

# Santander Asset Management – Focus on LATAM

Sao Paulo, May 2011

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N.B.: The information contained in this publication has not been audited. However, the preparation of the consolidated accounts has been established on the basis of generally accepted accounting principles and criteria.

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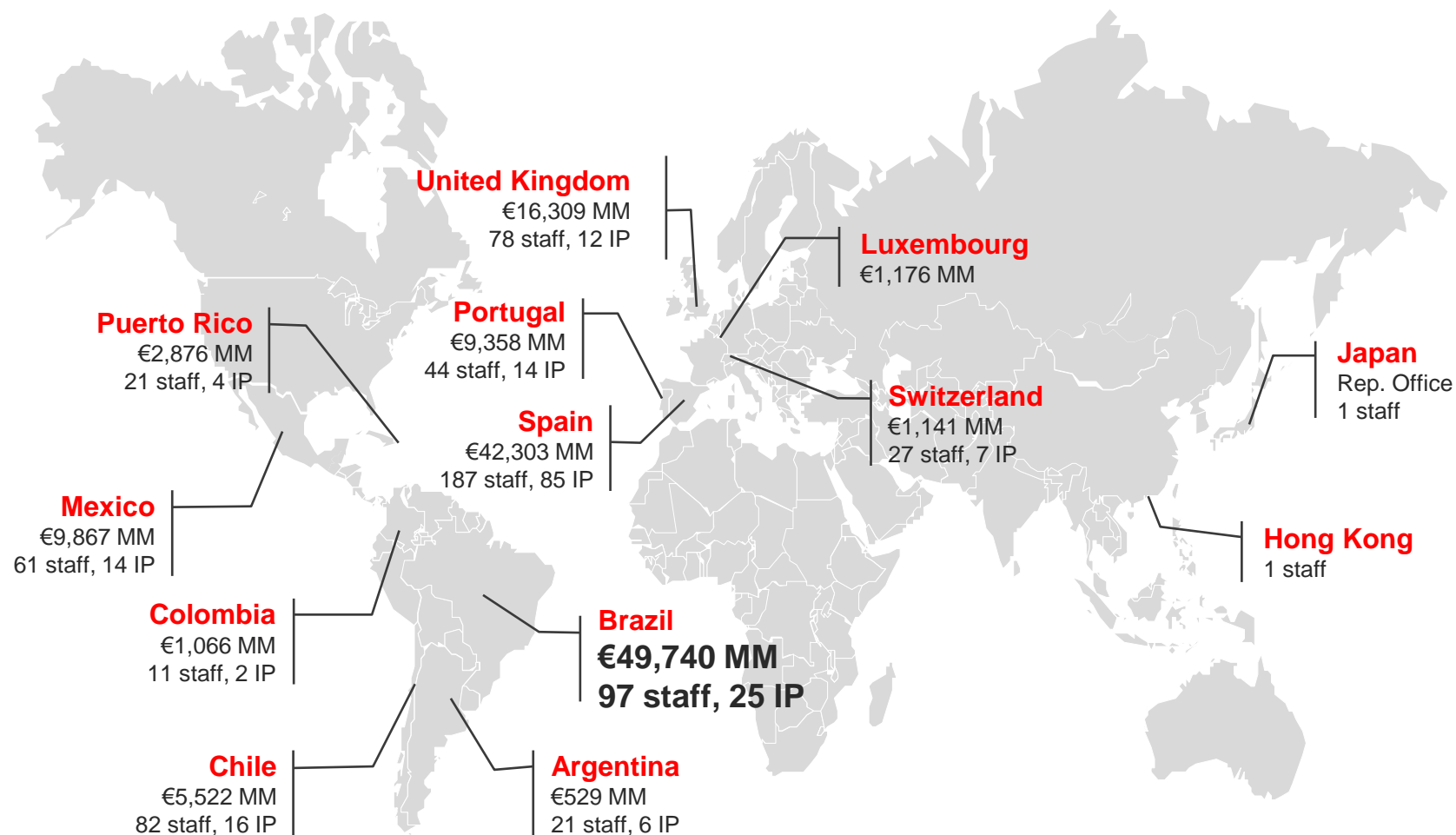


# Global Player: Santander Asset Management

- First established in **1971**
- **Global asset manager** geographically diversified between mature markets and emerging countries with high growth potential
- **140 billion of Euros** of assets under management, with over **600 employees** worldwide
- Operating in **13 countries**, with local AM co. in 10 of them across Europe and Latin America:
  - **Biggest international asset manager in Latin America**, with presence in six different countries and counting with an experienced local investment team of 80 portfolio managers and analysts
  - Significant presence in our 3 core European markets employing over 100 investment professionals
- Santander AM is focused on **traditional investments** with a fundamental approach
- We follow **strict risk control** processes, performed by an independent risk department, which distinguishes our business from that of our competitors
- Santander AM is always launching **innovative products** to meet its clients needs

# A global asset manager with a deep-rooted local presence

In 13 countries, with €139,887 million of assets under management and 631 professionals, 185 of them in the Investment Team



