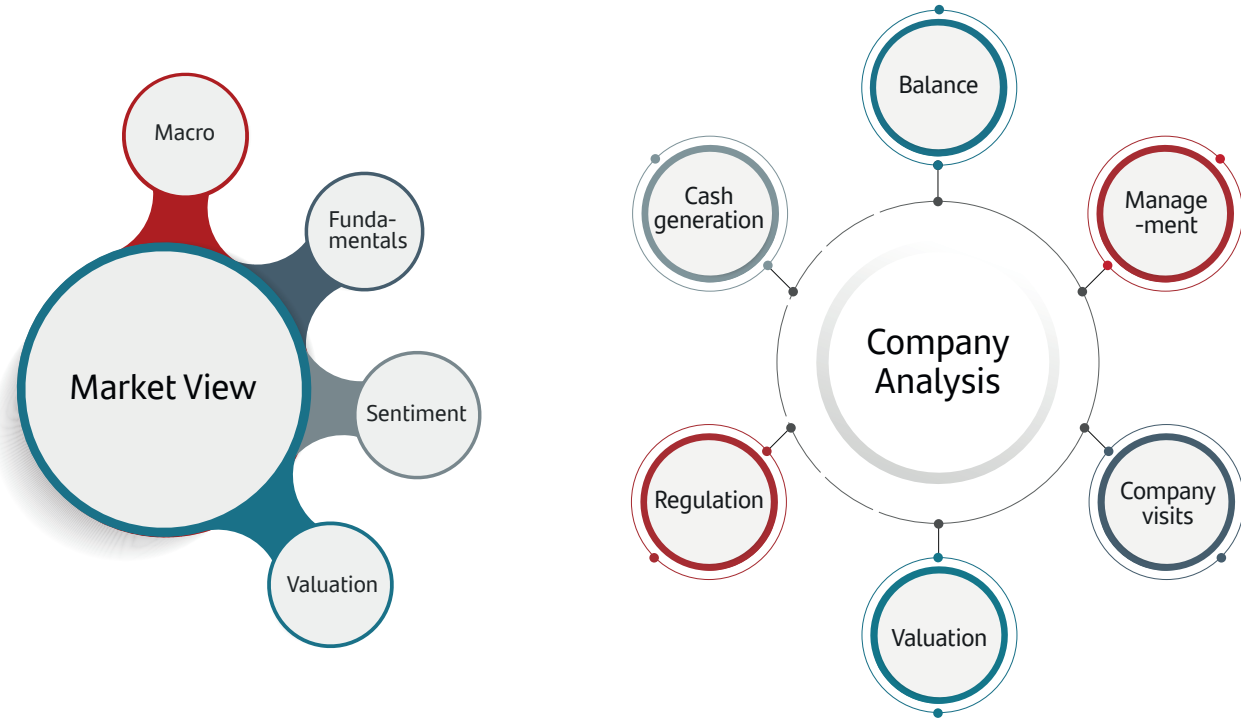
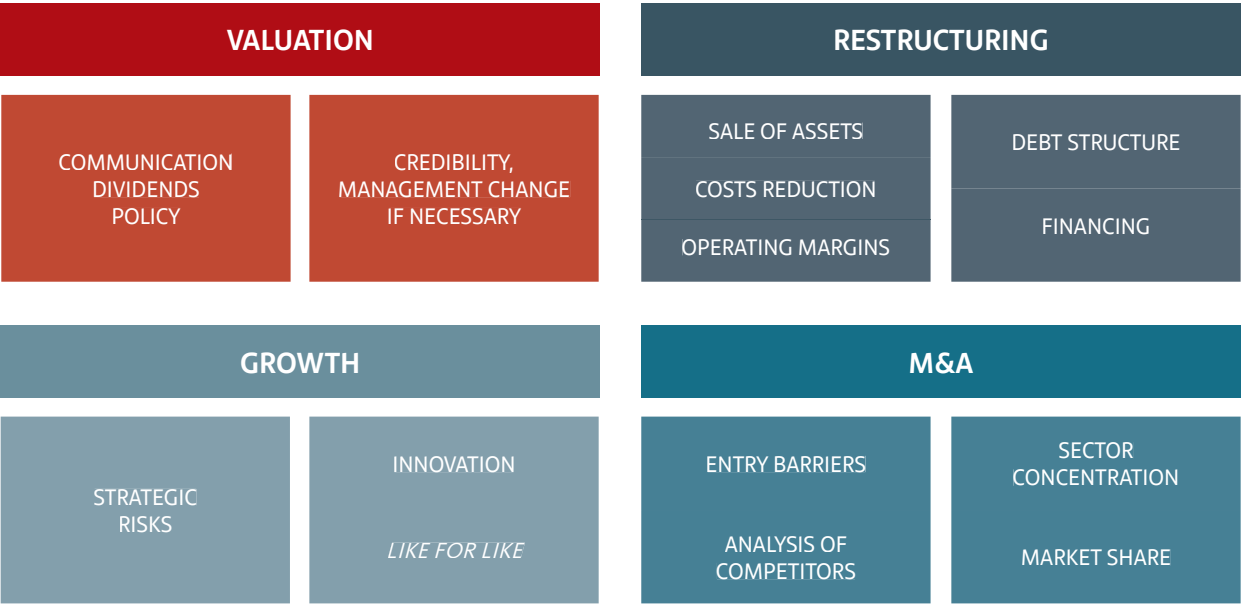
- Sustainable growth in income over the medium to long term,
- A solid balance sheet
- Recurrent cash generation with high visibility
- Attractive valuation because the company has been oversold by the market for erroneous reasons.

