SANTANDER INTERNATIONAL FUND SICAV

Société d'Investissement à Capital Variable

Audited annual report and Financial Statements for the year ended December 31, 2019

RCS Luxembourg B 40 172

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Management and administration

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Chairman of the Board of Directors of the SICAV	Mr Carlo MONTAGNA Independent Director 21st Century Building Luxembourg
Directors	Mrs Dolores YBARRA CASTAÑO Global Chief Product and Client Solutions Officer of BANCO SANTANDER S.A. Spain Mr Luis CAVERO General Manager of ALLFUNDS BANK INTERNATIONAL S.A. Luxembourg
Management Company (amended Law of December 17, 2010, Chap.15)	SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. 19, rue de Bitbourg L-1273 Luxembourg Luxembourg
Investment Manager	SANTANDER ASSET MANAGEMENT S.A., S.G.I.I.C 69, Calle Serrano E-28006 Madrid Spain
Depositary and Paying Agent, Administrative, Registrar, Corporate and Domiciliary Agent	J.P. MORGAN BANK LUXEMBOURG S.A. 6, route de Trèves L-2633 Senningerberg Luxembourg
Distributor	BANCO SANTANDER S.A. 9-12, Paseo de Pereda E-39004 Santander Spain
Main Nominee	ALLFUNDS BANK S.A. 7, Calle de los Padres Dominicos E-28050 Madrid Spain
Auditor	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator B.P. 1443 L-1014 Luxembourg Luxembourg

Management and administration (continued)

Legal Adviser	ELVINGER HOSS PRUSSEN Société anonyme 2, place Winston Churchill L-1340 Luxembourg Luxembourg

For the following Sub-Fund no notification within the meaning of Section 132 of the German Investment Act (Investmentgesetz) has been made, and Shares in such Sub-Fund may not be distributed to investors in the Federal Republic of Germany:

• SANTANDER MIXTO EUROPA

Information to the Shareholders

SANTANDER INTERNATIONAL FUND SICAV (the "SICAV") shall make available to the Shareholders within 4 months after the year-end an annual report including audited financial statements describing the assets, operations and results of the SICAV and its Sub-Fund, and, after the end of the first semi-annual period of each financial year, it shall make available to the Shareholders within 2 months an unaudited semi-annual report describing the net assets and operations of the SICAV during such period.

The Net Asset Value (the "NAV"), the issue price and the redemption and conversion price is available on each bank business day in Luxembourg at the registered office of the SICAV. The annual report including audited financial statements and all other periodical reports of the SICAV are made available to the Shareholders at the registered office of the Administrative, corporate and domiciliary agent of the SICAV.

Shareholders' meetings are convened in accordance with Luxembourg law. The annual general meeting of Shareholders is held on the first Tuesday in June of each year at 2:00 p.m.

A detailed schedule of portfolio movements of the Sub-Fund is available free of charge upon request at the registered office of the SICAV.

Investment Manager's report

Reporting of principal risks and uncertainties

Since the year end we have seen the development of the coronavirus covid-19 outbreak initially in China and now reaching most continents. At present it is not possible to assess the detailed impact, of this emerging risk, on the companies in our portfolio but there is growing concern about the impact on the world economy. There has been significant correction in the financial markets in the last few weeks. The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in our portfolio.

Global Outlook

World GDP growth seem to have stabilized somewhat in the last few quarters around 3%yoy. We think this is due to a large extent to some recent stabilization of global trade. Trade has continued to contract around -1%yoy rates, but has stopped deteriorating so markedly since last summer. In addition, the expectations surrounding the trade talks between US and China led to a relative stabilization of business confidence and more recently, once the "phase-one" deal seemed imminent, some confidence indicators have rebounded more clearly.

We think that the agreement of the "phase-one" deal, although it doesn't alter significantly the expected final US average tariff rate (see US section of this report), reduces the downside risks regarding the trade war. The remaining threats of tariffs seem now more distant. Indeed, part of the deal included the cancelation of the already announced tariff hike to 15% of $156Bn worth of Chinese imports that was expected to occur in December. In addition, the US threat of auto tariffs never realized. the November deadline passed and the US administration didn't announced the imposition of new tariffs.

All this seems to have been enough to boost some confidence measures, in particular the Chinese official PMI. Importantly, the recovery of Chinese confidence that has been leading global trade war over the last few years, could be an early indication of a modest rebound of global trade.

We believe that the optimism regarding the trade war should continue to translate into some improvement in several key business confidence indicators around the world over the short-term. This means that most likely, global GDP growth would stop deteriorating over the short-term and recover somewhat. However, in our view, the outlook for 2020 remains challenging since the US profit cycle appears closer to its end and, particularly, in the second half of the year this should constraint business investment growth.

In the Eurozone, the business cycle doesn't seem so mature, but the situation is clearly different in Germany (more similar to the US case). And in China and emerging economies more broadly a reacceleration doesn't appear in the cards. Recall that, indeed, emerging economies have suffered even a more pronounced slowdown than developed economies since the start of the trade war and we are not anticipating a sharp turnaround in global trade.

As a result, in general, our global growth forecasts remain broadly unchanged for 2020, it is just downside risks which have receded clearly. But if the recovery of confidence means no boost for growth expectations in 2020, what is signaling in terms of the stock market? Well, it already appears that the stock market is already pricing in a significant recovery of business confidence.

Finally, one important implication of the stabilization of growth and better prospects for confidence is that monetary policy could probably turn more neutral, at least over the short term. Developed and emerging central banks continue to ease policy, but in a less synchronized way.

We haven't changed either our forecasts for the Federal Reserve and the ECB in 2020. The Fed indicated after its last rate cut that it was likely the end of the "insurance cuts". We believe the central bank will remain on hold for the coming months, but in 2H19 if our expectation proves to be right and the end of the capex cycle looks closer, the Fed will probably restart the rate cuts (we continue to forecast two rate cuts in 2H20). As to the ECB, we continue to expect that it will remain on hold in 2020. Downside risks for the outlook have diminished clearly thanks to the improvement of the trade war. The main drag for Eurozone growth outlook continues to be Germany (see Eurozone's section of this report), but still our projection is for a growth rate in 2020 very similar to this year, around 1%.

Investment Manager's report (continued)

USA report

According to our calculations, the US average tariff has already reached the 3.2% in 3Q19 and it appears that it will continue to increase over the short-run, as previous tariff hikes continue to leak through the actual tariff rate. At 3.2%, the rate is already the highest since 1994, the year in which the agreements establishing the World Trade Organization were signed. It is also an unprecedented tariff increase in recent history.

