

SANTANDER ASSET MANAGEMENT SA SGIIC

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This Brochure provides information about the qualifications and business practices of Santander Asset Management SA SGIIC (“SAM”) only in the United States. SAM provides investment advisory services in other jurisdictions. Information regarding SAM’s investment advisory services in other jurisdictions is not included in this Brochure. If you have any questions about the contents of this Brochure, please contact us at 34 91 289 06 37 and/or www.santanderga.es. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

SAM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SAM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 28, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Margarita Bustos at 34 91 289 06 38 and/or mbustos@gruposantander.com. Our Brochure is also available on our web site www.santander.es, also free of charge.

Additional information about SAM is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with SAM who are registered, or are required to be registered, as investment adviser representatives of SAM.

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Item 4 – Advisory Business

A. Description of SAM and principal owners. Santander Asset Management SA SGIIC (“SAM”) is a subsidiary corporation of Grupo Santander (“Grupo Santander”), organized under the laws of Spain on October 6, 1971, whose principal place of business is CGS Avenida de Cantabria S/N, Edificio Pinar, Boadilla del Monte, Madrid, Spain 28660. SAM is an investment advisor registered in the United States with the Securities and Exchange Commission (“SEC”) and in Spain with the National Commission of Securities Markets (“CNMV”).

The table below shows the principal shareholders of SAM, who own 25% or more interest in SAM:

Santander AM Holding S.L.	foreign entity
Banco Santander, S.A.	foreign entity

B. Types of advisory services. SAM provides investment advisory services to institutional investors. Advisory services are tailored

C. Client assets. SAM manages clients’ assets in the United States on a non-discretionary basis. As of December 31, 2010, SAM managed \$272,322,503 in assets on a non-discretionary basis for one account in the United States.

Item 5 – Fees and Compensation

SAM offers investment advisory services for a percentage of assets under management, subscription fees or performance-based fees.

All fees are subject to negotiation.

The specific manner in which fees are charged by SAM is established in a client’s written agreement with SAM. SAM will generally bill its fees on a quarterly or monthly basis, depending on the client’s needs. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize SAM to directly debit fees from client accounts. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account,

any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

SAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to SAM's fee, and SAM shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that SAM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

In some cases, SAM may enter into performance fee arrangements with qualified clients; such fees are subject to individualized negotiation with each such client. SAM will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (the "Advisors Act") in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. SAM's customary performance-based fee structure is the "high watermark" structure and its is measured using the client's realized and unrealized capital gains and losses.

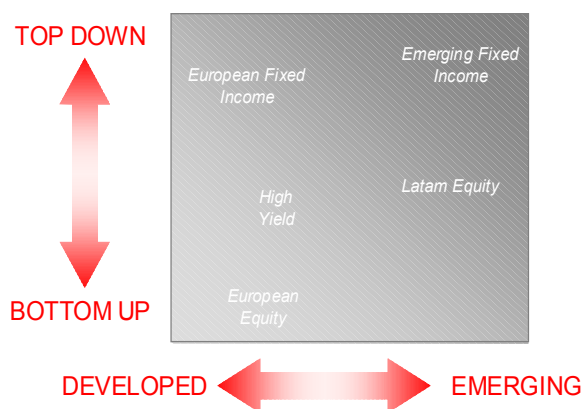
Performance-based fee arrangements may create an incentive for SAM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. SAM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

SAM provides portfolio advisory services to institutional investors.