We place special emphasis on companies that operate within sustainability-facing sectors because we feel that this is where future demand is going to be strongest.

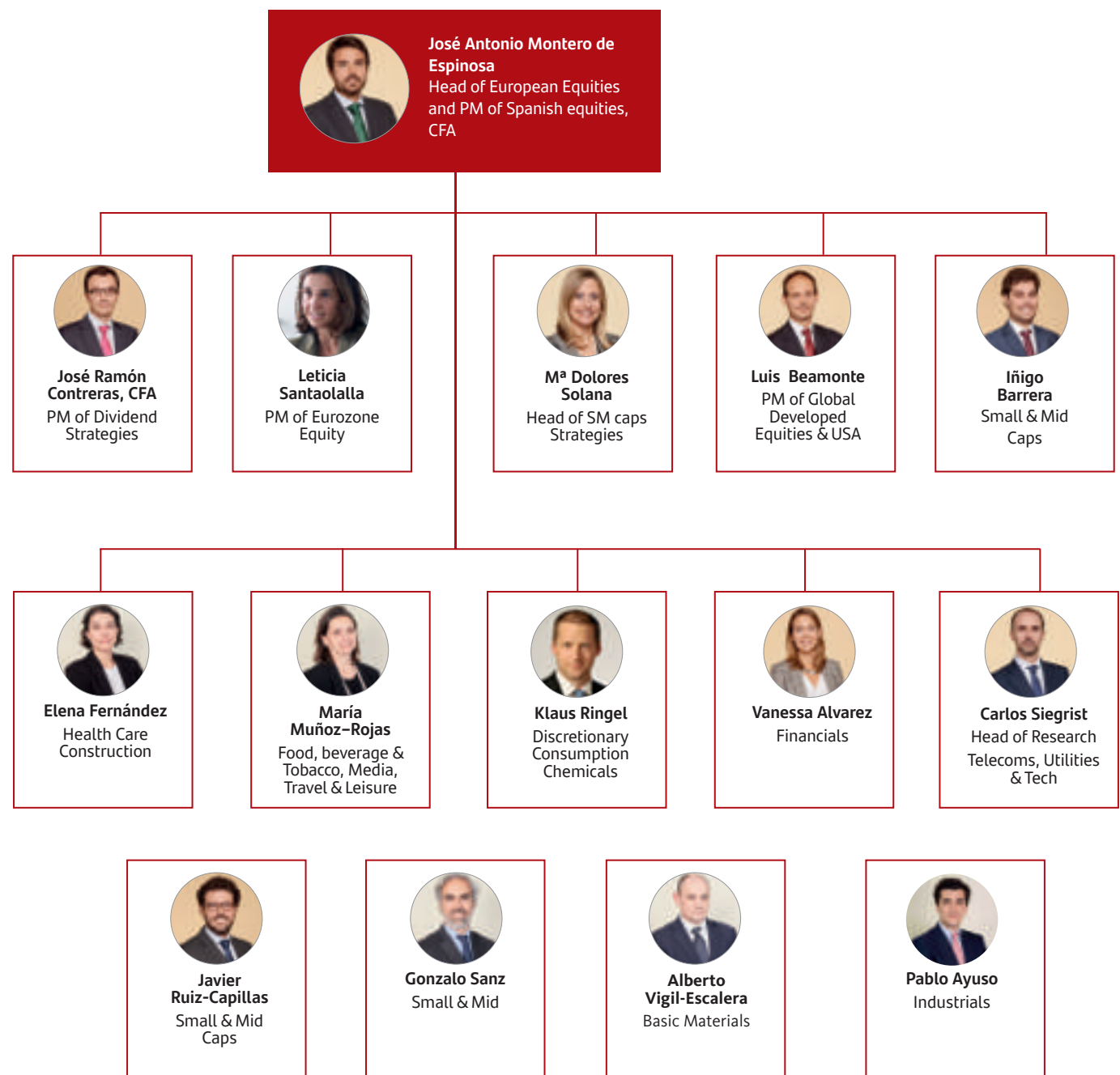
We would like to highlight that in our investment philosophy, valuation is necessary, but not a sufficient condition on its own. We develop our own valuation models (DCF, SOP and liquidation value) that are updated regularly with quarterly company results. These models are accompanied by internal investment reports on each of the companies analyzed and include a final recommendation to buy or sell.