In this context, the announcement of the agreement between Chinese and US administration on a "phase-one" trade deal means encouraging news because it makes the pending US tariff threats less likely. The agreement came with the cancellation of the already announced tariff hike on the remaining Chinese imports in December that finally didn't take place. However, the actual outcome in terms of the average tariff rate applied seems quite limited. The agreement just reduced the last tranche of tariffs applied in September (over $125Bn of Chinese imports) from 15% to 7.5%. This means that the expected tariff hike was just reduced in less than half of a percentage point (and still the reduction won't apply until the signature of the agreement, so the last 15% tariff hike is still in place).

In spite of all this, the optimism generated by the expectations around the "phase-one" deal and the change of course that it implies (it means a de-escalation of the trade conflict), will be enough to provide a boost to some business confidence indicators, in our view. This is already visible in the rebound of the export subindex of the ISM Manufacturing. The exports component started to suffer just at the beginning of the trade war, and it dragged down the headline. We believe that its recovery, following the trade truce could still provide some additional boost to the ISM Manufacturing.

At the same time, we don't expect the recovery of business confidence to take it back to previous highs. As we have commented in previous reports, some fundamentals of the US economy have been deteriorating. In particular, credit standard conditions for companies have worsened and appear consistent with a recovery of confidence towards its long-term average or somewhat lower.

In addition, we continue to think that corporate profits will remain under pressure from rising labor costs. We don't expect a significant turnaround in unit labor costs (ULCs), as the labor market is operating at full employment. But the contrary is true. Likely, ULCs will continue to accelerate gradually in coming quarters. This is already taking a toll on the share of profits over GDP which has fallen markedly from the peak in the current business cycle. We are expecting the profit cycle to appear closer to its end in 2H20, and this is critical for business investment (as we have noted in previous reports).

Still, we are expecting some recovery over the short-term in business investment, particularly after the improvement in confidence expected following the "phase-one" deal. Our trackers for investment growth, in fact, point to a rebound of business investment in 4Q19 to around 5% QoQ (annualised) from slightly negative rates in 3Q19. But in the coming quarters, the deterioration of the profit cycle will constrain a more sustainable recovery of investment.

In this context, despite the recent improvement of the trade war, we haven't changed recently our US growth forecasts for 2020 because the fundamental picture hasn't changed. We continue to expect growth to decelerate further from 2.3% in 2019 to just 1.5% in 2020.

The risk that the fall in business confidence associated to the trade war would impact adversely investment was one of the main arguments for the Fed to embark in a cycle of "insurance cuts". Now, after three rate cuts, the Fed has indicated that it has likely finished with the rate cuts. But we believe that at some point in the second half of 2020, as the profit cycle will appear closer to its end, the Fed will restart the easing. We continue to pencil in two rate cuts in 2020.

Investment Manager's report (continued)

EURO zone

GDP growth held at 0.2% QoQ in 3Q19 for the second quarter in a row and currently there aren't any signs of a clear reacceleration from than pace. The Composite PMI continues to be at its lowest level since 2013 mainly because the weakness of the Manufacturing PMI, but the Services PMI also fell somewhat in 3Q19 and has failed to recover materially more recently. As to hard data in the area, industrial production for the four biggest Eurozone economies has started the quarter still weak and it is pointing to a GDP growth rate as low as 0.1% QoQ.

However, the good news is that this probably as week as it can be over the short-term, and most probably Eurozone growth won't decelerate further or even could accelerate marginally from here. We find this likely because the improvements in risks surrounding trade. The "phase-one" deal agreed between US and China does not appear to entail a significant change in actual tariffs applied, but it implies de-escalation in the trade war. This could make global trade growth to continue to stabilize or even to accelerate to slightly positive rates. With the agreement, the US administration canceled the last tariff hike on the remaining Chinese imports that was taking place in December. Also importantly for the Eurozone, in November the deadline for the US administration to announce car tariffs passed by without any announcement at all. All this makes the remaining tariff threats look now more distant.

We think that these positive developments on the trade war front will be enough to boost business confidence also in the Eurozone. There is some evidence of this starting to occur, as it is also the case in other major economies. Take a look for example at the ZEW indications. If we scrutinize it at a sector level, the ones that have improved the most in the last months are the ones most affected by the trade war (like the auto or steel sectors). Indeed a composite indicator of ZEW sectors has been anticipating a recovery in the IFO expectations. The recovery of the latter is not impressive yet, but points to diminishing downside risks for growth. Still, the IFO continues to point to negative readings of GDP growth (although the German economy avoided a technical recession in 3Q19 achieving a slightly positive growth rate).

An improvement in German activity indicators is key for the Eurozone, because the slowdown in Germany is clearly dragging down the growth in the area as a whole. We expect some improvement also in German industrial production, which is responsible for the weakness of industrial production in the Eurozone at the beginning of 4Q19. Not only have some confidence indicators been improving in Germany in more recent months, hard data like factory orders have improved, too.

That said, be aware that we don't expect a significant turn for the better in both German growth and Eurozone growth in 2020. We continue to expect growth in the area to be around 1.0%. Although the improvements regarding the trade war should be a relief for confidence, particularly in Germany, the fundamentals for the German economy are pointing to a mature business cycle Even compared with the US case, some measures look even more stretched in Germany, which would limit a more marked recovery of growth in 2020, regardless the improvement of the external risks. According to some measures of corporate profits (like the gross operating surplus), these are clearly below its long-term average.

In this context, for the time being monetary policy seems to have done its work. We don't expect fresh measures by the ECB if the outlook does not deteriorate from here. Markets were also pricing in more rate cuts before ECB September meeting, but after the announcements of the whole package by then, they have been pricing no further cuts. The arrival of Christine Lagarde at the helm of the ECB in November hasn't introduced any significant change in expectations for monetary policy in the Eurozone for now.

Investment Manager's report (continued)

Emerging markets

As observed in other areas, the “phase-one” deal between China and US appears to have boosted confidence in emerging economies in the last few months of 2019. Recall that the Chinese Manufacturing PMI has recovered recently as expectations of an agreement on a phase-one deal were building up. However, the recovery so far is quite limited in China and emerging as a whole and we wouldn’t expect this to be too large.

This makes sense in our view. A short-term recovery in business confidence should lead to a stabilization of growth rates or even a slight recovery over the short-term in some emerging economies, but over the medium term, and particularly over the course of 2020, the gradual downtrend of Chinese growth is still the baseline (see Chinese section of this report). This will constrain any significant improvement in emerging growth as a whole. Recall that emerging economies are quite dependent on Chinese imports (directly) and the impact of China on commodity markets (indirectly). This has contributed to explain, in our view, why emerging confidence on average has been running persistently below developed confidence since 2013.

The stabilization appears also to be the case across the main emerging areas with the exception of emerging Asia excluding China. This is reflected in consensus GDP growth forecasts for 2020. In the last months, growth forecasts have stabilized for Latam and even experienced some improvement for Eastern Europe, where the turnaround in Turkey figures seem to be a big part of the story. GDP growth has recovered positive growth rates in the last few quarters in Turkey and some Turkish confidence indicators have also rebounded strongly.

