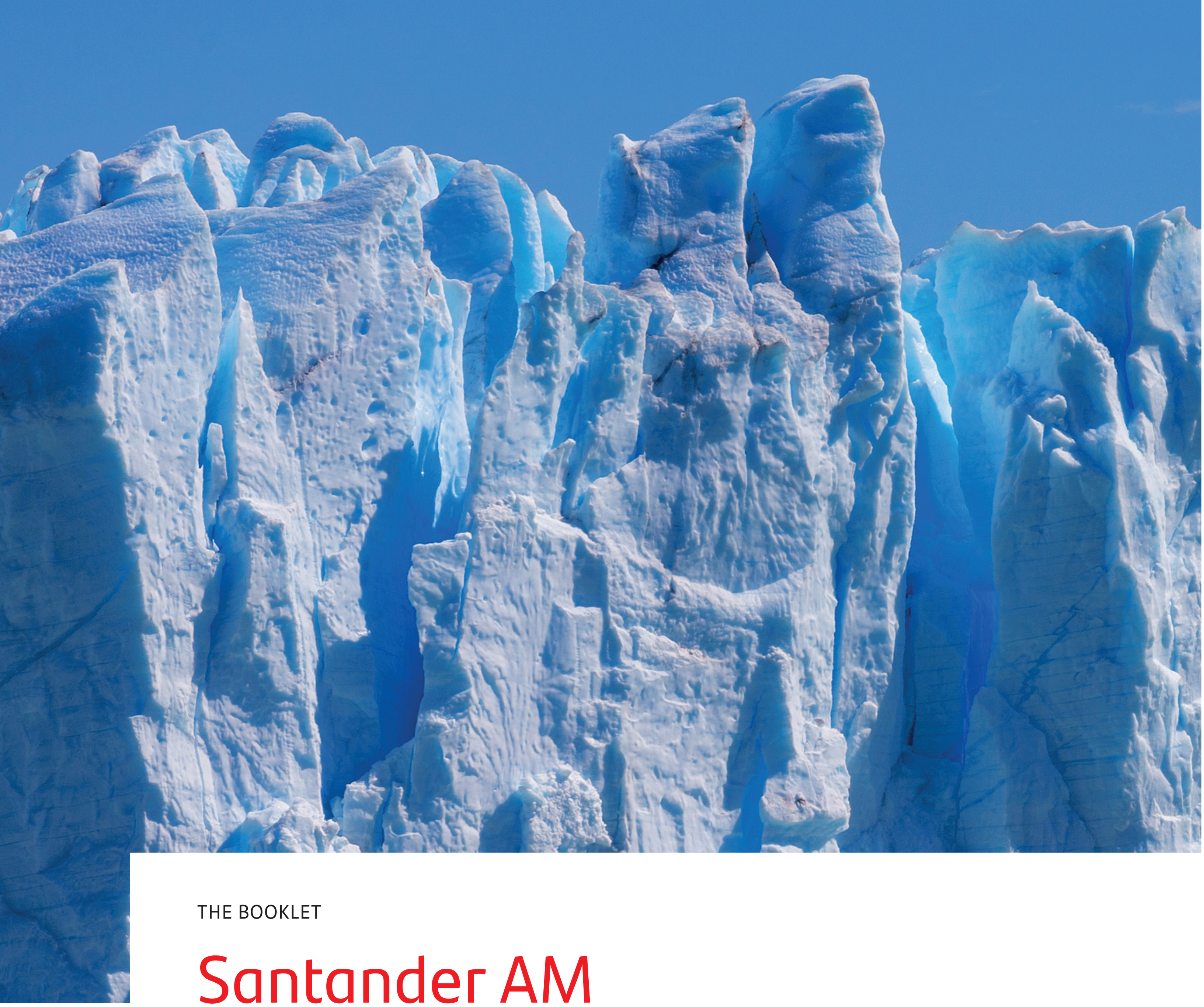

THE BOOKLET

Santander AM Latin American Corporate Bond Fund

Q1 2019

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

Santander Asset Management

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01 Executive Summary

Fund Manager comment

This first quarter of 2019 has presented a powerful combination for returns. Firstly, the attractive credit spreads initiated by a challenging 2018. Secondly, we have seen the Fed embrace a dovish posture providing an additional performance boost through articulation of no interest rate hikes in the year. Finally, although yet to be concluded, strong evidence of a trade agreement between US and China is underway.

The upcoming quarters will inevitably include some interesting narratives in Latin America such as the Brazilian pension reform approval saga, Argentinian elections in October and Mexico's support measures for Pemex. While volatility will be present, global context remains favorable for Latin America and we remain confident that 2019 will continue to be prosperous for the asset class.

PERFORMANCE (%)

	Portfolio	Index	Relative Return
Q1 2019	5.94	5.59	0.36
1Y	1.75	3.99	-2.24

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

KEY FACTS

FUND NAME	SANTANDER LATIN AMERICA CORPORATE BOND FUND
INCEPTION DATE	25/07/08
BENCHMARK	CEMBI BROAD DIVERSIFIED LATAM INDEX
TOTAL FUND ASSETS	$562.42M (29TH MARCH 2019)
FUND CURRENCY	USD
FUND MANAGER	ALFREDO MORDEZKI
ISIN [(1)]	LU0363170191 (CLASS I)
BLOOMBERG TICKER [(1)]	SANHYDI EQUITY
MINIMUM INVESTMENT [(1)]	$500,000
MANAGEMENT FEE [(1)]	0.60%
TER [(1)]	0.69% (29TH MARCH 2019)
SHARE CLASSES	A, AD, I

(1) Class I

02 Market Review

The start of 2019 reinforced the dovishness of the Federal Reserve's message, ruling out rate hikes for 2019, with a significant impact on the market that is still very much positioned with less duration than their corresponding benchmarks. The 10 year US treasury yield printed a 2.41% level at the end of the quarter, highlighting value both at the Investment Grade and the High Yield subsectors of the credit universe and the search for yield returned.