We aim to build a significant part of our portfolio in family-run companies or companies that have a defined core of shareholders. We feel that within these businesses, management’s interests are more likely to be closely aligned with those of shareholders. They tend to be companies that operate a prudent and long-term management style that relies on sensible levels of debt.

Within our investment universe we do not rule out investments because of size. We have a high an excellent capacity to analyze potential investments to properly detect their long-term potential.



SANTANDER EUROPEAN EQUITY TEAM

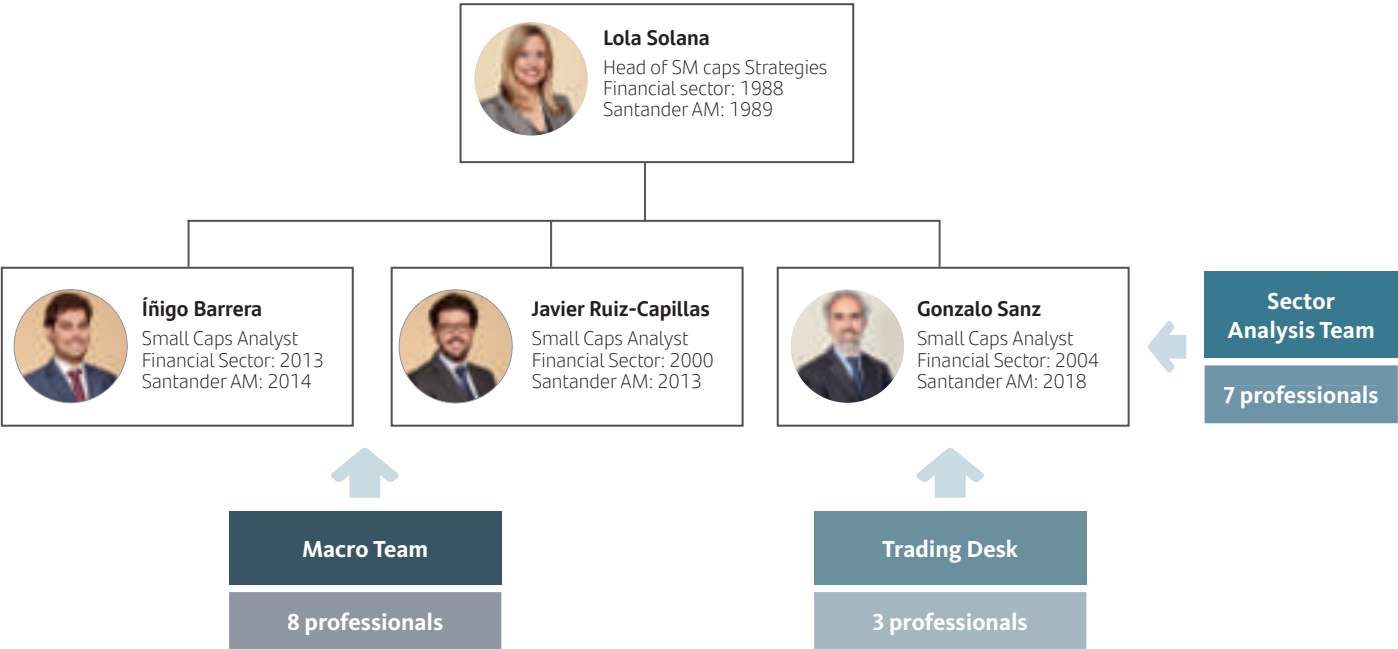


ABOUT INVESTMENT TEAM OF THE FUND

Small Caps team is based in Madrid and is formed by four professionals with an average experience of 18 years. The team is headed by Lola Solana who has been involved with Small Cap Equities at Santander since 2004, when she took over responsibility of this strategy in the company.

Lola and her Small Caps track record have picked up a lot of industry recognition in recent years. She was awarded Best Spanish Equity Manager in 2016 and 2017 by Citywire.

Full biographies for Lola and the investment team are provided below.



SANTANDER EUROPEAN EQUITY TEAM



José Antonio Montero de Espinosa Arsuaga
Head of European Equities and PM of Spanish equities, CFA

José Antonio is Head of European equities at Santander AM. Prior to joining Santander AM in July 2001, he worked as a buy-side equity analyst specialized in the financial sector at ACF (investment banking firm owned by Spanish savings banks) for three years. Previously, he was an auditor of financial institutions and a consultant for three years at Arthur Andersen. He holds a degree in Economics and Business Administration from ICADE (University of Comillas) and is a CFA charter holder.



Dolores Solana
Small Caps Spain & Europe Fund Manager

Lola is responsible for the Spanish and European Small Caps strategies at Santander, as well as the European Equity Opportunities Fund. Lola began her career in 1988, in the Asset Management division of Barclays Bank. She joined Santander Group in 1989, becoming an analyst of both Spanish and European equities, eventually moving into management of Spanish and European equity and private banking portfolios. She holds a Law degree from the Universidad Autonoma de Madrid. She has 28 years' financial markets experience, 27 of which she has managed Small Cap funds. Since 2008 she has lectured on stock market analysis on a Master's Degree course at the Escuela de Finanzas of La coruña.