Source: Internal Information. IP: Investment professional. Data as of 12/31/2010

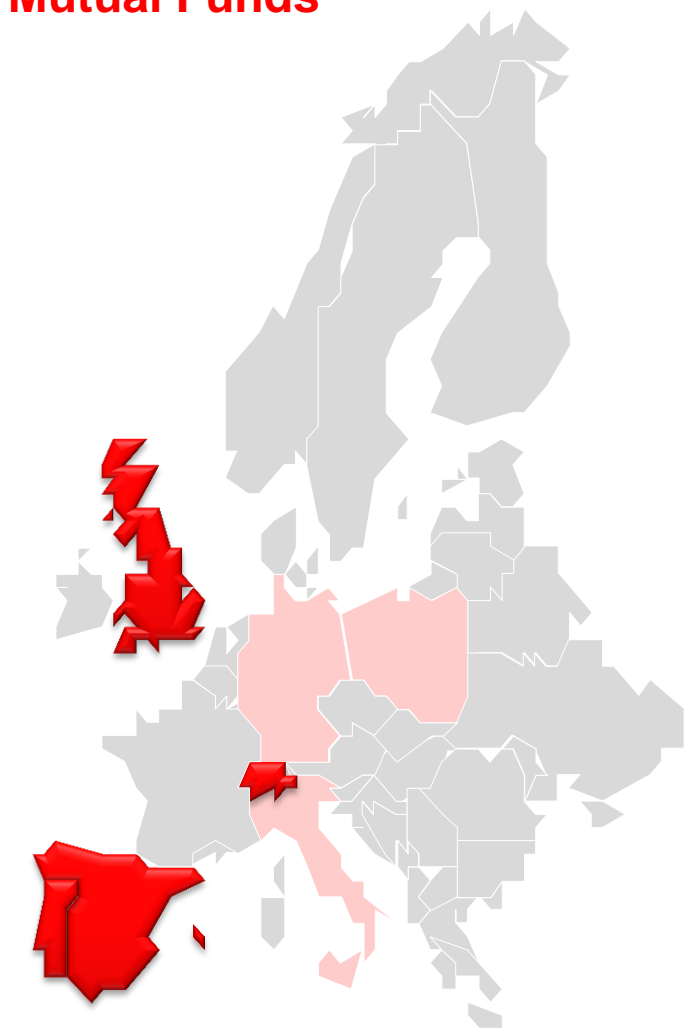
# Contents

1. Global Player: Santander and Santander AM
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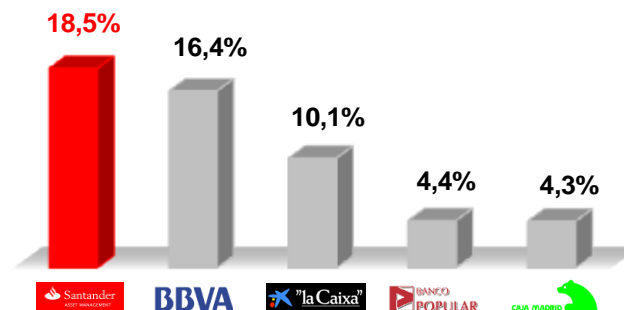
# Growing presence in our core European markets

## Mutual Funds



■ Distribution capacity

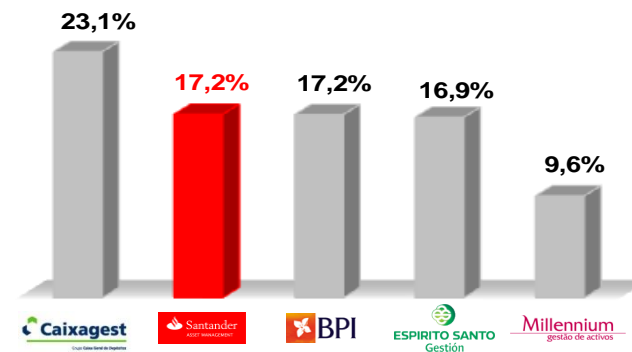
**Spain:**  
Market Leader



**UK:**  
Positive Net Sales  
have taken up 51%  
the AUM in only 4  
years

Master groups (top 10 Groups by sales)	Net Sales (Q4 2010)
1 Prudential/M&G	1,997.5
2 Standard Life	1,694.0
3 BNY Mellon	1,617.2
4 Schroders	1,024.1
5 BlackRock	802.9
6 Investec	557.0
7 Threadneedle	547.1
8 Baillie Gifford	506.8
<b>9 Santander</b>	<b>484.2</b>
10 F&C	389.1
Total top 10	9,620.0
Total UK	12,770.5