One of the main themes affecting performance in the quarter was concerns over the fate of Brazil's pension reform. An ambitious project targeting BRL 1.2 trillion in savings in 10 years was sent to Congress on February 20th. Conversations began quite positively, but they went into a standstill when ex-President M. Temer and ex- Minister Moreira Franco were arrested over an alleged Lava Jato involvement. BRL was weak and volatile but managed to settle after reform conversations restarted.

Controversy around Pemex (Baa3, BBB+, BBB-) was the other theme that generated significant volatility in market prices. The rating agencies are reviewing the stand alone rating (without government support) and the foreign currency rating (with implied government support) due to concerns surrounding higher capex and a deviation from exports to local refining. The government reacted by earmarking the Oil Stabilization Fund as an eventual source of a capital injection if debt markets are reluctant to refinance Pemex's maturities. The adjustment on expectations and spending supported the rally in Pemex bonds, advancing 6% in the quarter (10ys benchmark).

Commodities were strong, led by Oil showing a significant comeback (WTI +29.31%, Brent +23.84%). The rally was sustained by resilient demand from India, China and Europe and, on the supply side, an agile adjustment on volumes by Saudi Arabia, the loss of Venezuelan exports and the expectations of less oil coming from Iran as some waivers on their sanctions expire.

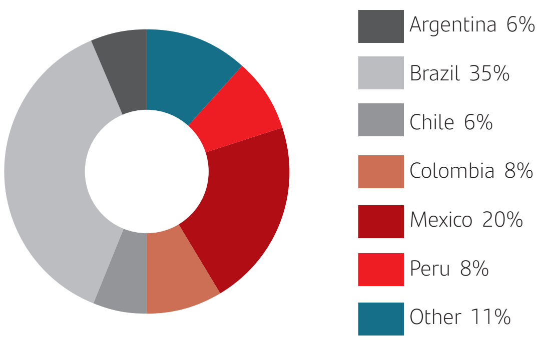
Metals were less supported by fundamentals but China's acceleration on credit growth and the Fed's embrace of dovishness should help prices until the trade war between China and the US is settled. Gold and Silver showed no direction while Copper shined (+8.68%) and Iron Ore soared (+16.27%) on concerns about Vale's ability to supply the market with more news about Dams being suspended from operations on security concerns.

Latam currencies had mixed returns. Argentina was again the main underperformer sliding -13.05%, on the back of disappointing inflation and low approval ratings for president Macri who will likely seek re-election in October. Brazilian real was very volatile during the quarter, appreciating 6% in January but selling-off all the way to 4 BRL/USD on Pension reform discussions (9.2% devaluation from the peak), to end up the quarter with just a -1% depreciation. Chile, Colombia, Mexico and Peru currencies were stable with minor advances. It is a bit puzzling that this new stance from the FED had a huge effect on interest rates but not on the US dollar, which remains well bid versus EM and majors.

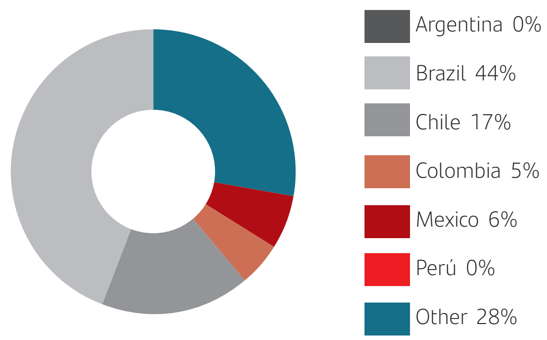
Primary markets are recovering but do not seem to be in a rush to tap the new inflows that the asset class is getting from investors. YTD, there has been more than $20Bln in inflows to EM (a bit less than 40% towards Latam), while total issuance in the region (net for coupons, amortizations, calls and tenders) is almost flat.

Petrobras was the first that used the new demand for duration with USD 2.25Bln in a new 30 years issue priced at 6.9%. The ultra long end was also the target bucket for a new Hybrid (junior subordinated) from AES Gener (Chilean utility) with a 2079 maturity, callable after five years. Other new issues to highlight came from Brazilian pulp and paper producer Klabin, that returned to the market with a 2 tranche issue (USD 500MM each) on the 10ys and 30ys, getting much more traction from investors interest on the latter.