José Ramon Contreras
European Dividend Fund Manager, CFA

José Ramón Contreras joined Santander Asset Management in February 2004 and since then has managed a wide range of equity funds, both in terms of geography (Spain, Europe etc.) as well as investment style (large caps, mid & small caps). He has worked in the financial sector since 1996. Before joining Santander Asset Management, he worked as a Corporate Finance Analyst in Arthur Andersen and a Sell-side Equity Analyst in ACF and Santander Investment Bolsa. He holds a BA in Business Administration, an MBA from ESADE (Barcelona) and is a CFA Charterholder.



Luis Beamonte
Global Equity & American Fund Manager

Luis Beamonte joined Santander Asset Management in 2000, where he is responsible for managing global equity funds. He has 14 years' experience in the financial sector. He began his career in 1995 in BBVA analyzing financial markets (equities, fixed income and currencies). He graduated in Industrial Engineering from ICAI University and has a degree in financial markets from CUNEF in Madrid.



Iñigo Barrera
Junior Fund Manager

Iñigo Barrera began his career in 2013 in the Equity Research department of Société Générale. In 2014, he joined the European Equities team in Santander Asset Management. He has a degree in Business Administration from CEU San Pablo University. Iñigo also has a Master's degree in Stock Exchanges and Financial Markets from the Instituto de Estudios Bursátiles (IEB).



Leticia Santaolalla
Euro Equity Fund Manager

Leticia Santaolalla joined Santander Asset Management in 2017 and is part of the European equities team. Previously, she worked in Aviva Gestión where she joined in 2005 as a senior manager for European Equities and was also responsible for the Aviva Eurobolsa and European equity pension funds. Between 1998 and 2005, Leticia worked for Caixa Catalunya Gestión as an Equity Fund Manager. During this time, she was also responsible for the Caixa Catalunya European Stockmarket and Caixa Catalunya Health Funds.