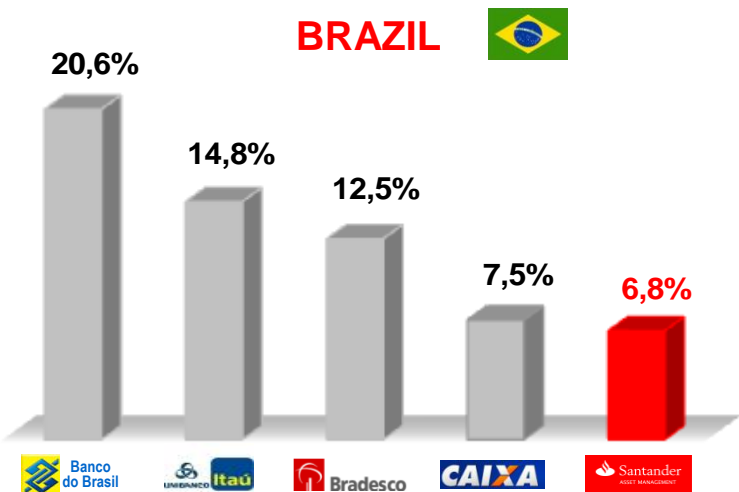
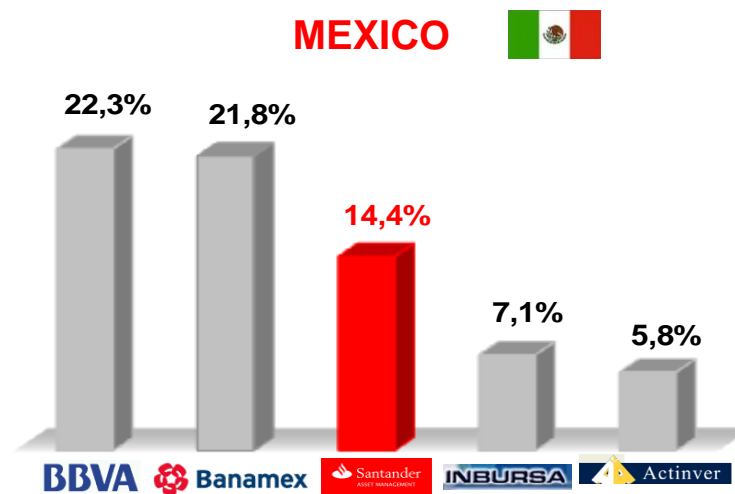
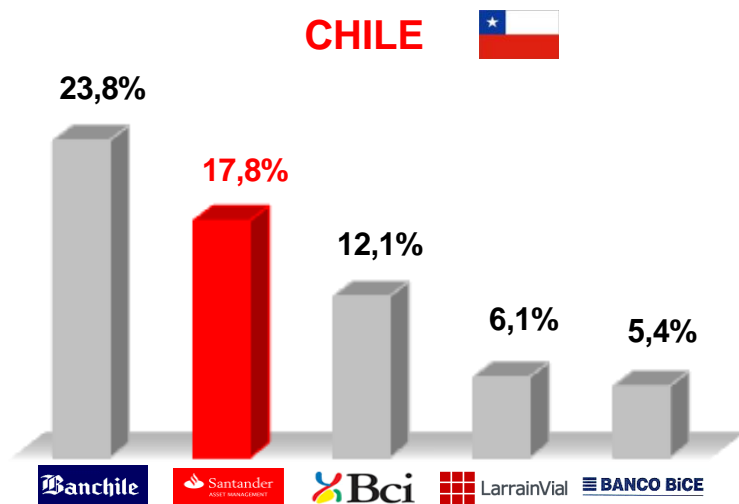
**Portugal:**  
Second biggest  
Asset Manager



Source: Inverco, Lipper Feri and internal information. % Market Share for Spain and Portugal. UK: Estimated Net Sales fourth quarter 2010. Data as of 12/31/2010



# Significant presence in all four major Latin American markets



Source: The FundPro. Market Share of managed funds. Data as of 12/31/2010

# Special focus on European and Latin American assets

	USA	Europe	Latam	Asia (ex – Japan)	Japan
Money Market	Presence	Core	Core		
Fixed Income	Presence	Core	Core		
Guaranteed		Core	Core		
VAR/Total Return	Presence	Core	Core		
Balanced		Core	Core		
Equity	Presence	Core	Core	Presence	Presence