Composition of new issues 2018

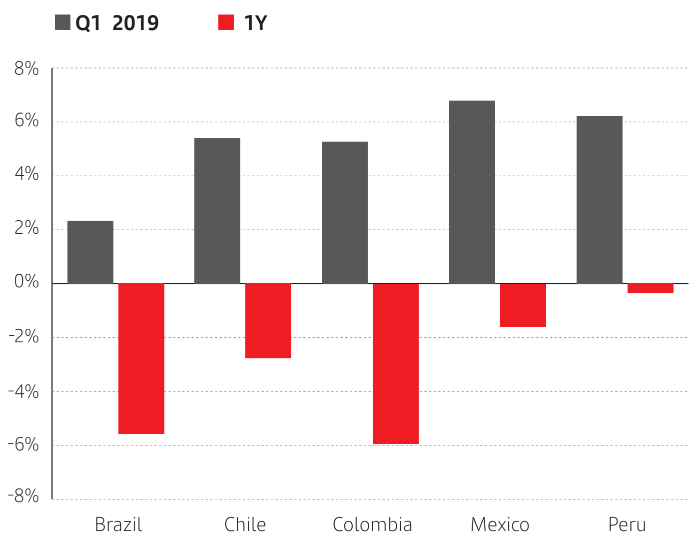


Composition of new issues 2019

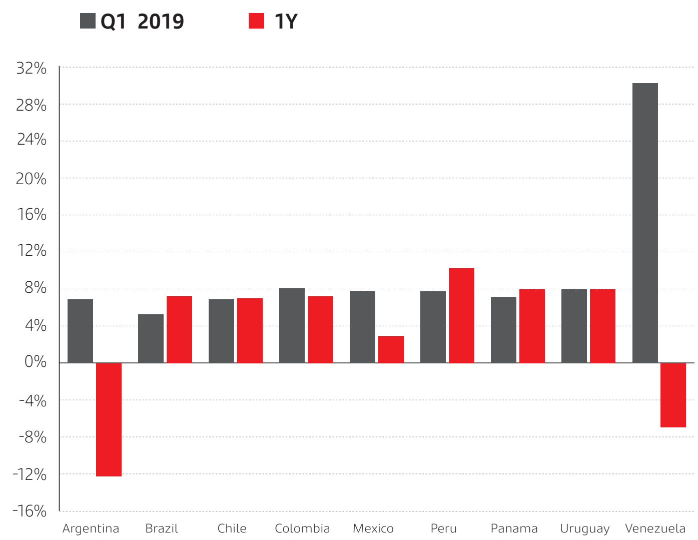


•Source: Credit Suisse Latam Chartbook, 1st April 2019.
Data of corporate issues denominated in USD dollars.

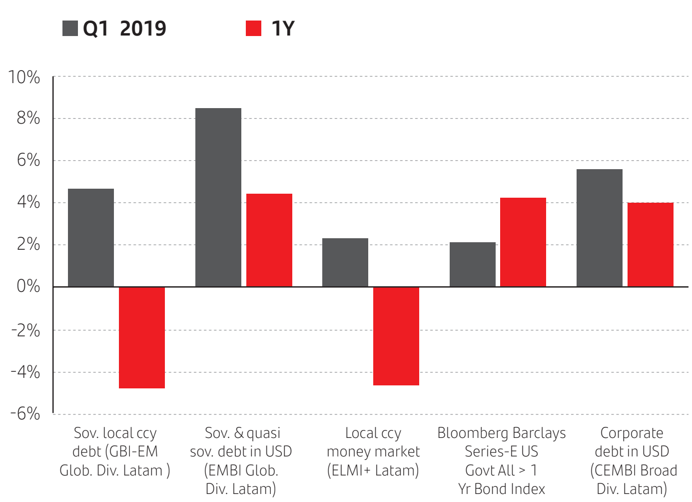
Country Performance: Sovereign Local Currency Debt (USD)**



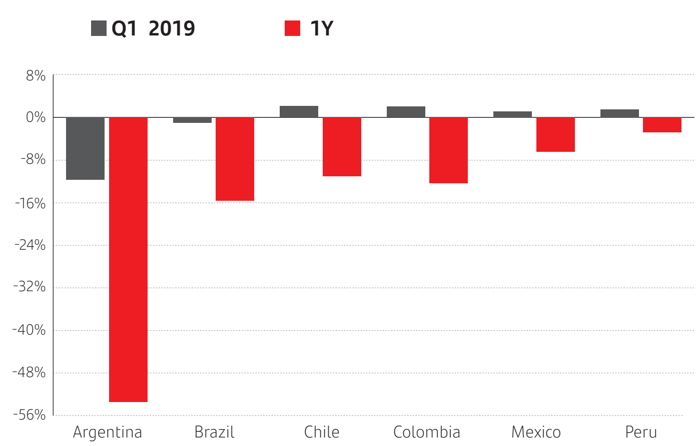
Country Performance: Sovereign USD Issued Debt**



Market Performance: Index*



Market Performance: Currency*



•Source: *Bloomberg March 2019 **JPMorgan Indices, March 2019.

03 Portfolio Performance Review

The fund had a strong quarter in both absolute and relative returns. Quarterly results were boosted by a healthy combination of a rally in US treasuries and credit spread compression. The Federal Reserve's intimations rejecting the possibility of monetary policy tightening in 2019 motivated the search for yield and Latin American corporate bonds provided investors with both value and returns. The asset class began the year with a very attractive outlook given that credit spreads widened considerably in 2018 with little or no fundamental deterioration.

By country, the main contributors to the relative outperformance came from the overweight positions in Brazil and Argentina, supported by the fact that our top 10 contributing bonds included 4 Brazilian and 3 Argentinian names. Conversely, the main detractors were Chile, Peru, Colombia and Mexico. As far as sectors are concerned, gains were made in Food, Beverages, Transportation, Diversified Financials and Telecommunications whereas we had negative contribution from Oil & Gas, Pipelines, Mining and Media.

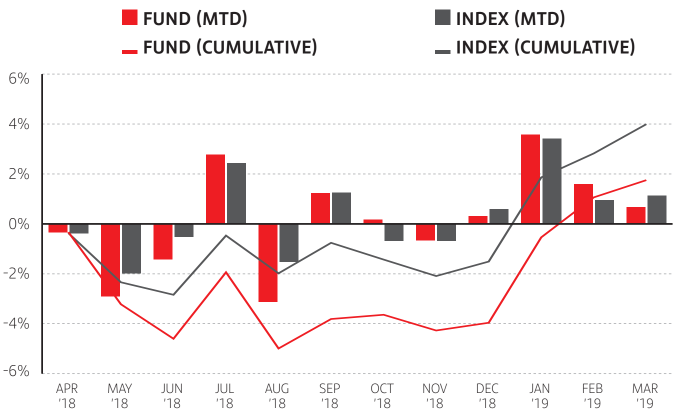
In Brazil we have been successful on our active positioning around GDP recovery through the transport and logistic sector with sound performance coming from JSL 24 and Hidrovias 25. The search for duration also brought favourable contribution through Gerdau 44 and Brazilian banks' perpetual bonds that tightened significantly.