However, emerging Asia forecasts leaving China aside are falling sharply. This is mainly related with two economies: Hong-Kong and India. In Hong-Kong, social unrest seems to be taking a heavy toll on the economy. GDP growth, which was already weakening before, contracted by -3.2% in 3Q19, the sharpest fall since the global recession. The weakening of growth in India is more relevant because its higher weight on the emerging world. Growth there has been slowing relentlessly since 2H18 and it does not appear to be particularly related with the trade war, but with domestic issues. In 3Q19 growth fell below 5%yoy, which didn’t occur since the beginning of 2013. In addition, compounding the problems for the Indian economy, inflation has been surging in the last few quarters to the highest since 2016 (CPI inflation reached 5.5% in November).

Finally, if we focus in the Latam region, it is true that consensus forecasts have stabilised for the area as a whole in 2020, but this hides significant differences between countries. Expectations for Argentina already plummeted last summer and this is no news, but the fall of expectations for Mexico and Chile instead. In Mexico, revised data showed that the economy went through technical recession by 1Q19 (defined as at least two consecutive quarterly contractions of GDP). The US slowdown and NAFTA renegotiation uncertainty particularly have affected Mexico’s manufacturing sector and the government has embarked in fiscal austerity. In the last few quarters, growth has failed to accelerate at all, but more than a recession this would qualify as a phase of stagnation (see Mexico section of this report). In Chile, the deterioration has been more abrupt and is due to the eruption of social unrest by the end of 2019. Both, Mexico and Chile have witnessed very sharp falls in confidence in the last several months and lead Latam confidence at the very bottom (in contrast, confidence has recovered somewhat in Argentina). If forecasts for the region as a whole are holding up quite well is due to the improvement in Brazil forecasts, where confidence has also stabilized somewhat above its long-term average and encouraging sings of growth have appeared (see Brazil section of this report).

Investment Manager's report (continued)

BRAZIL

After the awaited approval of the pension's reform, which was completed at the Senate at the end of October/19, the focus of economic discussion regarding the Brazilian economy is gradually shifting from fiscal sustainability to economic growth.

In that sense, the most recent indicators have brought several positive news. At 3Q19, the Brazilian GDP has registered a 0.6% QoQ increase, an outcome above market expectations and higher than the 0.4% QoQ posted in the previous quarter. Such a positive result was led by a strong expansion of domestic demand, especially household consumption. Besides, the latest hard data available is pointing to an even higher GDP growth in 4Q19.

For the quarters ahead, the fundamentals remain favorable. On the one hand, the credit market continues to expand robustly. Also, labor market indicators remain registering higher job creation, which in turn is leading to an acceleration of the country's wage bill. All in all, our forecasts are pointing to a 1.2% GDP growth in 2019 and 2.2% in 2020.

Regarding inflation, consumer prices have picked up in the final months of 2019. The main determinant behind this upward pressure was the price of meat, which has accelerated sharply due to the impacts of African Swine Fever (ASF) epidemic in China on the global chain of animal protein supply.

Despite these one-off pressures, underlying inflation remains at very comfortable levels, far from the center of the inflation target, indicating that demand conditions are still subdued. Consequently, we expect a 3.5% CPI for 2020, once again below the center of the inflation target.

The BRL has continued to show elevated volatility, going from 4.15 at end of 3Q19 to levels above 4.20 at the end of November/19 and then coming back to 4.05 at the end of the year. As it has been the reality throughout 2019, there are both positive and negative drivers for the BRL. On the more positive side, we have a recovering economic growth and some more constructive signs coming from the global outlook, especially due to the prospects of a stronger trade truce between the US and China. On the other hand, the risks regarding the global outlook are still elevated, Brazilian external accounts have started to deteriorate and the interest rate differential against the US is currently at a very low level.

Monetary policy remains at easing mode. At the last monetary policy meeting of 2019, the Brazilian Central Bank (BCB) executed another 50 bps cut at the Selic rate, from 5.0% to 4.5%. For the coming meetings, the monetary authority gave no forward guidance on how it will act, only mentioning that the current stage of the economic cycle demands caution in handling monetary policy. On the other hand, at the post-meeting statement and at the Quarterly Inflation Report released at the end of December, the BCB disclosed forecasts that continue to point to inflation below the center of the target in both 2020 and 2021.

Thus, even in this scenario of accelerating economic growth, we continue to believe that there is room for further interest rate cuts at future monetary policy meetings. We expect two additional 25 bps cuts, with rates reaching 4.0% and staying flat at this level until the end of the year.

Investment Manager's report (continued)

MEXICO

During Q4 2019, the Mexican economy continued decelerating. Polemic around a potential recession was intense, although the fairest characterization is stagnation. This together with inflation at Banxico's target, confirmed the route of lower interest rates. By December 2019, reference interest rate reached 7.25% (8.25% one year ago) after divided decisions at the Board (of five members) in the last three meetings (a minority looking for 50bps cuts instead of 25bps on each meeting). Note that December 25bps cut was not preceded by Fed action.

We believe that coming meetings could be more of the same. At least one dovish Banxico member will continue voting for 50bps cuts as he argues the economy is too weak and inflation is likely to remain close to the target. The majority argues that some risks remain, especially on sovereign and Pemex's ratings, derived precisely from economic slack that leads to weak tax revenues, as well as pressures from increments on minimum wages.

Both sides have good points. The dovish side points out that output gap may remain negative for a while. And certainly inflation has behaved far better than expected (likely to have closed 2019 at 3% or even below). However, CPI has mainly responded to Government's price management on fuels and a good year for farm agricultural prices. Fuel prices will not contribute decisively on 2019 inflation while farm agricultural prices are typically volatile.

The main point on CPI is that economic slack has not contributed for a down trend on core inflation. This may be due to 13% real increment for minimum wages this year. And for 2020, the real gain for minimum wages will be around 16%. Then, hawkish members at Banxico's Board may have a point on remaining cautious (despite delivering 100bps cuts on rates this year, many asked for a more aggressive approach is understandable).

Furthermore, recent evolution on USMCA (NAFTA replacement) has turned positive as US Senate may pass it by January 2020 after Mexico agreed on last minute amendments. The resolution of this deal means less uncertainty for Mexico's export sector and a net win as China still faces tariffs from the US (even with the recent "phase one" deal). All this makes MXN stability more likely.

Hence, prospects about rates in Mexico is mainly a debate between orthodox economists (dominating Banxco's Board) and AMLO's economic team, more focused on purchasing power recovery (and with no power to implement rate cuts). The most recent phase of this debate is around wages. At first glance, there is no evidence of double-digit real gains causing inflation. Clearly, the story is more complicated.

There is no substantial opposition on purchasing power recovery. How, is another thing. Orthodox proposed a gradual policy whilst others (at Government) are implementing visible increments on wages. Fortunately, both sides agree that inflation should remain under control and that Banxico's autonomy has been key on anchoring prices expectations.