## Fixed Income

Government  
Corporate  
High Yield  
Emerging

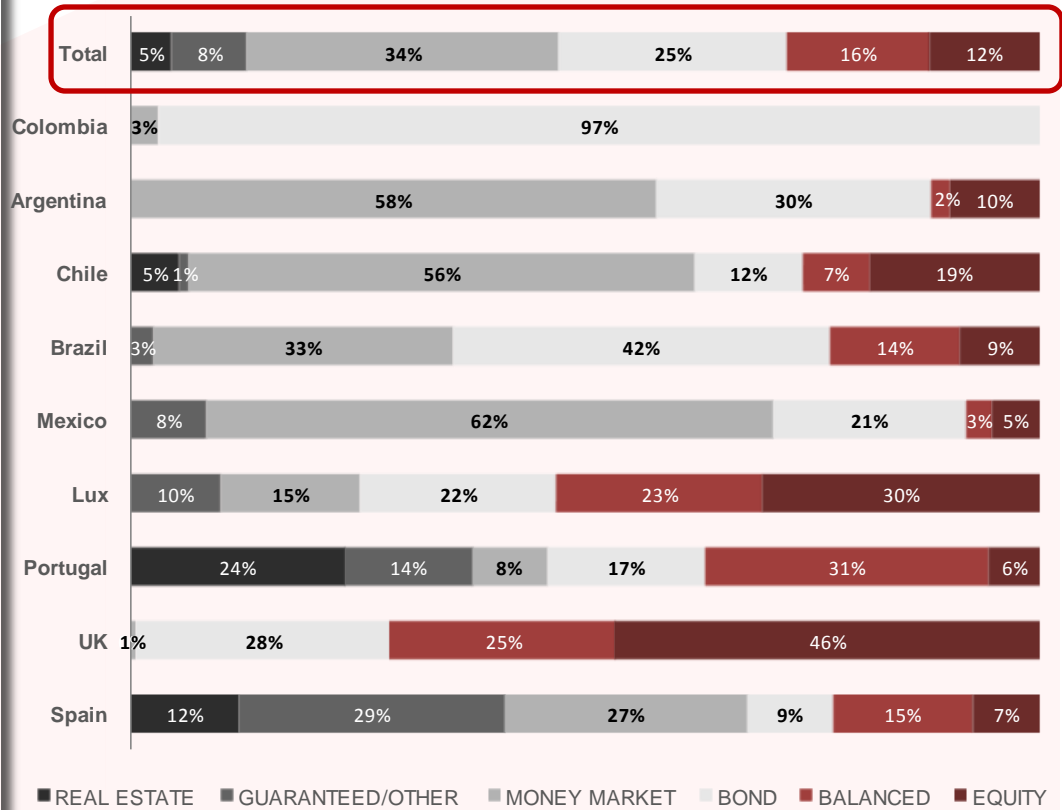
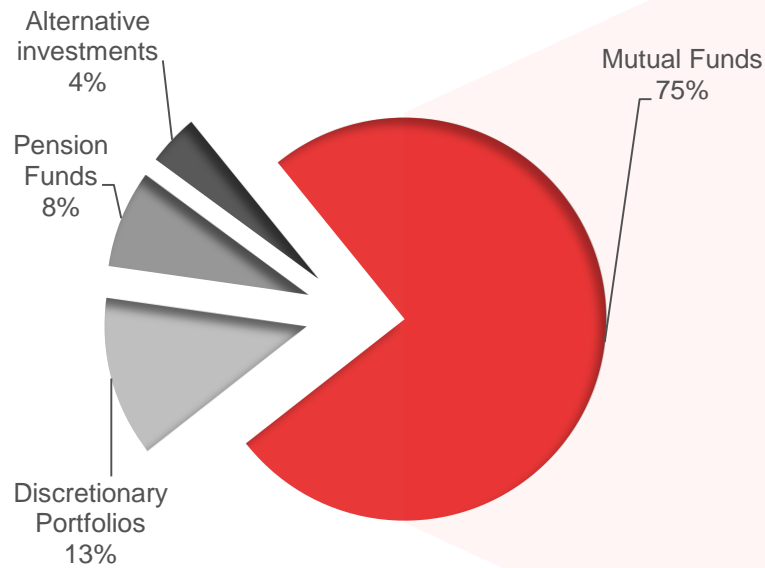
## Equity

Dividend  
Quantitative  
Small Caps  
Growth

## Structured

Guaranteed  
Indexed  
Leveraged  
Indexed

# Santander Asset Management investments by type and country



Source: Internal Information. Data as of 12/31/2010

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1. Global Player: Santander Asset Management