In Argentina our overweight exposure to the electric sector provided good returns mainly through Capex 24 and PAMPA 27, more than offsetting the weak performance of EPECOR 22. The positive first quarter returns in the country were mainly due to the strong recovery of bonds in January and February while performance in March was negatively impacted by disappointing inflation numbers that are taking longer to recede along with weak activity data.

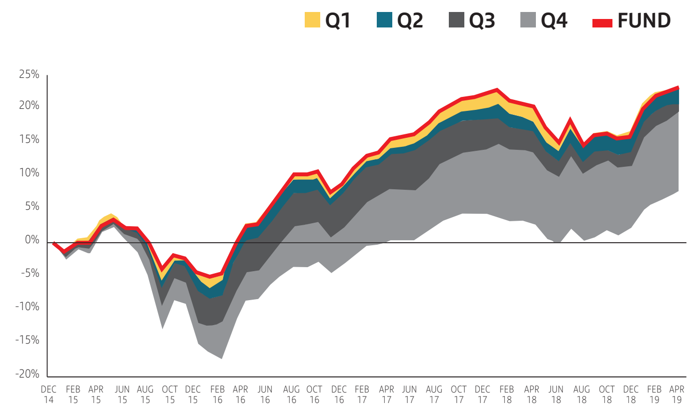
The fund's underweight positioning in Oil & Gas during a period where Brent oil price rallied 24% was the sector with the biggest negative impact in relative terms. Unsurprisingly, given the strong performance of the commodity, the top 6 performing bonds in the CEMBI LATAM benchmark came from the Oil and Gas sector.

On an individual name basis, the decision to remain out of the complex debt reorganization/refinancing of Digicel (Jamaican telecommunication company) proved to be the right decision as Digicel 23 got hit by a double digit drop in price given the resultant structural subordination to other debt of the group. AJE 22 was the fund's best performer in the quarter, benefiting from operational environment improvements, cash flow generation and renegotiated covenants that became again compliant with EBITDA recovery.

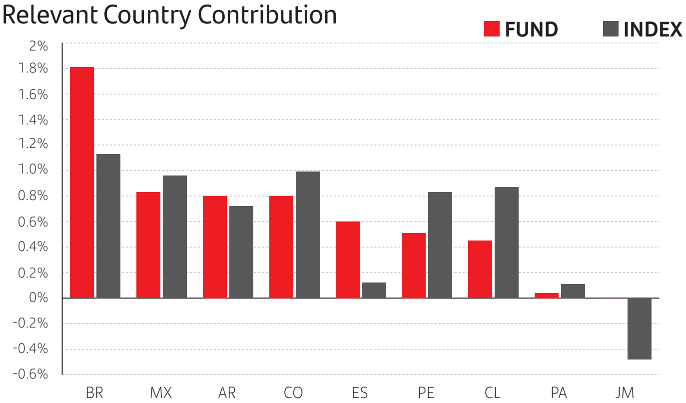
Rolling Performance of the Fund



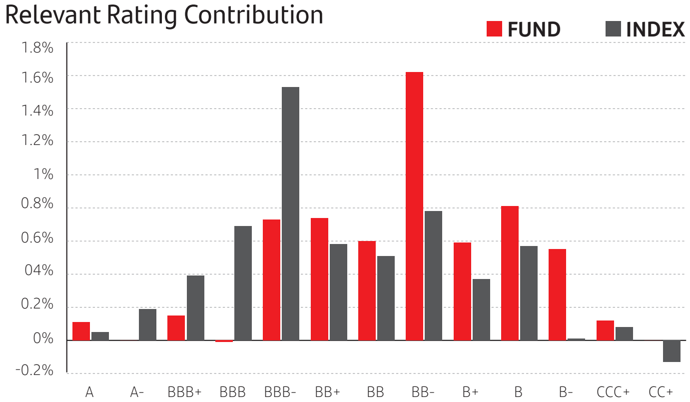
Peer Group Ranking Chart



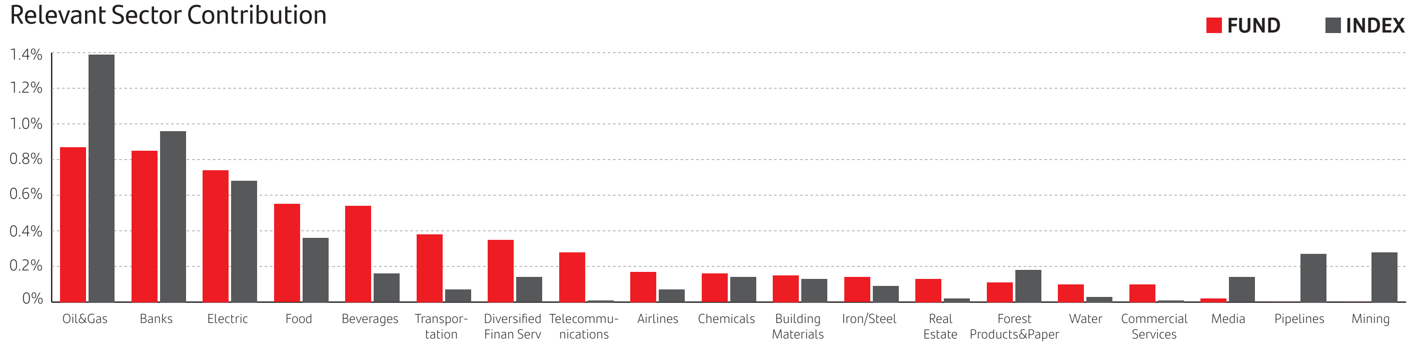
Relevant Country Contribution



Relevant Rating Contribution



Relevant Sector Contribution



MONTHLY PERFORMANCE 2019 (%)