Elena Fernández
Health Care
Construction

Elena Fernández joined Santander Asset Management in November 2018 as a Buy-Side Equity Analyst covering Pharma, MedTech, Construction and Infrastructure sectors. She has a 20 years' experience in the financial sector. Before joining Santander Asset Management, she worked as Sell-Side Analyst in Intermoney, Ahorro Corporación, Banesto Bolsa and Renta 4. She holds a degree in Business Administration (Finance) from UAM (Universidad Autónoma de Madrid).



María Muñoz-Rojas, CFA
European Staples,
Media & Travel &
Leisure

María joined Santander Asset Management in April 2018 as a Buy-Side Equity analyst, specializing in the following European sectors: Consumer Staples, Media and Travel & Leisure. She has 19 years of experience in the Financial Sector. Prior to joining Santander Asset Management, she worked 5 years as a Sell-Side Credit Analyst at Santander CIB, covering European Industrial and Energy Sectors, and 13 years as a Sell-Side Equity Analyst at Banesto Bolsa Broker, covering Spanish Small and Medium Caps (Media, Hotels and Pulp & Paper and Pharma & Biotech Sectors). During her time as a Sell-Side Equity Analyst, she worked as lead analyst in IPO deals in Spain. She holds a BA in Business Administration from CUNEF (Colegio Universitario de Estudios Financieros), which belongs to Complutense University of Madrid, and she is a CFA charterholder, granted by the CFA Institute, and member of CFA Spain Society since 2006.



Klaus Ringel
Consumer
Discretionary &
Chemicals

Klaus Ringel has 16 years' experience in the financial and asset management industry. During this time, he has held several Sell-side Analyst positions, e.g. at CA Cheuvreux, but also spent time on the corporate side, working in Investor Relations. Klaus joined Santander Asset Management in January 2015 as a Senior Buy-side Analyst covering the Chemicals, Media and Personal Goods sectors. He holds a degree in Business Administration (Finance) from Johann Wolfgang Goethe University in Frankfurt.



Vanessa Alvarez
Financials (ex-UK)

Vanessa Alvarez joined Santander Asset Management in May 1998 during which time she has worked as a Buy-Side Equity Analyst, specializing in the financial sector. Before joining Santander Asset Management, she worked in Arthur Andersen as a Financial Institutions Auditor for two years. She holds a BA in Business Administration from ICADE (Universidad Pontificia Comillas).



Carlos Siegrist
Head of Research
Utilities & Tech.

Carlos Siegrist joined Santander Asset Management in April 2015 as a Buy-Side Equity Analyst and in 2012 became Head of the European Equity Research team in addition to continuing to look after the Telecommunications, Technology and Utility sectors. He has 19 years' experience in the financial sector. Prior to joining Santander Asset Management, he worked as an Equity Analyst at Santander Broker. He holds a BA in Business Administration from ICADE and a BA in Law from UNED.



Javier Ruiz-Capilla
Senior SMID Caps
Analyst & Europe
Fund Manager

Javier Ruiz-Capillas Since the end of 2017 involved in the Small Caps and ESG funds as a Senior analyst. He joined Santander AM in October 2013 as an Equity Research Analyst specialising in the Retail, C&BM and Industrial Transportation sectors. In his 18 years' experience he spent 13 years as a sell-side Equity Research Analyst covering infrastructure stocks for Merrill Lynch, ING, Kepler and RBS. He holds a BA in Business Administration from the Autonomous University of Madrid and holds the AMF and SFA qualifications.



Gonzalo Sanz
Small Caps
Analyst & Europe
Fund Manager

Gonzalo Sanz joined Santander Asset Management in July 2018 as a Small Caps & ESG equity funds analyst. In his 15 years' experience prior to joining Santander he worked in Mirabaud as a Small Caps Equity Analyst for eleven years and as a Senior Strategic consultant in Everis for three years. He holds an Industrial Engineering degree from ICAI (Universidad Pontificia de Comillas) and an MBA from Instituto de Empresa (IE) in Madrid.



Alberto Vigil-Escalera
Basic Materials

Alberto started in 1991 as corn trader and merchandiser for Archer Daniels Midland in Guadalajara-Mexico. He started working for Louis Dreyfuss in Madrid in 1995 as a commodity trader. Alberto joined SAM (Execution Department) in 1998 and in 2000 he started covering the oil and basic industry sectors as an analyst, during that time he also managed Growth Style Funds. In 2008, he joined Barclays as a European equity sales and in 2018 he came back to SAM covering again the oil and basic industry sectors. Alberto studied Law in the University of Oviedo, and obtained an IMBA in Baldwin Wallace Collage in Cleveland, OH; he has a Master in Finance for the Instituto Empresa, Madrid, and has also taken CFA I, II or Portfolio Risk Management courses in the Instituto de Estudios Financieros de Madrid.