Consequently, even before AMLO Administration there were reforms to avoid minimum wages spillovers to the rest of the economy (including the rest of salaries and wages). Thus, minimum wages hikes are result of a percentage increment (close, but higher to CPI) then generalized across all workers. A fixed amount is added (that help, in percentage terms, much more minimum wages). This, together with economic weakness have prevented inflation pressures. Yet, Banxico's hawkish wing warns that productivity is not growing and therefore, after a fair catchup on old productivity gains, moderation should prevail. There is an obvious alternative: increase productivity. Banxico's communiqués suggest there are no signs of moderation on wages increments nor reforms for productivity gains.

All in all, monetary policy is likely to deliver another 75bps in 2020. Assuming a Fed's pause, the rate spread versus US will continue shielding MXN. The possibility for more aggressive cuts on interest rate cuts exists, but depends on sovereign and Pemex's ratings resolutions.

Investment Manager's report (continued)

MEXICO (continued)

At the same time, lower rates and higher wages help internal demand. Oil output stabilization (result of AMLO's policy to rescue Pemex) may also help in the margin (in contrast to the net damage over the last decade).

The most intriguing part is whether business confidence may be restored. A recent infrastructure plan and USMCA were supposed to revive confidence and investment. But several businessmen remain cautious among doubts on the financing of key projects from the Government (Mayan train, a new airport and a new refinery) Also worrying is that there are no clear signs for reactivating oil bids to private participation. Finally, several accused lack of business consultations for USMCA negotiations for last minute amendments (in early December 2019). Fairly, the most visible tycoons (Carlos Slim included) have made several recent statements in favor of AMLO's policies.

2019 was disappointing for the Mexican economy, but a light recovery is probable by 2020, based on lower interest rates, higher wages a turnaround on external demand and a less restrictive Budget.

CHILE

Activity:
The slow road to normalization in the Chilean economy would be underway although it will continue to face many difficulties as a result of the social outbreak in the last three months of the year.

The Government and diverse authorities have been responding to a large part of social demands, reducing, but not eliminating, tensions. Among the measures taken, it was agreed to initiate a process of total change in the Political Constitution of the Republic, there have been new definitions in terms of rates of public services, adjustment in basic pensions, greater investment in health, investment in infrastructure and measures that attempt sustain employment, among many others.

The unemployment rate, currently 6.9%, will inevitably begin to increase and has the risk of exceeding 9.0% in the coming months. Layoffs of more than 150,000 employees have materialized since the crisis was triggered in mid-October.

Despite the expected contraction of GDP for the last quarter of 2019, which would be close to 2.3%, 2020 should show a slight recovery that leads the economy to grow around 1.8%, a level perhaps insufficient for a economy with a potential growth closer to 3.0%.

In any case, the expected weak growth would be consistent with the uncertainty that the social crisis reflects in a confidence of the economic agents, which today is at historical lows, but which in any case we estimate will evolve positively during the next months.

Inflation:
Inflation should show short-term acceleration in response to the recent exchange rate depreciation. The CPI basket is mostly a basket of tradable goods and services. Thus, it is expected that the CPI accelerates in the first months of 2020 to levels above 3%, which is the center of the Central Bank's target range. But on the other hand, the weakness of domestic demand will partially dampen the pressures mentioned above.

Investment Manager's report (continued)

CHILE (continued)

Exchange Rate:
The Chilean Peso depreciated more than 18% since the beginning of the social crisis, reaching a price of CLP 830 / USD at the end of November, a level that fundamentally responded to speculative flows that also led to volatility levels never seen before. Given this, the Central Bank made the decision to intervene in the foreign exchange market, which materialized as of December. The Central Bank announced that it will intervene for six months through direct sales of dollars in the spot market, for a total of USD 10,000 million and also through the forward market, for a similar amount.

With these measures, the Bank not only managed to reduce volatility but also declined in an appreciation of the CLP to levels around CLP 750 / USD, which in any case are higher than the pre-crisis level of CLP 710 / USD.

Interest rate:
Despite the weakness of the economy, at its meeting in December the Central Bank decided to keep the monetary policy interest rate unchanged at 1.75%, citing the difficulty of managing an expansive monetary policy at a time when It is intervening in the foreign exchange market.

The market discounts that there will be no movement in the interest rate at least during the first half of the year.

April 16, 2020 The Investment Manager of the SICAV

The figures stated in this report are historical and not necessarily indicative of future performance.

Audit report

To the Shareholders of
SANTANDER INTERNATIONAL FUND SICAV

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SANTANDER INTERNATIONAL FUND SICAV (the "Fund") as at 31 December 2019, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements..

What we have audited

The Fund's financial statements comprise:

- the statement of net assets as at 31 December 2019;
- the statement of investments as at 31 December 2019;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard..

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;

- conclude on the appropriateness of the Board of Directors of the Fund’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 16 April 2020

Fanny Sergent

Statement of net assets as at December 31, 2019

	Notes	SANTANDER MIXTO EUROPA EUR
ASSETS		
Investments in securities at market value	2.1	9,186,695.27
Cash at bank	2.1	1,342,198.20
Cash at broker	2.1	726,315.38
Interest and dividends receivable, net	2.6	20,287.81
Prepaid expenses	2.7	4,623.79
Unrealised gain on futures contracts	2.4, 10	1,200.00
Other receivable		22,789.63
Total Assets		**11,304,110.08**
LIABILITIES		
Taxes and expenses payable	5	84,726.91
Unrealised loss on futures contracts	2.4, 10	1,186.79
Total Liabilities		**85,913.70**
Net Asset Value		**11,218,196.38**
Number of shares outstanding		
Class C		10,374.78
Net Asset Value per share		
Class C		EUR 1,081.29

The accompanying notes form an integral part of these financial statements.

Statement of operations and changes in net assets for the year ended December 31, 2019

	Notes	SANTANDER MIXTO EUROPA EUR
Net Asset Value at the beginning of the year		**11,595,016.64**
INCOME		
Dividends, net	2.6	157,269.34
Bond interest, net	2.6	4,544.25
Other income		744.62
Total Income		**162,558.21**
EXPENSES		
Management fees and Investment management fees	4	193,883.33
Bank interest, net	2.6	1,580.58
Annual tax	6	5,770.37
Audit and legal fees		43,694.72
Administration fees	7	28,086.75
Other expenses		20,866.11
Total Expenses		**293,881.86**
Net investment income/(loss)		**(131,323.65)**
Net realised gain/(loss):		
- on investments	2.2	364,911.11
- on foreign exchange	2.3	791.27
- on futures contracts	2.4	(117,505.70)
- on options contracts	2.5	(69,480.00)
Net realised gain/(loss) for the year		**178,716.68**
Change in net unrealised gain/loss:		
- on investments		720,325.06
- on foreign exchange	2.3	(2,507.79)
- on futures contracts	2.4	1,215.40
Change in net unrealised gain/loss for the year		**719,032.67**
Net profit/(loss) from operations		**766,425.70**
Subscriptions	3	18,193.24
Redemptions	3	(1,161,439.20)
Net Asset Value at the end of the year		**11,218,196.38**

The accompanying notes form an integral part of these financial statements.