2. Our Business

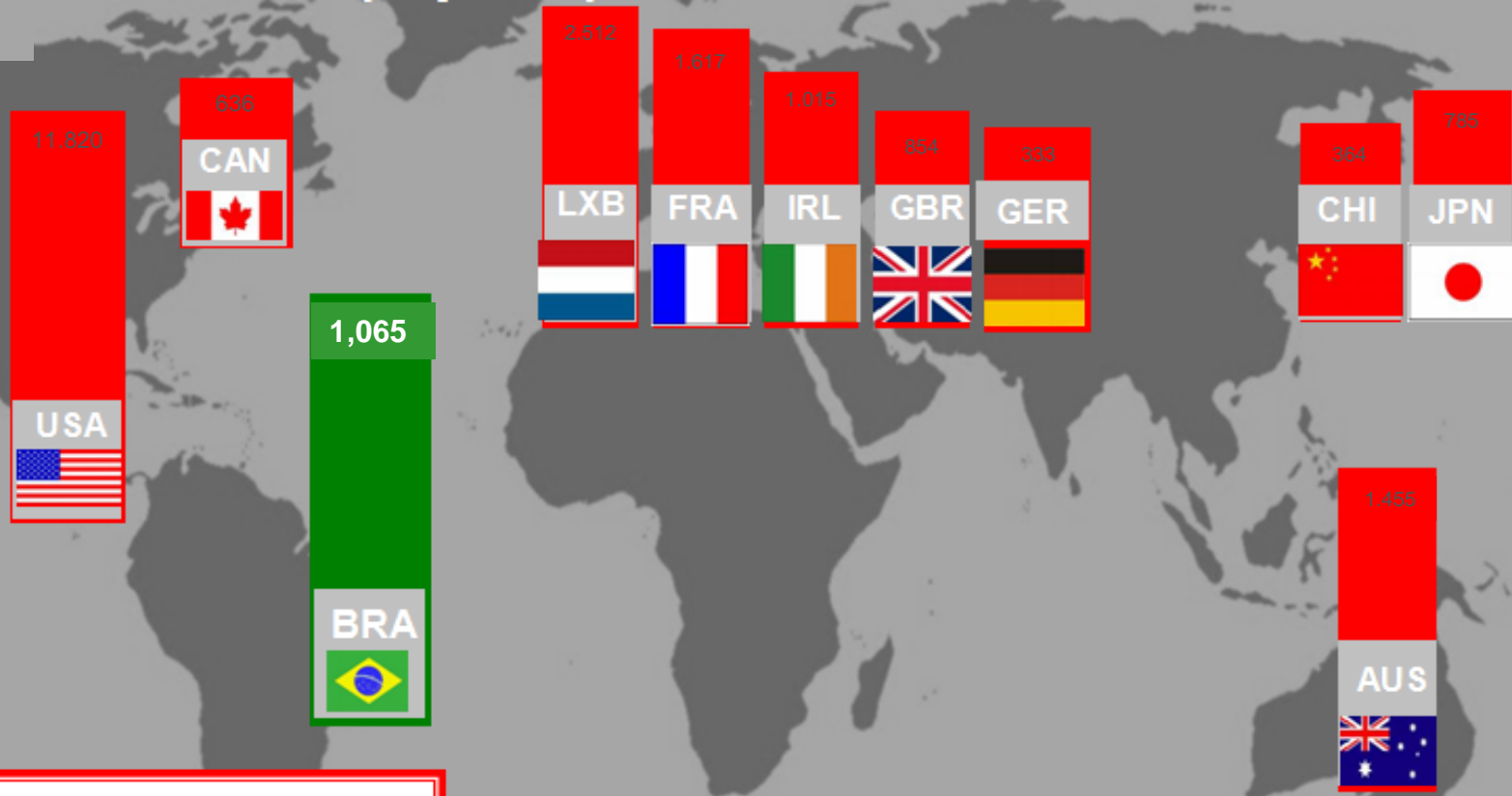
**3. Brazilian AM Industry**



# Brazilian AM Industry

**Brazil: an important player....**

2010 USD billion



**Scale**

- 1,065 trillion AUM
- 10.4 million investors
- 10,492 funds
- 411 managers

**Numbers**

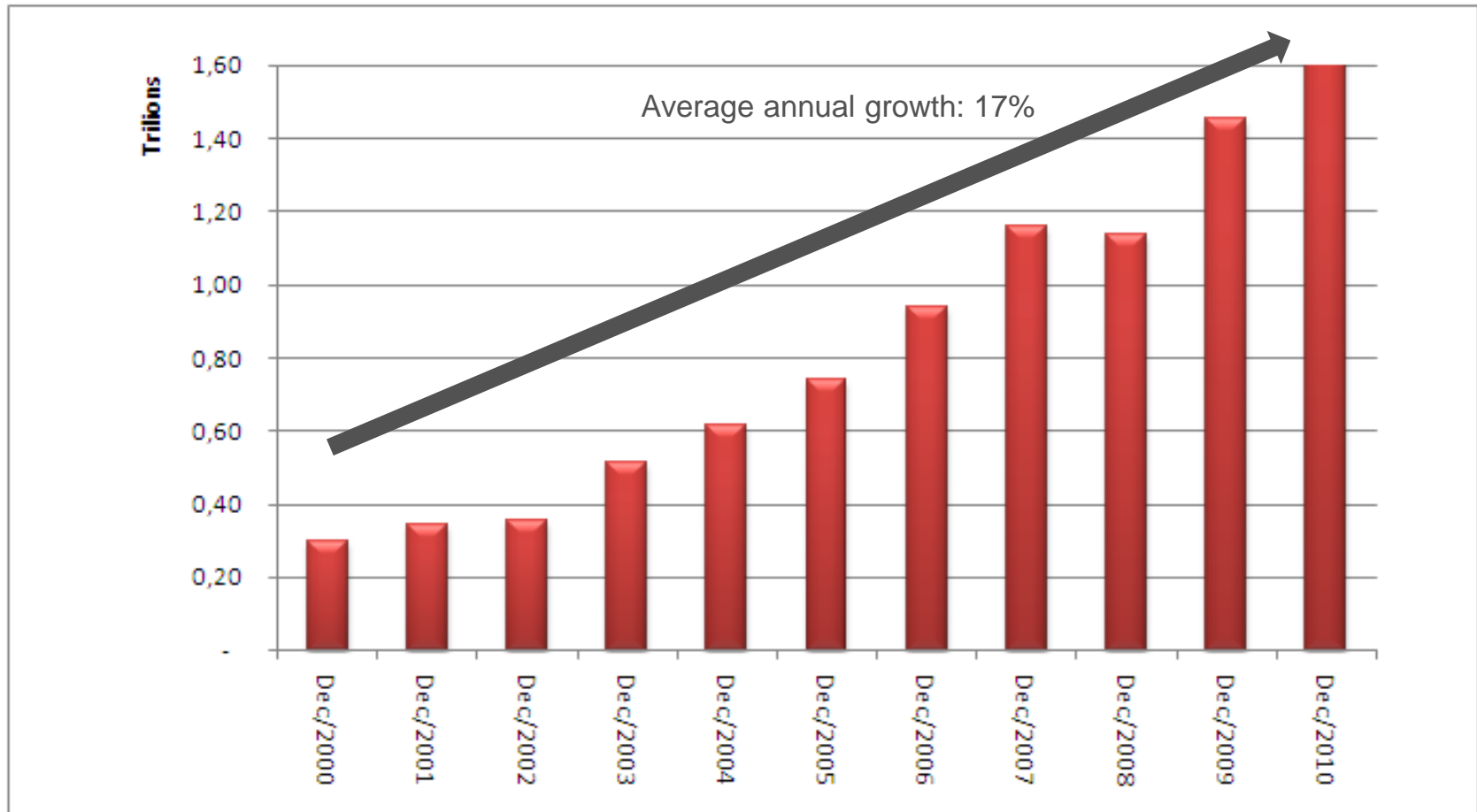
- 6<sup>th</sup> biggest player
- 90% of LATAM (roughly)
- 50% of Brazilian GDP (roughly)

Source: ANBIMA – April/2011

# Brazilian AM Industry

**Brazil: an important player....**

The Brazilian Industry has grown 482% the last 10 years....