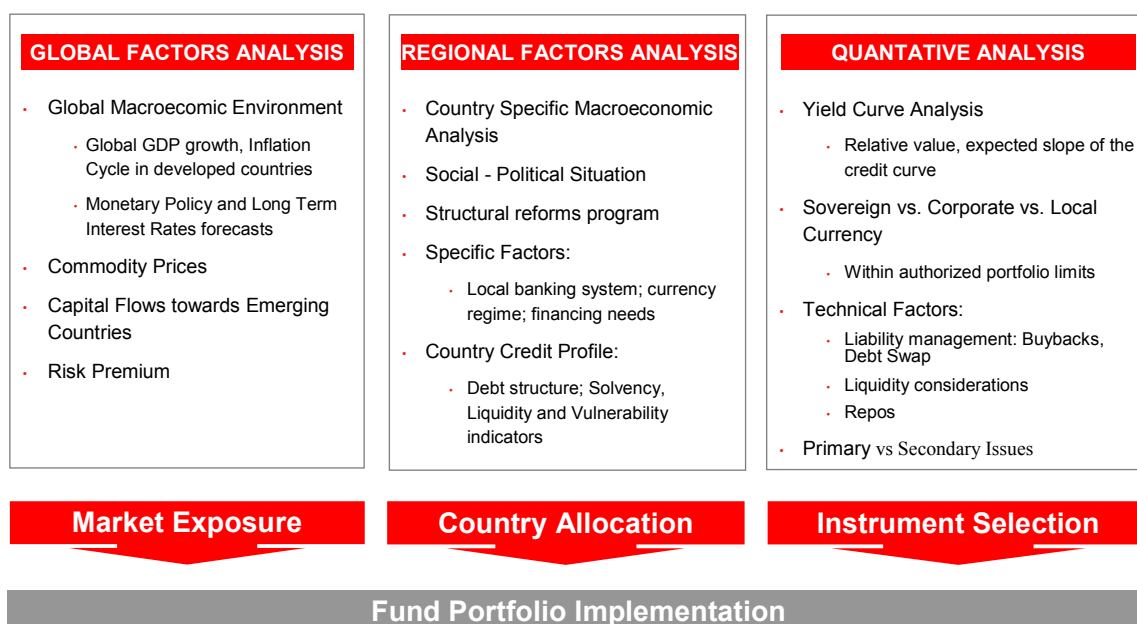
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investment Process



A single coordinated team, with **multiple processes** designed for each specific asset, geography and mandate

A three step approach



Risk Management

Market Risk

In order to measure and control market risk, we arrange:

- ✓ MRiskco, application developed by Serfiex to calculate parametric VaR
- ✓ Value at Risk Calculator (version 3.3). An internal application developed to calculate VaR by “dummy” historical information.
- ✓ Internal developments to stress testings
- ✓ Developed in Matlab, internal models of market risk adjusted to the kurtosis shown by the yield distribution of determined assets –historical simulation, parametric VaR with correlation stress, mixture of normals - which are able to supply complementary and versatile measures of VaR: tail VaR, regret VaR incremental, VaR marginal...

Credit Risk

In order to measure and control credit risk, we arrange:

- ✓ Internal developments to measure and control mutual fund exposure by issuer, rating and/or industry group
- ✓ Internal developments to measure and control global exposure by issuer
- ✓ Developments in Matlab, internal models in order to:
 - Calculate Credit VaR or market value variation of one holding by the effect of movements in issuer credit solvency by market perception.
 - Calculate VaR by default or by a potential losses estimation, in which a mutual fund could fall into, in case of a default of its investments in a given temporary horizon
 - Stress testings ad-hoc

Liquidity Risk

In order to measure and control liquidity risk, we arrange:

- ✓ Internal developments to calculate Mutual Fund’s effective liquidity.
- ✓ Internal developments to calculate Fund of Funds’ availability ratio, according to all the facts that take part in the process of effective settlement of the holdings.

The risk analysis we carry out covers different sources of suspense for each fund verifying fulfilments for the established parameters in the management term. To summarize, we can highlight the following points of control, which are made periodically (daily, weekly and monthly) by the Risk and Pricing Control Department.

Control of investment policies

An application has been developed that allows configuring on a daily basis the investment policies in addition to portfolio information provided by the managers and control the compliance of policies defined for investment funds: type of assets, markets, currencies, minimum ratings, etc.

Asset Management Control is, furthermore, the mediator for the Depositary in the event of any breaches detected and is in charge of its monitoring and implementing measures to normalize their situation.

Control of exposure levels

The policies can be expressed in terms of strategic exposure thresholds. These exposure thresholds represent, therefore, a structure of minimum / maximum exposure levels in variable and fixed income and, in the case of the latter, it also establishes limits by modified duration.

It performs a daily control of exposure levels and the information is integrated with the rest of operational controls performed in order to obtain a complete vision, by the fund and manager, of the level of compliance with legal, operational and risk thresholds.