Statistical information

		December 31, 2019	December 31, 2018	December 31, 2017
Net Asset Value	**EUR**	**11,218,196.38**	**11,595,016.64**	**13,598,797.89**

Class C				
Number of shares outstanding		10,374.78	11,450.40	12,280.68
Net Asset Value per share	EUR	1,081.29	1,012.63	1,107.33

Statement of investments as at December 31, 2019

Currency	Quantity/ Nominal	Description	Cost EUR	Market Value EUR	% of Net Asset Value
Transferable securities admitted to an official stock exchange and/or dealt in on another regulated market					
Bonds					
Germany					
EUR	300,000	BAYER AG CONVERTIBLE BOND FIXED 0.050% 15/06/2020	300,034.80	299,781.00	2.67%
Total Germany			**300,034.80**	**299,781.00**	**2.67%**
Italy					
EUR	200,000	TELECOM ITALIA SPA/MILANO CONVERTIBLE BOND FIXED 1.125% 26/03/22	199,278.73	200,636.00	1.79%
Total Italy			**199,278.73**	**200,636.00**	**1.79%**
Total Bonds			**499,313.53**	**500,417.00**	**4.46%**
Government bonds					
Germany					
EUR	523,000	FEDERAL REPUBLIC OF GERMANY BOND FIXED 0.000% 13/10/23	530,641.18	534,001.80	4.76%
Total Germany			**530,641.18**	**534,001.80**	**4.76%**
Italy					
EUR	190,000	REPUBLIC OF ITALY BOND FIXED EUR 0.200% 15/10/20	188,472.16	190,691.41	1.70%
EUR	193,000	REPUBLIC OF ITALY BOND FIXED EUR 0.350% 15/06/20	192,425.93	193,499.10	1.72%
EUR	240,000	REPUBLIC OF ITALY BOND FIXED EUR 4.000% 01/09/20	244,326.53	246,708.96	2.20%
Total Italy			**625,224.62**	**630,899.47**	**5.62%**
Portugal					
EUR	176,000	PORTUGUESE REPUBLIC BOND FIXED 3.850% 15/04/21	184,605.40	186,068.52	1.66%
Total Portugal			**184,605.40**	**186,068.52**	**1.66%**
Spain					
EUR	330,000	KINGDOM OF SPAIN BOND FIXED EUR 5.500% 30/04/21	354,012.80	356,059.42	3.18%
EUR	318,000	KINGDOM OF SPAIN FIXED EUR 0.050% 31/01/21	318,247.50	319,726.17	2.85%
Total Spain			**672,260.30**	**675,785.59**	**6.03%**
Total Government bonds			**2,012,731.50**	**2,026,755.38**	**18.07%**
Equities					
Austria					
EUR	3,724	IMMOFINANZ AG	96,613.21	89,003.60	0.79%
Total Austria			**96,613.21**	**89,003.60**	**0.79%**

Statement of investments as at December 31, 2019 (continued)

Currency	Quantity/ Nominal	Description	Cost EUR	Market Value EUR	% of Net Asset Value
Transferable securities admitted to an official stock exchange and/or dealt in on another regulated market (continued)					
Equities (continued)					
Belgium					
EUR	908	AEDIFICA SA	96,367.70	102,785.60	0.92%
EUR	739	COFINIMMO SA	96,685.00	96,809.00	0.86%
EUR	610	GALAPAGOS NV	97,627.23	114,436.00	1.02%
EUR	475	SOFINA SA	96,625.48	91,485.00	0.82%
EUR	611	WAREHOUSES DE PAUW CVA	98,407.05	99,104.20	0.88%
Total Belgium			**485,712.46**	**504,619.80**	**4.50%**
Finland					
EUR	1,984	ELISA OYJ	82,688.71	97,712.00	0.87%
Total Finland			**82,688.71**	**97,712.00**	**0.87%**
France					
EUR	1,641	AIR LIQUIDE SA	193,838.74	207,094.20	1.85%
EUR	12,939	ENGIE SA	193,849.21	186,321.60	1.66%
EUR	1,418	ESSILOR INTERNATIONAL CIE GENERALE D'OPTIQUE SA	192,667.21	192,564.40	1.72%
EUR	634	GECINA SA	96,665.19	101,186.40	0.90%
EUR	514	LVMH MOET HENNESSY LOUIS VUITTON SE	177,810.79	212,898.80	1.90%
EUR	1,437	SAFRAN SA	195,359.31	197,803.05	1.76%
EUR	2,315	SANOFI	193,296.17	207,470.30	1.85%
Total France			**1,243,486.62**	**1,305,338.75**	**11.64%**
Germany					
EUR	684	ADIDAS AG	139,255.70	198,223.20	1.77%
EUR	5,867	ALSTRIA OFFICE REIT-AG	96,758.22	98,272.25	0.88%
EUR	917	BEIERSDORF AG	97,040.15	97,798.05	0.87%
EUR	1,791	CTS EVENTIM AG & CO KGAA	96,766.34	100,385.55	0.89%
EUR	1,351	DEUTSCHE BOERSE AG	192,849.64	189,342.65	1.69%
EUR	684	HANNOVER RUECK SE	97,756.12	117,853.20	1.05%
EUR	1,173	MUENCHENER RUECKVERSICHERUNGS-GESELLSCHAFT AG IN	260,367.63	308,499.00	2.74%
EUR	1,325	PUMA SE	95,821.84	90,563.75	0.81%
EUR	3,509	RWE AG	95,943.80	95,971.15	0.86%
EUR	1,128	VOLKSWAGEN AG PREFERENCE	192,759.02	198,798.72	1.77%
Total Germany			**1,365,318.46**	**1,495,707.52**	**13.33%**
Ireland					
EUR	1,088	LINDE PLC	179,385.13	207,590.40	1.85%
Total Ireland			**179,385.13**	**207,590.40**	**1.85%**
Italy					
EUR	5,309	ASSICURAZIONI GENERALI SPA	96,720.24	97,659.06	0.87%
EUR	42,466	ENEL SPA	221,535.47	300,319.55	2.68%
EUR	28,319	HERA SPA	98,060.76	110,444.10	0.98%
EUR	9,133	MEDIOBANCA BANCA DI CREDITO FINANZIARIO SPA	96,643.83	89,631.26	0.80%
EUR	8,984	POSTE ITALIANE SPA	96,747.23	90,918.08	0.81%
Total Italy			**609,707.53**	**688,972.05**	**6.14%**