# Brazilian AM Industry

**Local Market** – R\$ 1.729,5 bi AUM

- Net Sales (Jan-Apr) - R\$ 51,3 bi
- N<sup>o</sup> Funds – 10.492 Funds: 5.820 FI's e 4.672 FC's
- N<sup>o</sup> Accounts – 10,7 million accounts (FI + FC)

**OFF SHORE** - R\$ 53,9 bi AUM (93 funds)

**TOTAL AUM** - R\$ 1.783,3 bi

**Players** – 86 Administrators and 411 managers

Source: Anbima – apr/11

# Brazilian AM Industry

## What makes Brazil an interesting market...

There have been important macroeconomic transformations in the last 15 years: **economic stabilization, inflation targeting, floating exchange rate and fiscal discipline**;

The mainly results were: (i) greater level of predictability, (ii) **increasing income levels and declining inequality**, (iii) **higher fixed investments**, and (iv) **sustained economic growth**;

The financial crisis has occasioned cyclical problems, not structural ones (mainly due to a solid financial system). For the first time, **Brazilian government was able to use anti-cyclical measures** (easing monetary policy and fiscal stimulus);

Macro stimulus, a quick normalization in credit conditions and a relatively preserved labor market will sustain economic recovery, based on domestic demand strength (“V” shape recovery). Brazil will be an **important investment destination**. We forecast GDP will grow 7.5% in 2010 and 4.5% in 2011.



# Brazilian AM Industry

## What makes Brazil an interesting market...

Sovereign risk rated as **Investment Grade** (S&P and Fitch);

**Large, solid, strong** and **sophisticated** financial and capital markets;

The world's **6th largest** Asset Management industry (2009);

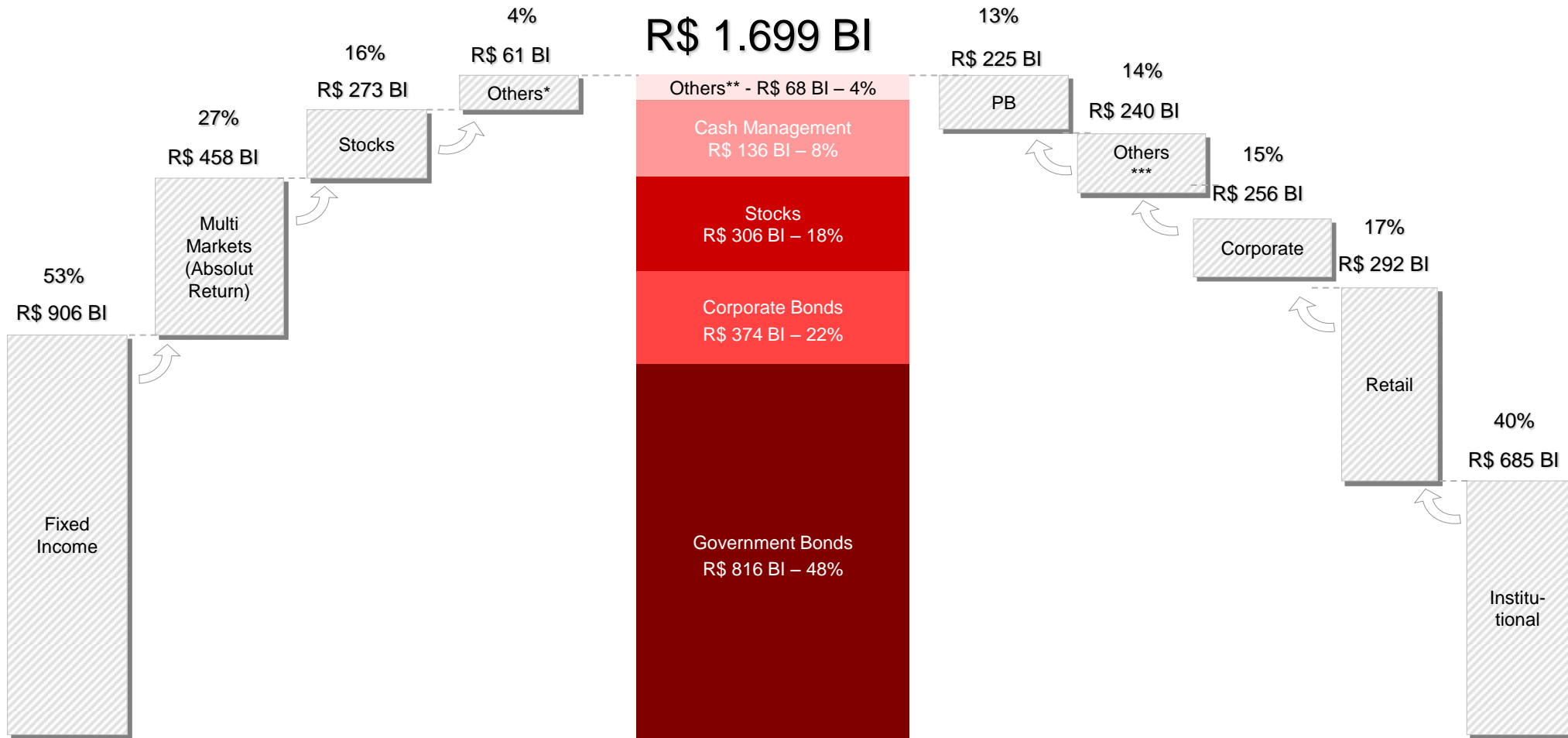
With a **significant daily volume of transactions**, the leading domestic companies covering all industry sectors are listed on the exchange which is also responsible for the trading of all financial asset and commodity futures contracts;