Pablo Ayuso
European
Industrials &
Business Services

Part of Santander Asset Management since 2018, Pablo Ayuso is currently equity analyst with focus on industrial (aerospace and capital goods) and business services companies across Europe. Previously, Pablo was member of the M&A team at Santander after initiating his career as sell-side equity analyst. During his time at the sell-side, he worked as lead analyst in IPO deals in Spain. Pablo holds a dual degree in Economics and Law by the Carlos III University of Madrid.



CONTACT DETAILS:

Global

London Cristina Serrano +44 (0) 207 9140821
cristina.serrano@santanderam.com
Joaquín Pérez-Marsa +44 (0) 207 9140798
joaquin.pmsegurado@santanderam.com

Madrid: Juan Deza +34 91 289 6681
juan.deza@santanderam.com
Begoña Casado +34 91 289 0587
begona.casado@santanderam.com

Europe

London: Rob Askham +44 207 914 0809
rob.askham@santanderam.com

Madrid: Alberto Manchado +34 913 33 62 77
alberto.manchado@santanderam.com

Lisbon: Antonio Filipe +351 21 313 16 16
antonio.filipe@santander.pt

Frankfurt: Andreas Rothmer +49 69 271 355 225
andreas.rothmer@santanderam.com

Poland: Marlena Janota +48 609 083 197
marlena.janota@bzwbk.pl

Latin America

São Paulo: Andre Cobianchi +55 11 41 30 92 07
andre.cobianchi@santanderam.com

Mexico: Francisco Bueyes +52 55 4122 9122
francisco.bueyes@santanderam.com

Santiago: Alexander Blomstrom +56 2 284 761 20
alexander.blomstrom@santanderam.cl

Buenos Aires: Gonzalo Gibelli +54 11 43 41 22 98
ggibelli@santanderrio.com.ar

Puerto Rico: Desirée Mieses +787 296 5432
dmieses@sampr.com

BEST PRACTICES

In Santander Asset Management, we are committed to following the industry's best practices. Santander AM Luxembourg, the firm managing this pooled fund, claims compliance with the Global Investment Performance Standards (GIPS). For more information about the GIPS standards, please visit www.gipsstandards.org



Q1 2019 COMPANY MEETINGS

AB InBev	Ebro Foods	Philips
ABF	EDP	Prosegur
Acciona	Enagas	Prosegur Cash
Acerinox	ENCE	Prysmian
ACS	Endesa	Red Eléctrica
Adidas	EON	RELX
Ahold	Euskaltel	Renault
Air Liquide	FAES	Repsol
Airbus	Ferrovial	Royal Dutch Shell
Alliance	FNAC	SAAB
Amadeus	Fresenius	Sacyr
Applus	Fresenius Medical Care	Schroders
Arcelor	Givaudan	SEB
Atresmedia	Glaxo	Siemens
Axel Springer	Hays	Societe Generale
Banca Intesa	IAG	Sodexo
Banco Sabadell	Iberdrola	Solvay
Banco Santander	Inditex	Swedbank
BASF	Indra	Symrise
Bayer	Informa	Talgo
BBVA	ING	Tecnicas Reunidas
BME	Intercontinental Hotels	Telecom Italia
BMW	Investor AB	Telefónica
BNP	Ipsen	Thales
Bureau Veritas	K+S	Total
CAF	KBC	Unicaja
Catalana Occidente	Kone	UPM
Cellnex	L'Oreal	Veolia
CIE Automotive	Masmovil	Viscofan
Clariant	Mediaset España	Vivendi
Coca Cola European Partners	Melia Hotels	Vodafone
Coloplast	Merlin	Volkswagen
Compass	Naturgy	Volvo
Credit suisse	Nexans	Whitbread
Daimler	Nielfisk	Wolters Kluwer
Danone	NKT	Zardoya Otis
Dassault Aviation	NOS	
Deutsche Post	Novartis	
DSM	Novo Nordisk	

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