Statement of investments as at December 31, 2019 (continued)

Currency	Quantity/ Nominal	Description	Cost EUR	Market Value EUR	% of Net Asset Value
Transferable securities admitted to an official stock exchange and/or dealt in on another regulated market (continued)					
Equities (continued)					
Spain					
EUR	2,326	CELLNEX TELECOM SA	95,172.61	89,248.62	0.80%
EUR	31,847	IBERDROLA SA	252,491.33	292,355.46	2.60%
EUR	8,373	INMOBILIARIA COLONIAL SOCIMI SA	97,027.42	95,117.28	0.85%
EUR	7,147	MERLIN PROPERTIES SOCIMI SA	95,663.59	91,410.13	0.81%
Total Spain			**540,354.95**	**568,131.49**	**5.06%**
The Netherlands					
EUR	18,286	ALTICE EUROPE NV	96,448.65	105,107.93	0.94%
EUR	1,135	ASM INTERNATIONAL NV	97,055.00	113,670.25	1.01%
EUR	1,260	ASML HOLDING NV	264,032.23	332,262.00	2.97%
EUR	1,424	EURONEXT NV	98,712.80	103,453.60	0.92%
EUR	8,369	KONINKLIJKE AHOLD DELHAIZE NV	193,233.07	186,586.86	1.66%
Total The Netherlands			**749,481.75**	**841,080.64**	**7.50%**
United Kingdom					
EUR	2,331	DIALOG SEMICONDUCTOR PLC	97,755.32	105,151.41	0.94%
Total United Kingdom			**97,755.32**	**105,151.41**	**0.94%**
Total Equities			**5,450,504.14**	**5,903,307.66**	**52.62%**
Total Transferable securities admitted to an official stock exchange and/or dealt in on another regulated market			**7,962,549.17**	**8,430,480.04**	**75.15%**
Investment funds					
Ireland					
EUR	99,520	ISHARES EUR CORP BOND SRI 0-3YR UCITS ETF EUR DIST	498,047.94	499,341.60	4.45%
EUR	1,781	ISHARES EUR GOVT BOND 1-3YR UCITS ETF EUR DIST ETP	255,161.38	256,873.63	2.29%
Total Ireland			**753,209.32**	**756,215.23**	**6.74%**
Total Investment funds			**753,209.32**	**756,215.23**	**6.74%**
Total investments			**8,715,758.49**	**9,186,695.27**	**81.89%**

The accompanying notes form an integral part of these financial statements.

Geographical classification of investments as at December 31, 2019

	% of Net Assets
Germany	20.76%
Italy	13.55%
France	11.64%
Spain	11.09%
Ireland	8.59%
The Netherlands	7.50%
Belgium	4.50%
Portugal	1.66%
United Kingdom	0.94%
Finland	0.87%
Austria	0.79%
Total	**81.89%**

Economic classification of investments as at December 31, 2019

	% of Net Assets
Sovereign	18.07%
Electricity	8.78%
Investment funds	6.74%
REITs	6.10%
Pharmaceuticals	5.54%
Semiconductors	4.92%
Insurance	4.66%
Apparel	4.48%
Chemicals	3.70%
Telecommunications	2.66%
Diversified financial services	2.61%
Auto manufacturers	1.77%
Aerospace and defense	1.76%
Healthcare products	1.72%
Food	1.66%
Media	0.94%
Leisure time	0.89%
Cosmetics and personal care	0.87%
Investment companies	0.82%
Transportation	0.81%
Banks	0.80%
Engineering and construction	0.80%
Real estate	0.79%
Total	**81.89%**

Notes to the financial statements as at December 31, 2019

Note 1 - General

SANTANDER INTERNATIONAL FUND SICAV (the "SICAV") is organised under the laws of the Grand Duchy of Luxembourg as a Société d'lnvestissement à Capital Variable (SICAV) with several Sub-Funds each linked to a separate portfolio of investments. It qualifies as an undertaking for collective investment under Part I of the amended Luxembourg law of December 17, 2010 (the "Law of 2010").

All Shareholders rank equally in proportion to their shareholding and their rights are represented by share certificates. Each share carries one vote in the meeting of Shareholders.

The initial Articles of Incorporation of the SICAV adopted on April 27, 1992, amended on October 21, 1992 were published in the Recueil électronique des sociétés et associations du Grand-Duché de Luxembourg (the "RESA") on June 6, 1992 and on January 19, 1993. In 1996, the SICAV changed its name from "SANTANDER EUROPA" to its present name "SANTANDER INTERNATIONAL FUND SICAV" and adopted the structure of a multiple classes of shares Fund (umbrella Fund). The articles of incorporation were amended for the last time with effect on May 2, 2014 published in the Mémorial on May 30, 2014.

The Board of Directors of the SICAV has appointed SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. as Management Company of the SICAV within the meaning of Chapter 15 of the Law of 2010. SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. was incorporated on November 29, 1996 as a corporation (société anonyme) under the laws of Luxembourg for an unlimited duration. It has its registered office at 19, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg. Its Articles of Incorporation were initially published in the Mémorial on January 13, 1997 and were amended for the last time with effect on January 24, 2019 and were published in the Recueil électronique des sociétés et associations.

The Articles of Association have been amended for the last time on January 17, 2006 and the changes were published in the Mémorial on April 11, 2006.

The SICAV is registered at the Luxembourg Register of Commerce and Companies under the number B 40 172.

The SICAV's financial year ends on December 31 of each year.

As at December 31, 2019, the shares of the following Sub-Fund is offered for issue and sale:

- SANTANDER MIXTO EUROPA Share Class C, in Euro (EUR).

The Net Asset Value (the "NAV") per share is determined on each bank business day in Luxembourg. For reporting purposes, however, if the last day of the SICAV's financial year or of the half year is not a bank business day in Luxembourg, the reported NAV is the Net Asset Value calculated the last day of the year or of the half year on the basis of the last price known for the year or for the half year.

The objective of the Sub-Fund SANTANDER MIXTO EUROPA is to invest its assets in a diversified portfolio of securities, including fixed and variable income securities of European issuers quoted or traded on European official stock exchanges or regulated markets while seeking to control economic and monetary risks.

Note 2 - Summary of significant accounting policies

The financial statements of the SICAV have been presented in conformity with legal and regulatory requirements in Luxembourg, applicable to Undertakings of Collective Investment in transferable securities and prepared in accordance with generally accepted accounting policies in Luxembourg. It includes the following significant accounting policies:

Notes to the financial statements as at December 31, 2019 (continued)

Note 2 - Summary of significant accounting policies (continued)

2.1 Valuation of assets

The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as the Board of Directors of the SICAV may consider appropriate in such case to reflect the true value thereof.