Has an **efficient system of information** and a **settlement and custody structure** which exceeds international requirements;

The CVM (Brazilian SEC) permanently monitors the market to **defend best practices** and to **protect the investor**;

# Brazilian AM Industry

## AUM Composition – Brazilian Mutual Fund Industry ...



(\*) Funds: FX, Short Term, Indexed Others, Offshore, FIDC, Exclusive mandates; (\*\*) Abroad investments, Real Estate, Options; (\*\*\*) Government and Others

Source: ANBIMA (December/2010)

## Structured Funds

<b>AUM - R\$ MM</b>							
	Dec/2004	Dec/2005	Dec/2006	Dec/2007	Dec/2008	Dec/2009	Dec/2010
<b>Securitized Funds (FIDC)</b>	<b>5.982</b>	<b>14.862</b>	<b>20.180</b>	<b>29.528</b>	<b>39.429</b>	<b>55.574</b>	<b>58.643</b>
<b>Private Equity/Venture Cap</b>		<b>2.453</b>	<b>8.925</b>	<b>21.711</b>	<b>19.160</b>	<b>44.264</b>	<b>60.377</b>
<b>Real Estate Funds</b>	<b>2.174</b>	<b>2.453</b>	<b>2.880</b>	<b>3.270</b>	<b>3.786</b>	<b>5.149</b>	<b>8.326</b>

Source: CVM

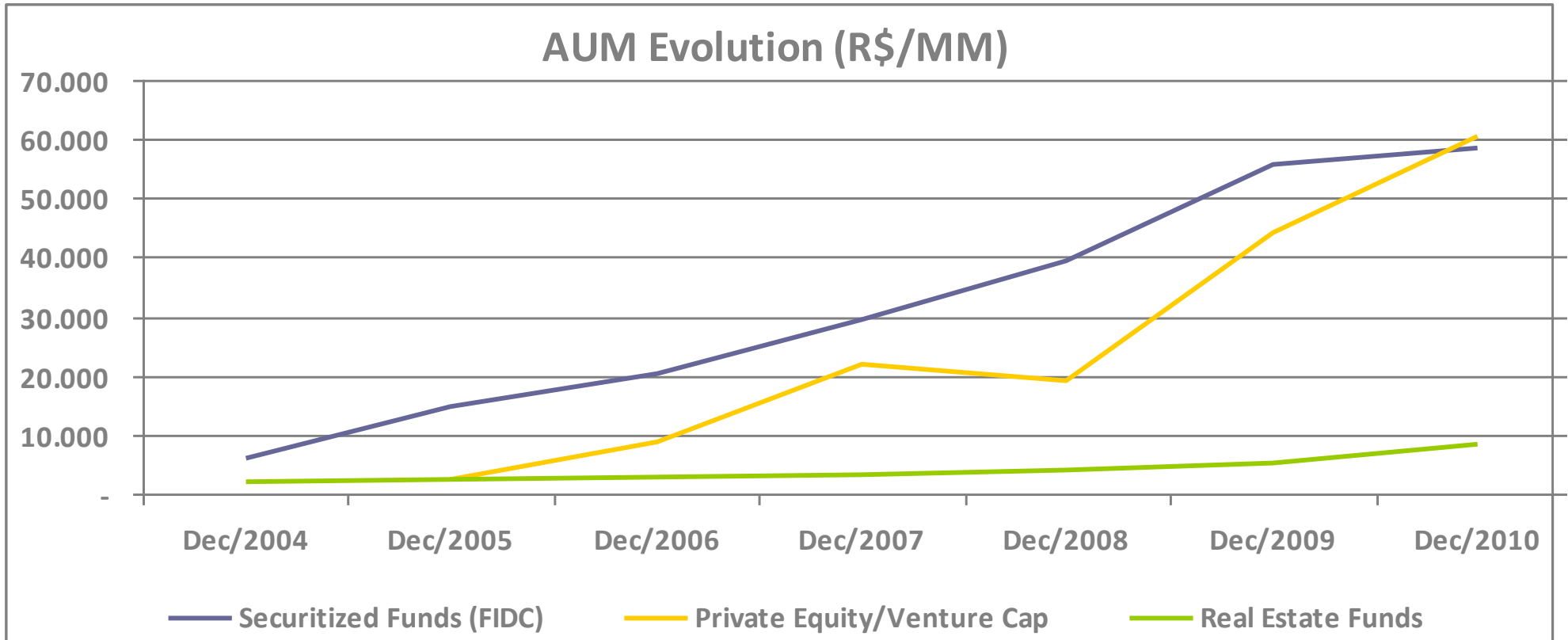
<b>AUM Evolution %</b>							
	Dec/2004	Dec/2005	Dec/2006	Dec/2007	Dec/2008	Dec/2009	Dec/2010
<b>Securitized Funds (FIDC)</b>	-	<b>148,4%</b>	<b>35,8%</b>	<b>46,3%</b>	<b>33,5%</b>	<b>40,9%</b>	<b>5,5%</b>
<b>Private Equity/Venture Cap</b>	-		<b>263,8%</b>	<b>143,3%</b>	<b>-11,7%</b>	<b>131,0%</b>	<b>36,4%</b>
<b>Real Estate Funds</b>	-	<b>12,8%</b>	<b>17,4%</b>	<b>13,5%</b>	<b>15,8%</b>	<b>36,0%</b>	<b>61,7%</b>