	JAN	FEB	MAR
Fund	3.57	1.60	0.68
Index	3.42	0.95	1.14
Excess	0.15	0.66	-0.46

CALENDAR YEAR PERFORMANCE (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund	10.66	3.40	14.15	-2.47	6.33	-4.33	13.90	12.32	-5.28
Index	11.52	4.95	14.14	-2.66	5.95	-5.05	15.61	12.10	-2.79
Excess	-0.86	-1.55	0.01	0.19	0.38	0.72	-1.71	0.22	-2.49

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

04

Portfolio Composition

PORTFOLIO CHARACTERISTICS

Tracking error	1.38%
Sharpe Ratio	2.19
Beta	0.86
Alpha	0.29
Volatility	2.77%
YTM	6.71%
Duration	4.66
Average Rating	BB*
Average G Spread	426BP*

PORTFOLIO ALLOCATION

% Invested	96.36%
% Cash	3.64%
Nº of Issues	91

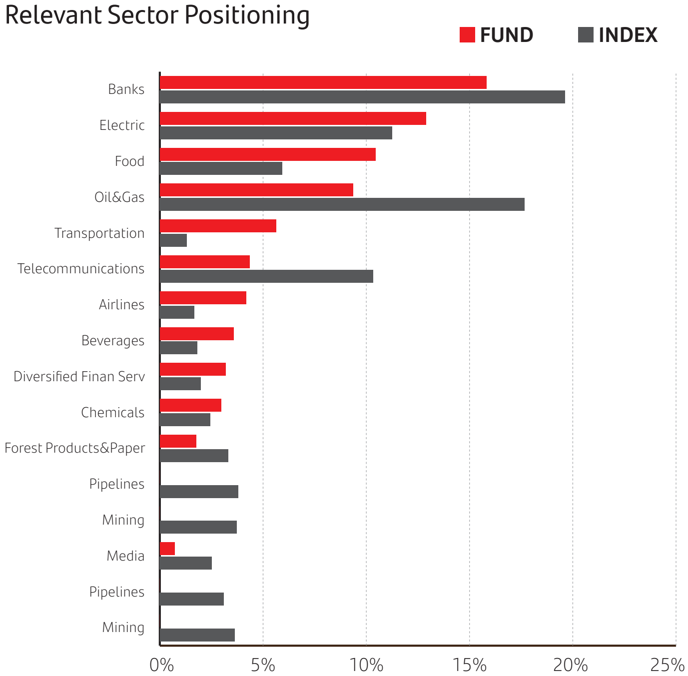
Santander Asset Management March 2019, T/E, Sharpe Ratio, Beta, Alpha, Volatility, I.R. 3 years annualized data, * investment team produced data.

TOP 10 HOLDINGS

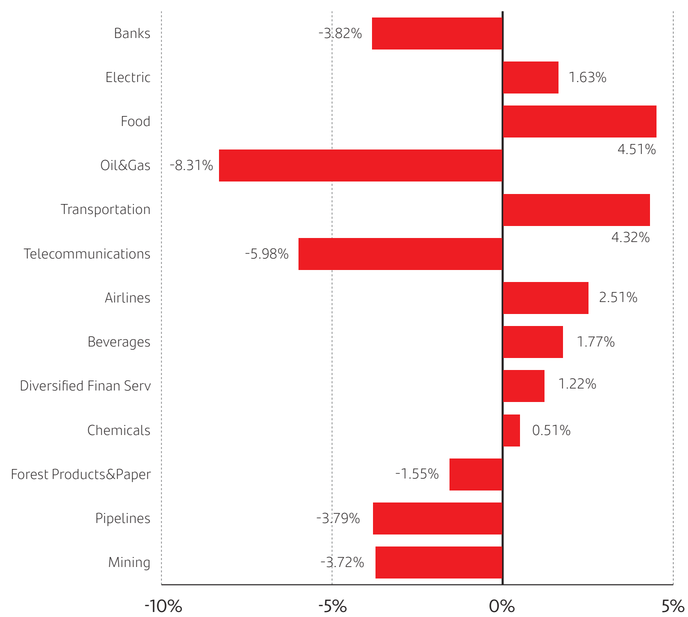
	Weight	YTM	Rating	G-Spread	Duration
ATENTO LUXCO 6.125 10/08/2022	2.45%	6.24%	BB-	402	3.0
LATAM AIRLINES 7.25 09/06/2020	2.29%	4.18%	B+	181	1.1
CANACOL ENERGY 7.25 03/05/2025	1.97%	7.22%	B+	498	4.1
COLOMBIA TELECOMUNICACIONES 8.5 PERP	1.96%	4.43%	BB-	203	0.9
GRUPO CEMENTOS CHIHUAHUA 5.25 23/06/2024	1.96%	5.04%	BB+	282	3.7
JSL EUROPE 7.75 26/07/2024	1.90%	7.97%	BB-	573	4.2
HIDROVIAS 5.95 24/01/2025	1.89%	6.74%	BB-	448	4.8
AJECORP 6.5 14/05/2022	1.88%	13.20%	B-	1099	2.6
RUMO LUXEMBOURG 7.375 09/02/2024	1.84%	5.48%	BB-	327	1.7
PETROBRAS 7.375 17/01/2027	1.78%	5.72%	BB-	339	5.9
Total	**19.91%**				

Source: Santander Asset Management March 2019.
Data provided by the Investment Portfolio Manager.