Portfolio securities and/or money market instruments, which are listed on an official stock exchange or traded on another regulated market are valued at the last available closing price on the principal market on which such securities and/or money market instruments are traded, as furnished by a pricing service approved by the Board of Directors of the SICAV. If since the close of business, there has been a material change in the quotations on the markets on which a substantial portion of the Sub-Fund's investment is dealt or quoted, such securities and/or money market instruments, as well as all other permitted assets, are valued at the fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board of Directors of the SICAV.

Investments in open-ended UCIs are valued on the basis of the last available net asset value of the units or shares of such UCIs.

Any assets or liabilities in currencies other than the Dealing Currencies of the relevant Sub-Fund are converted in the relevant Dealing Currencies using the relevant spot rate quoted by a bank or other responsible financial institution.

2.2 Net realised gain/(loss) on sales of investments

Net realised result on sales of investments is determined on the basis of the average cost of investments sold and are presented in the Statement of operations and changes in net assets.

2.3 Foreign exchange translation

Transaction in foreign currencies

Assets and liabilities expressed in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency at the exchange rates prevailing as of December 31, 2019. Income and expenses in currencies other than the Sub-Fund's currency are translated into the Sub-Fund's currency at the exchange rates prevailing at the transaction date.

Net realised and change in net unrealised gain or loss on foreign exchange are recorded in the Statement of operations and changes in net assets under the heading "Foreign exchange".

2.4 Valuation of futures contracts

The futures contracts are valued on the basis of the last available price on the relevant market at the valuation date and net realised and change in net unrealised appreciation or depreciation on futures contracts are included in the Statement of operations and changes in net assets.

Notes to the financial statements as at December 31, 2019 (continued)

Note 2 - Summary of significant accounting policies (continued)

2.5 Valuation of options contracts

The settlement value of options traded on stock markets is based on the closing price published by the stock exchanges on which the Sub-Fund concluded the contracts. The settlement value of options that are not traded on a stock exchange is determined according to valuation rules established by the Board of Directors of the SICAV, according to uniform criteria for each type of contracts.
Net realised and change in net unrealised appreciation or depreciation on options contracts are included in the Statement of operations and changes in net assets.

2.6 Income recognition

Dividends, net of any unrecoverable withholding taxes, are taken into income on the date upon which the relevant securities are first listed as "ex-dividend". Interest income is accrued on a daily basis.

2.7 Prepaid expenses

Prepaid expenses are listed within the Statement of Net Assets until the prepaid item is consumed. Once consumption has occurred, the prepaid expenses are removed from the Statement of Net Assets and are instead reported in that period as an expense on the income statement.

Note 3 - Commissions on issue, redemption and conversion of shares

Shares are offered on each "Dealing Day" (being the Luxembourg Bank Business Day preceding the Valuation Day). The offering price (the "Offering Price") is the Net Asset Value per Share calculated on the next Valuation Day plus a sales charge of up to 5.00% thereon, payable to the SICAV and / or the Share-Distributors, as relevant.

Shareholders may request at any time the redemption of their Shares, the redemption price being the Net Asset Value per Share calculated on the following Valuation Day less a redemption fee of up to 2.00% thereon, provided that the total of the sales charge and the redemption fee will not for any Shareholders exceed 5.00%.

No conversion of shares is possible from or into the Sub-Fund.

Note 4 - Management fees and Investment management fees

4.1 Appointment of the Management Company

On December 16, 2005, SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. has been appointed Management Company of the SICAV.

SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. is a management company entitled to the management of several Luxembourg undertakings for collective investment and the administration of their assets and activities in accordance with the provisions of the Chapter 15 of the Luxembourg law of 2010, as amended.

The Management Company is in charge of the management, on a day-to-day basis, of the securities and other assets constituting the Sub-Fund of the SICAV.

Notes to the financial statements as at December 31, 2019 (continued)

Note 4 - Management fees and Investment management fees (continued)

4.2 Approval of the delegation from the Management Company to an Investment Manager

As of January 1, 2012, SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. has appointed SANTANDER ASSET MANAGEMENT S.A., S.G.I.I.C., as Investment Manager, under an Investment Management Agreement.

The Management Company delegates to the Investment Manager the management, on a day-to-day basis, of the securities and other net assets constituting the Sub-Fund of the SICAV.

4.3 Management fee

The Management Company SANTANDER ASSET MANAGEMENT LUXEMBOURG S.A. is entitled to receive from the SICAV a management fee calculated and charged monthly in arrears based on the net asset value of each Sub-Fund as of each Valuation Day at the rate of 1.65% per annum for the Sub-Fund SANTANDER MIXTO EUROPA. The Investment Manager is paid, out of this management fee, by the Management Company. Based on an appendix to the Collective Portfolio Management Agreement dated January 1, 2012 and in consideration for the shareholding services rendered by the Management Company, the SICAV pays to the Management Company an annual shareholding services fee of 0.03% per annum of the average net asset of each Sub-Fund of the SICAV over each elapsed month.

Note 5 - Taxes and expenses payable

	SANTANDER MIXTO EUROPA
	EUR
Depositary fees (note 7)	1,276.24
Administration fees (note 7)	16,898.42
Annual tax (note 6)	2,016.89
Management fees (note 4)	16,572.61
Audit and legal fees	26,341.03
Other fees	21,621.72
	84,726.91

Note 6 - Annual tax

Under the Law of 2010, the SICAV is not liable to any Luxembourg income tax nor are dividends paid by the SICAV liable to any Luxembourg withholding tax. The SICAV is, however, liable in Luxembourg to a tax of 0.05% per annum of its net assets, such tax being payable quarterly on the basis of the Value of the Net Assets of the SICAV at the end of each quarter. No more subscription tax is paid on the assets held by the SICAV in other UCITS already subject to that tax in Luxembourg.

No stamp duty or other tax is payable in Luxembourg on the issue of shares except a once-and-for-all tax of EUR 1,250.00 paid by the SICAV upon its incorporation.

Notes to the financial statements as at December 31, 2019 (continued)

Note 7 - Depositary and Administration fees

In its capacity as Depositary, Administrative, Corporate & Domiciliary Agent J.P. MORGAN BANK LUXEMBOURG S.A. is entitled to receive as remuneration for the services rendered to the SICAV and the Management Company an annual fee depending on the nature of the investments of the Sub-Fund in a range from 0.05% to 0.30% of the Net Asset Values of the assets of the Sub-Fund, as reflected in more detail in the SICAV's financial reports. Such fee is calculated and accrued daily and is paid monthly in arrears to the Depositary by the SICAV out of the assets of each Sub-Fund. It should be noted that a minimum annual fee for administration services (EUR 15,000) and fiduciary services (EUR 9,200) shall be payable by the SICAV to J.P. Morgan Bank in remuneration of its fund accounting, valuation and fiduciary services in case the fees rates agreed for these services (expressed in percentage per annum) do not reach the annual minima considering the level of assets under management of the relevant Sub-Fund over the relevant period. Administration and fiduciary fees (rate expressed in basis points with an annual minimum) are calculated and accrued in the Sub-Fund on daily basis and payable to the Depositary, Administrative, Corporate and Domiciliary Agent on quarterly basis.