Source: CVM

<b>nº Funds</b>							
	Dec/2004	Dec/2005	Dec/2006	Dec/2007	Dec/2008	Dec/2009	Dec/2010
<b>Securitized Funds (FIDC)</b>	<b>58</b>	<b>106</b>	<b>151</b>	<b>175</b>	<b>207</b>	<b>338</b>	<b>312</b>
<b>Private Equity/Venture Cap</b>	<b>16</b>	<b>28</b>	<b>45</b>	<b>97</b>	<b>155</b>	<b>273</b>	<b>327</b>
<b>Real Estate Funds</b>	<b>61</b>	<b>63</b>	<b>67</b>	<b>71</b>	<b>73</b>	<b>89</b>	<b>101</b>

Source: CVM. Included FC

## Structured Funds



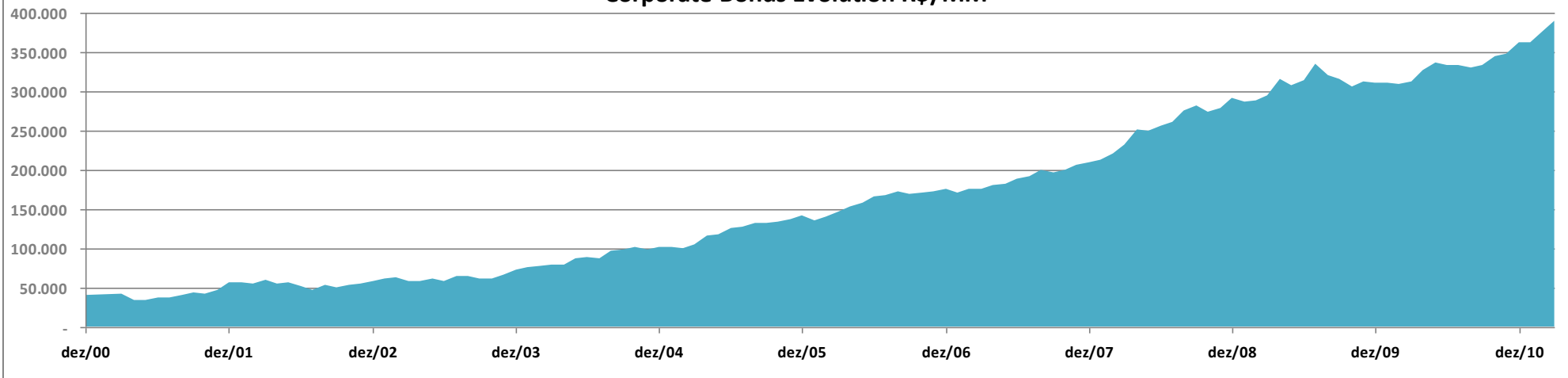
## Corporate Bonds

### CORPORATE BONDS - MARKET POSITION

	Dec/2000	Dec/2001	Dec/2002	Dec/2003	Dec/2004	Dec/2005	Dec/2006	Dec/2007	Dec/2008	Dec/2009	Dec/2010	mar/11
<b>Corporate Bonds (R\$ MM)</b>	40.391,84	56.001,35	58.631,61	72.887,20	101.810,14	141.171,11	175.053,45	209.198,74	292.447,55	311.467,51	362.497,29	389.979,36
<b>Corporate Bonds Evolution (%)</b>	-	38,65	4,70	24,31	39,68	38,66	24,00	19,51	39,79	6,50	16,38	7,58
<b>Total Fixed Income Assets (R\$/MM)</b>	287.913,35	338.475,57	338.636,09	481.277,11	556.975,20	672.307,12	809.151,70	937.871,09	1.014.102,02	1.192.805,99	1.388.744,52	1.487.022,40
<b>Total Assets (R\$/ MM)</b>	324.752,20	375.648,55	381.128,17	538.141,45	629.754,22	758.816,43	957.999,24	1.201.667,19	1.191.623,62	1.454.474,33	1.698.916,53	1.792.747,83
<i>% of Fixed Income Credit Bonds</i>	14,0%	16,5%	17,3%	15,1%	18,3%	21,0%	21,6%	22,3%	28,8%	26,1%	26,1%	26,2%
<i>% of Total Credit Bonds</i>	12,4%	14,9%	15,4%	13,5%	16,2%	18,6%	18,3%	17,4%	24,5%	21,4%	21,3%	21,8%

\* Source: Ranking Global

### Corporate Bonds Evolution R\$/MM



## Private Pension

### Private Pension - R\$ MM

	2002	2003	2004	2005	2006	2007	2008	2009	2010	apr/2011
<b>AUM</b>	10.270,30	22.231,38	35.559,24	50.629,11	74.535,79	92.563,53	111.386,57	148.986,38	184.110,23	198.029,89
<b>Evolution AUM %</b>	-	<b>116,5%</b>	<b>60,0%</b>	<b>42,4%</b>	<b>47,2%</b>	<b>24,2%</b>	<b>20,3%</b>	<b>33,8%</b>	<b>23,6%</b>	<b>7,6%</b>
<b>Net Inflow</b>	4.323,84	8.867,20	9.732,02	8.417,99	15.342,44	8.390,43	9.985,44	23.471,65	19.234,57	8.549,39