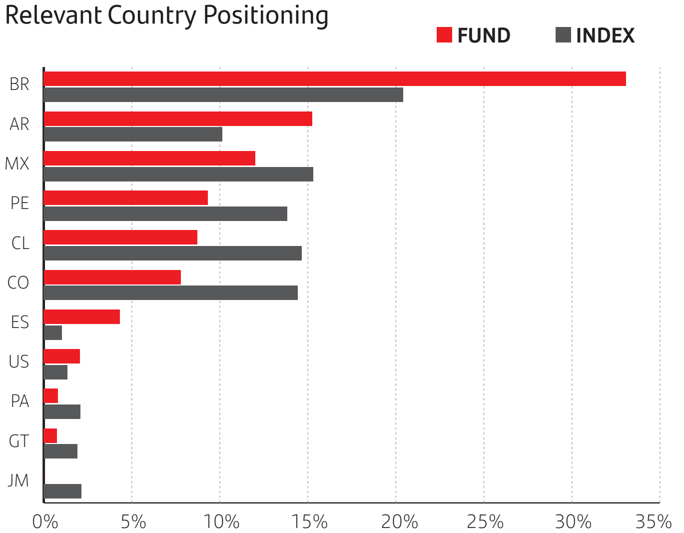
Relevant Sector Positioning



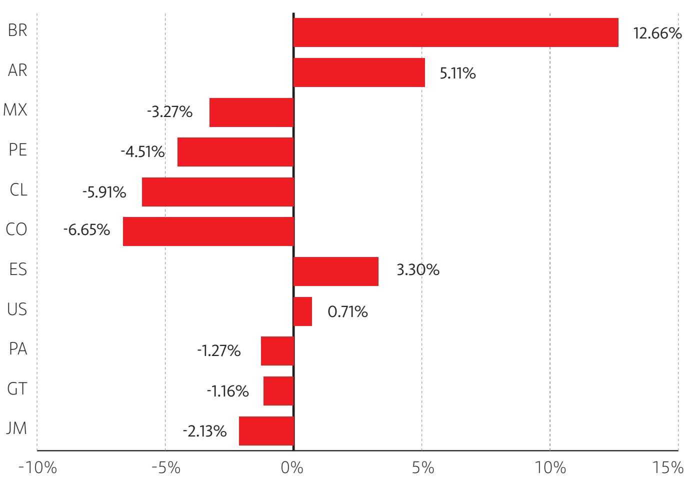
Active Exposure



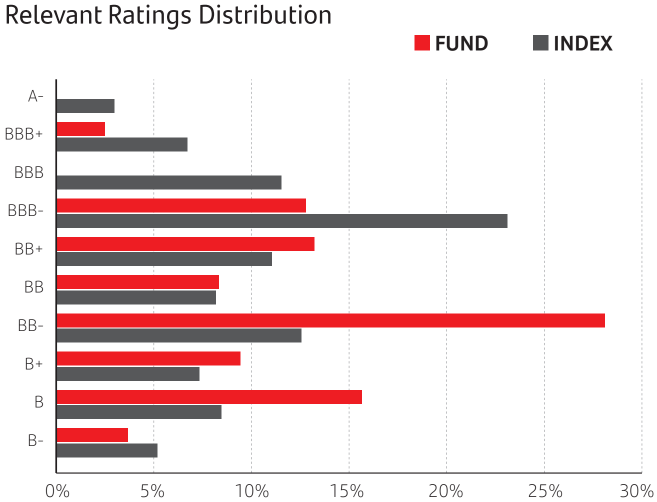
Relevant Country Positioning



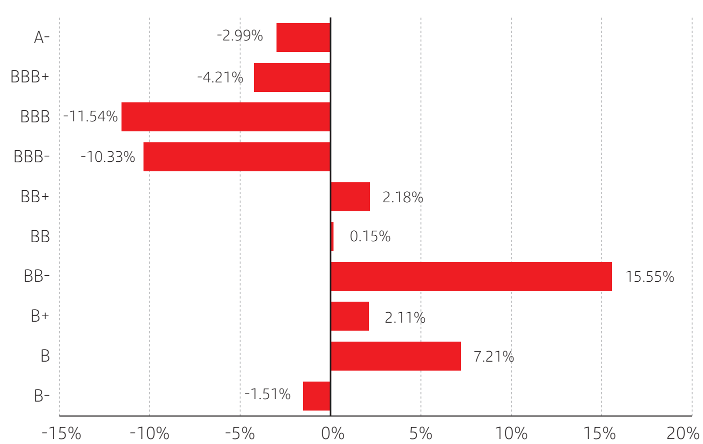
Active Exposure



Relevant Ratings Distribution



Active Exposure



Source: Santander Asset Management March 2019.

05 Market Outlook

The latest Federal Reserve actions provided support to the markets, mainly to Emerging Market economies. Despite evidence of macroeconomic weakness in developed economies, central banks' strategies have limited the potential impact on their respective markets and economies. In our view, these actions should result in a weaker USD but recession fears are supporting it at current levels.

Trade discussions between the US and China may conclude soon and the expected positive agreement would further benefit Latin American countries. Business expectations and consumer confidence have improved based on this expected outcome, supporting the latest manufacturing indicators that came stronger than anticipated. Chinese authorities are planning tax cuts and other credit facilities to stabilize the economy, therefore we would expect Chinese economic indicators and markets to continue to be encouraging.