Note 8 - Statement of changes in portfolio

A copy of the list of changes in the securities portfolio of the Sub-Fund may be obtained free of charge at the registered office of the SICAV.

Note 9 - Transaction fees

For the year ended December 31, 2019, the SICAV incurred transaction costs which have been defined as brokerage fees, relating to purchase or sale of transferable securities, money market instruments, derivatives, or other eligible assets. The SICAV also incurred transaction costs charges by the Custodian Agent and relating to purchase and sale of transferable securities.

Depositary transaction costs are recorded in the Statement of Operations and Changes in Net Assets under the caption "Other expenses" and are as follow:

		Brokerage fees	Depositary transaction costs	Total transaction costs
SANTANDER MIXTO EUROPA	EUR	1,054.91	217.65	1,272.56

For fixed income securities, transaction costs are not separately recognizable from the purchase price of the security and therefore cannot be disclosed separately. The commissions on derivatives are included directly in the transaction price.

Notes to the financial statements as at December 31, 2019 (continued)

Note 10 - Futures contracts

As at December 31, 2019, SANTANDER MIXTO EUROPA has entered into the following future contracts:

Ccy	Number of contracts bought/(sold)	Description	Maturity	Market Value	Unrealised gain EUR	Counterparty
EUR	(4.00)	EURO-BOBL FUTURE BOND	06/03/2020	EUR 534,520.00	1,200.00	Banco Santander S.A.
				Total	**1,200.00**	

Ccy	Number of contracts bought/(sold)	Description	Maturity	Market Value	Unrealised (loss) EUR	Counterparty
CHF	1.00	EURO/CHF FUTURE CROSS CURRENCY	16/03/2020	CHF 135,600.00	(716.90)	Banco Santander S.A.
SEK	1.00	EUR/SEK FUTURE CROSS CURRENCY	16/03/2020	SEK 1,313,437.50	(469.89)	Banco Santander S.A.
				Total	**(1,186.79)**	
				Net	**13.21**	

Note 11 - Subsequent events

On February 24, 2020, the Board of Directors of the SICAV resolved to change the name of the Sub-Fund SANTANDER MIXTO EUROPA into SANTANDER MULTI-ASSET LOW VOLATILITY with effective date as of March 25, 2020. Consequently, the investment policy of the Sub-Fund has been modified.

Since the year end we have seen the development of the coronavirus covid-19 outbreak initially in China and now reaching most continents. At present it is not possible to assess the detailed impact, of this emerging risk, on the companies in our portfolio but there is growing concern about the impact on the world economy. There has been significant correction in the financial markets in the last few weeks. The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in our portfolio.

Appendix: Unaudited Additional Disclosures

Appendix 1 - Global risk management

In terms of risk management, the Board of Directors of the SICAV selected the commitment approach in order to determine the global risk for all the Sub-Funds of the SICAV.

Appendix 2 - Remuneration of the members of the Management Company of the SICAV

The Management Company of the SICAV has adopted a Remuneration Policy, which is in accordance with the principles established by the law of May 10, 2016, amending the law of December 17, 2010 ("the UCITS Law"). The remuneration policy is aligned with Santander Asset Management Group's remuneration policy, based on the principles of competitiveness and fairness.

The Management Company of the SICAV has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees within the Management Company of the SICAV receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profiles of the Management Company of the SICAV, that:

- are compliant with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the SICAV or with its Articles of Incorporation;
- are in line with the business strategy, objectives values and interests of the Management Company of the SICAV and which do not interfere with the obligation of the Management Company of the SICAV to act in the best interests of the SICAV and of its investors;
- include an assessment process based on the longer-term performance of the SICAV; and
- appropriately balance fixed and variable components of total remuneration.

The Board, in its supervisory function, is required to approve the remuneration policy and to oversee its implementation. The Board has the primary responsibility for ensuring that the ultimate goal of having sound and prudent remuneration policy and structures is not improperly circumvented. The Conducting Officers are in charge of making sure that the remuneration policy is implemented. They elaborate procedures to this effect and submit them to the Board. By virtue of the principle of proportionality, the Management Company has not yet a remuneration committee.

The Management Company offers to its employees a remuneration package that includes:

(i) a fixed salary,
(ii) a variable pay and
(iii) benefits.

The fixed salary represents the main component of the total remuneration and the payment of a variable pay is not mandatory. All employees are eligible to receive a variable pay. The Management Company only pays variable remuneration in the form of bonuses payable up-front directly in full after their allocation. By virtue of the principle of proportionality the Management Company does not pay variable remuneration in shares or in other type of financial instruments issued by the UCITS. The Management Company offers fixed salaries whose amount is based on criteria such as the level of education, the degree of seniority, the level of expertise and skills required the constraints and job experience, the relevant business sector and region. In the calculation of the variable pay, the Management Company uses an award process taking into account risk measurement while assessing performance.

Appendix: Unaudited Additional Disclosures (continued)

Appendix 2 - Remuneration of the members of the Management Company of the SICAV (continued)

An annual appraisal process is used to evaluate and measure each employee's performance against defined objectives. The performance of an employee is measured through qualitative and quantitative criteria based on various factors (i.e. business and financial results, client service, technical skills, etc.). The Management Company takes into account the individual performance of the employee and of his/her business unit as well as of the UCITS managed and of the overall of the result of the Company.

The benefits that employees of the Management Company may receive are excluded from the remuneration policy and thus not subject to binding calculation process. To that extent, benefits are given to employees on a non-discretionary basis and are identical for all employees. Total number of employees as of December 31, 2019 was three full time employees (3).

The Director position of the Management Company of the SICAV is not remunerated from the accounts of the Management Company of the SICAV. The Management Company contemplates to appoint independent director(s) in accordance with the UCITS Directive, who will only receive a fixed remuneration. The risk management function has assessed how the variable remuneration structure affects the risk profile of the Management Company. The compliance function analyzed how the remuneration structure affects the Management Company's compliance with legislation, regulations and internal policies. The Management Company of the SICAV is not aware of any deficiency in the remuneration policy. Moreover, the remuneration policy has not been updated in the course of the financial year ended December 31, 2019.

Details of the remuneration policy of the Management Company of the SICAV, including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits is available at http://www.santanderassetmanagement.com. A paper copy will be made available free of charge upon request.

Appendix 3 - Securities Financing Transactions Regulation ("SFTR")

As at December 31, 2019, the SICAV is in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of Securities Financing Transactions and of Reuse ("SFTR"). Nevertheless, no corresponding transactions were carried out during the year referring to the financial statements.