Value at Risk

The exposure of IIC is monitored to market risk in accordance with methodologies for calculating the risk value. This is, the estimated maximum loss of a portfolio for a given time horizon and a certain trust level using determined periodicities and methodologies based on the nature of funds, the type of instruments and assets in which they are invested as well as their management philosophy.

Back-testing

Back-testings are used as a mechanism for verifying the validity of VaR estimates performed, a back-testing analysis is performed periodically, which compares if the number of exceptions performed in a year - i.e.: number of days in a year in which losses performed exceed the estimated VaR – complies with the trust level used in the VaR calculation.

Possible deviations are monitored and recorded each time the VaR of portfolios is calculated and Internal Audit certifies the reasonability of results at least once a year.

Stress Testing

On the other hand, scenarios based on actual past market crisis situations are established and subjected to the current portfolios and fluctuations suffered by these assets or other similar characteristics. The goal is to quantify the sensitivity of current portfolios to events of the same calibre.

The mentioned controls are performed periodically (daily, weekly and monthly) by the Risks and Valuation Control Department.

There are internal control procedures that describe in detail how to proceed for every specific problem that may arise.

Evaluation of performance of the portfolio:

Every week the control department compares the real returns of each subfund with the returns obtained by the corresponding benchmark assigned to each subfund and the competition. The calculation also includes risk measures like beta, tracing error etc. On a monthly basis the PM's get performance attribution data for their main funds.

Inside the control area, there is a specific department for performance measurement (Performance and Attribution Analysis).

There are 7 people working, measuring performance on a weekly basis against benchmarks and against competitors.

On a weekly basis, the gross of fees return of each portfolio is compared to that of its benchmark, for different time periods (1month, YTD, 1year, etc.). Some performance ratios (Sharpe, Treynor, Information) are also calculated in order to provide more detail on risk-adjusted performance.

With the same frequency, an analysis against competitors is done based on net of fees return, to get the quartile and percentile of the portfolio.

The performance analysis is sent weekly to the Portfolio managers and the Board of Directors. Those figures are discussed in the Directors Committee when scheduled.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SAM or the integrity of SAM's management. SAM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

SAM has arrangements with related persons that are material to its advisory business or to its clients. SAM has brokerage arrangements with Santander Investment Bolsa SV SA; sub-management agreements with Santander Asset Management Luxemburg; trading agreement with the futures trading desk of Banco Santander SA; and certain agreements with Banco BANIF SA, BANESTO, SA, Banco Santander SA and Santander Investment SA and Sub-Advisory with Santander Brassil Asset Management Distribuidora de Titulos e Valores Mobiliarios, S.A.

Item 11 – Code of Ethics

SAM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SAM must acknowledge the terms of the Code of Ethics annually, or as amended.

SAM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which SAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SAM, its affiliates and/or clients, directly or indirectly, have a position of interest. SAM's employees and persons associated with SAM are required to follow SAM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of SAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SAM's clients. The Code of

Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of SAM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between SAM and its clients.

It is SAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. SAM will also not cross trades between client accounts.

SAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Margarita Bustos at 34 91 289 06 38 and/or mbustos@gruposantander.com.

Item 12 – Brokerage Practices

SAM does not recommend broker-dealers directly to its clients. SAM uses broker-dealers pursuant to written policies and procedures for the selection, monitoring and evaluation of broker-dealers established by SAM. The criteria considered for selecting broker-dealers is based on qualitative and quantitative factors, including, but not limited to the value of the research provided to SAM, financial responsibility, trading expertise, broker-dealer infrastructure, commission rates and trading costs.

Item 13 – Review of Accounts

SAM does not review client accounts or financial plans.

SAM sends portfolio statement electronically on a monthly and quarterly basis which includes information regarding account holdings. On a semi-annual basis (quarterly, if so requested by the client), account statements which detail account holdings, commissions, investment policies and objectives and account portfolio returns.

Item 14 – *Client Referrals and Other Compensation*

Not applicable.

Item 15 – *Custody*

SAM does not hold custody accounts for its clients. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – *Investment Discretion*

SAM may receive discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, SAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, SAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to SAM in writing.

Item 17 – *Voting Client Securities*

As a matter of firm policy and practice, SAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SAM's financial condition. SAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Not applicable.