The Eurozone is also providing supportive conditions to global markets and economy as they are expected to maintain rates at zero percent for the foreseeable future and have reactivated Long Term Refinancing Operations (LTROs). That being said, macroeconomic weakness in the Eurozone will likely remain, with particular focus on Germany's manufacturing downtrend.

Focus for investors in Latin America will continue to be on the countries that provided most of the headlines in 2018. The success of Brazil's pension reform negotiations will determine how well credits will perform this year with early indications of optimism. In Mexico, all eyes will be on Pemex's credit strengthening strategies and the new administration's conviction to see out its election pledges. And finally, in Argentina, presidential election poll trends will add volatility to sovereign and credit markets, particularly if President Macri's approval ratings continue to disappoint on the down side and former president, Cristina Kirchner, is able to capture voters beyond what is considered her ceiling of support

We believe that global macro factors will be the main drivers for Emerging Market credit for the remainder of the year, with standalone fundamentals and technical remaining relatively stable. After a strong performance YTD of the asset class, we believe there is further room for tightening but expect the rally to be more gradual. Primary markets are expected to remain active and the pipeline should continue to be strong.

06 Appendix

WHY CHOOSE SANTANDER FOR LATAM FIXED INCOME?

How we are different: a large local presence, "a long distance relationship that really works".

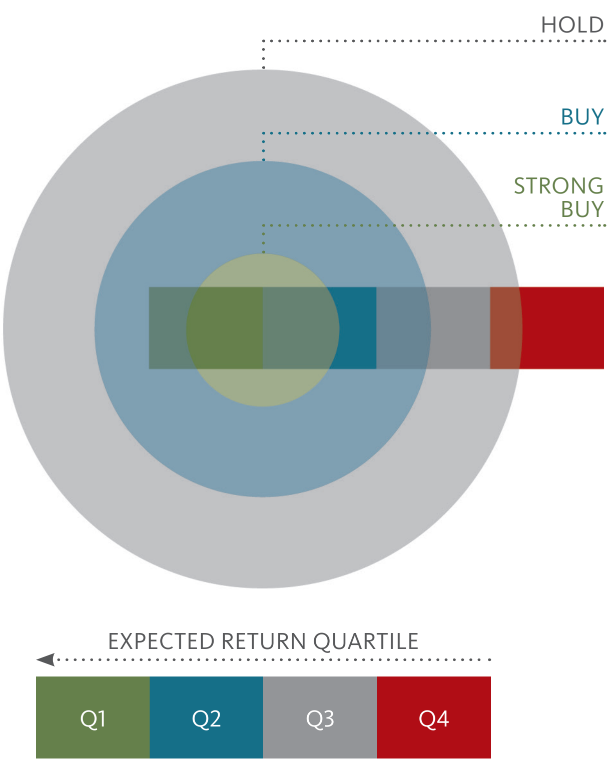
We are organised according to sectors across Latin America. This is crucial to our process and allows us to make an assessment and judgment on how we compare one company bond to another in the same industry to ensure we pick the best bonds for our portfolios.

SANTANDER LATIN AMERICA FIXED INCOME TEAM

Total AUM $971.83 MM (29TH MARCH 2019)

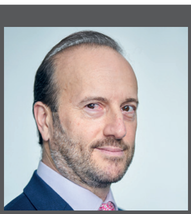
OUR INVESTMENT PROCESS: THE FOUR CORNERSTONES

A combination of objective and proprietary analysis that allows a Risk vs Return representation leading to portfolio construction.



- **Expected Return:** Our investment process is fundamentally driven and is a combination of objective and proprietary analysis. Our aim is to construct a portfolio to have the highest expected return for each unit of risk. This is a key factor that sets us apart from our competitors.
- **Credit Quality:** Our approach is focused on credit quality. We believe risk is asymmetric, and our expected returns are underpinned by analysing spreads. It's not just about picking the right company bonds but avoiding the land mines.
- **Performance Analysis:** At an individual bond level, we continually review our actual returns versus expected returns to provide key insights into disparities and modify our analysis where necessary.

SANTANDER LATIN AMERICA FIXED INCOME TEAM



Alfredo Mordezki
Global Head of Latam Fixed Income
London

Alfredo joined SAM in 2010 and is responsible for all of the firm's regional Latin American fixed income investments. Before joining SAM he worked for BBVA in New York and Madrid as head of Latin American Credit Trading. He has close to 20 years' financial experience. He coordinates the local Latin America Fixed Income teams. He graduated in Economics from Universidad de la República (Uruguay) and holds a Msc. in International Economics from the same university and a Msc. in Economics and Finance from Universitat Pompeu Fabra (Barcelona).

Global Team

John Montgomery
Credit Analyst/Porfolio Manager, London

John rejoined SAM in 2014 having spent an interim year in Santander's LatAm Corporate Finance division in New York as part of their Executive Training Programme. Prior to that he was with the LatAm Fixed Income team in SAM for 2 years as a Portfolio Manager. He previously managed the Investment Operations for Santander Private Banking in Jersey, Channel Islands and has 12 years' banking experience. John graduated with an MA in European Civilisation from the University of Glasgow and is certified as completing CFA level 1, and CFA UK's Investment Management Certificate (IMC).

Local Team

María Aramoni
Credit Analyst/
Portfolio Manager,
Mexico

Maria joined SAM in March 2012 as Senior Analyst/ Portfolio Manager within the Latam Global Fixed Income team. She previously worked for 2 years as Head Trader of the Money Market and Currency Desk for Prudential Bank México. Prior to that, she was an equity research analyst for ING Bank, covering the LATAM Food and Beverage sector, and before that a credit analyst for Santander GBM in Madrid covering European HG Consumer and Industrial sectors. She started her career as sales trader of Fixed Income and currencies for BBVA-Bancomer in Mexico. She has 22 years' experience in financial markets. She graduated in Economics from Universidad Iberoamericana in México and has a Msc. in Finance from CUNEF in Madrid, Spain.

Marcelo Peixoto
Credit Analyst/
Portfolio Manager,
Brazil

Marcelo joined SAM in 2013. Marcelo has over 18 years' professional experience, in Brazil and abroad, working for financial institutions, rating agency and multinational industries in a wide range of areas such as: Internal Audit, Credit Analysis, Asset Management and Investments Analysis. Previously he worked at Banco Standard de Investimentos as Head of Credit. Prior to that he was an associate director at Standard and Poor's in the financial institutions and metals and mining ratings group. He has also worked for Alcan, Pirelli and Banco Citibank. He started his career as an internal auditor at Tribunal Regional Federal.

Marcelo graduated in Business Administration from Sao Paulo University and in Accounting from Universidade Paulista. He also holds a Master in Finance from Fundacao Instituto de Administracao.

Global Team

Teresa Martínez
Rates & Currency PM / Quantitative Analyst, Madrid

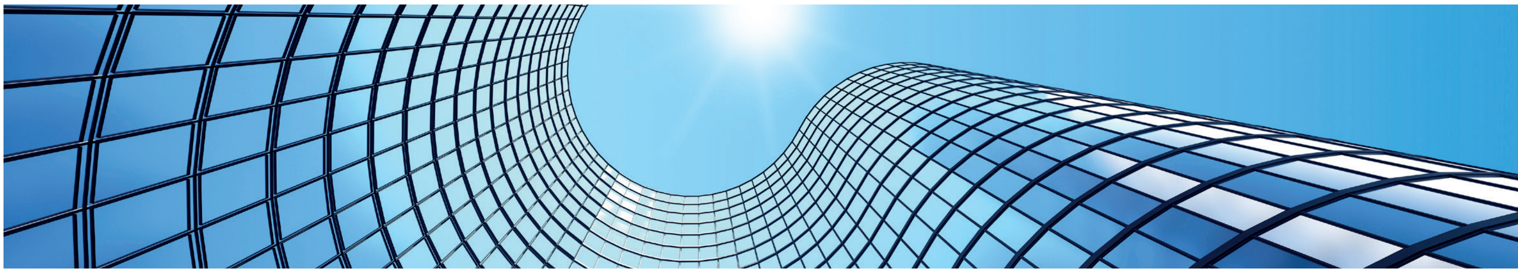
María Teresa joined SAM in August 2013 as analyst. Previously she worked as a quant in Banco Santander's Fixed Income Quant Team (8 years). Before that, she held several non-tenure positions in the Universidad Autónoma de Madrid (10 years). She holds a PhD degree in Mathematics by the Universidad Autónoma de Madrid.

Manuel García Taibo
Rates & Currency PM / Quantitative Analyst, Madrid

Manuel joined SAM in 2012 as portfolio manager of profiled FoF's. In SAM he has been managing asset allocation and absolute return mandates ever since. He has 13 years of experience in financial markets.

Previously, he worked for Abante Asesores, where he founded and managed a Global Macro Absolute Return fund. Before that, he worked 4 years for Valorica (first Spanish hedge fund company), where he was responsible for quantitative analysis. He started his career as a consultant at Serfiex, a firm specialized in credit and market risk analysis.

He holds a degree in Business Administration from Universidade de A Coruña, and an Executive Master in Financial Risks from BME. He also holds FRM certificate.



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Q1 2019 COMPANY MEETINGS

Aje Group
Alicorp
Arca Continental
Arcos Dorados
Axtel
Banco de Bogotá
Banco Hipotecario
Banco Nacional de Costa Rica
Banco Regional Saeca
Bancolombia
Banco de Crédito del Perú
Banxico
BBVA Continental
Camposol
CBRE
Cementos Pacasmayo
Coca Cola FEMSA
Colliers
Comisión Federal de Electricidad
Credito Real
Credivalores
Davivienda
Docuformas
Elementia
Exalmar
Ferreycorp
Fibra Danhos
Fibra UNO
Fitch Ratings
Global Bank
Grupo Aeroportuario de la Ciudad de México (GACM)
Grupo Aval
Grupo Bimbo
Grupo Cuervo
Grupo KUO
Grupo Posadas
IDESA
Ienova
InRetail Group
Interbank
Intercorp Financial Services
IRSA
Javer
JBS
Kaltex
Klabin
Liberty Latinamerica
Liverpool
Mabe
Marfrig
Metalsa
Mexichem
Minerva
Moody's
Nemak
Pemex
Ritch Mueller
Saavi Energia
Santander Chile
Standard & Poors
Supervielle
Sura Asset Management
Suzano
Telecom Argentina
Televisa
Terrafina
Tupy
UNACEM
Unifin
Vale
Vesta
Votorantim

BEST PRACTICES

At 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

"Santander AM Luxembourg", "the firm", is the investment manager of all the Investment Funds of Santander Asset Management domiciled in Luxembourg. Santander Asset Management has affiliates in Argentina, Brazil, Chile, Germany, Mexico, Poland, Portugal, Puerto Rico, Spain, UK and the US which are not included in the definition of the firm for purpose of compliance with the GIPS® standards.

Santander AM Luxembourg manages a variety of Equity, Fixed Income and Balanced assets.

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