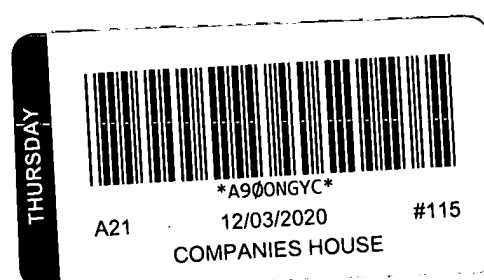


SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED

**Registered in England and Wales
Company Number: 00617484**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2019**



Strategic Report

The Directors submit the Strategic Report together with their Report of the Directors and the audited financial statements for Santander Asset Management UK Holdings Limited (the "Company"), a Company incorporated in the United Kingdom, for the year ended 31 December 2019.

Business review

The principal activity of the Company is to act as a holding and parent company to the following entities: Santander Rio Asset Management Gerente de Fondos Comunes de Inversion S.A. (Argentina), SAM Asset Management, S.A. de C.V. Sociedad Operadora de Fondos de Inversion (Mexico), TOPSAM, S.A. de C.V. (Mexico) and AFB SAM Holdings, S.L.. The Company's immediate parent company is SAM Investment Holdings Limited, which together with the Company, its subsidiaries and SAM Investment Holdings Limited's other subsidiary undertakings, form the "SAM Group." The Company's ultimate parent company is Banco Santander S.A..

The Company made a profit after tax of €18,075,000 (2018: €14,001,000).

Key Performance Indicators

As the Company is a holding company, the income has its origin in the dividends paid by its subsidiaries. Dividend income and profit before taxes are considered the key performance indicators for the company as it is a holding company (see note 3).

Banco Santander S.A. manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the divisions of Banco Santander S.A., which include the Company, are discussed in the Santander Group's Annual report which does not form part of this report.

Principal risks and uncertainties

The principal risks associated with the business are financial. The Board of Directors are responsible for risk management of the Company. Further disclosures on the Company's approach to financial risk management can be found in the Report of the Directors.

One of the main risks of the Company is the potential underperformance of the underlying investments which could lead to impairment. To manage this risk, an independent valuation is made by a third party on an annual basis in order to verify the valuation of the participations.

Future developments in the business

The Company will continue to act as a holding company. The Company is seeking acquisition of two new subsidiary entities in Portugal: Santander Asset Management SGOIC S.A. and Popular Gestao de Activos SGOIC, S.A.. The Company has enough liquidity to execute those transactions. No further change to the activities of the Company are planned for the foreseeable future.

The purpose of this Report is to provide information to the members of the Company and as such it is only addressed to those members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year. Nothing in this report should be construed as a profit forecast.

On behalf of the Board



M. Belinky
Director

26 February 2020

Registered Office Address: 10 Brock Street, Regent's Place, London NW1 3FG

SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED - 00617484

Report of the Directors

The Directors submit their report together with the Strategic Report and audited financial statements for Santander Asset Management UK Holdings Limited (the "Company") for the year ended 31 December 2019.

General information

Full Name	Santander Asset Management UK Holdings Limited
Legal form of entity	Private Limited Company
Country of incorporation	United Kingdom
Registered office	10 Brock Street, Regent's Place, London, NW1 3FG
Principal Place of business	Av. de Cantabria s/n, 28660, Boadilla del Monte, Madrid, Spain
Parent	SAM Investment Holdings Limited
Ultimate parent Company	Banco Santander, S.A.

Principal activities

Principal activities are outlined in the Strategic Report.

Future developments

Future developments are outlined in the Strategic Report.

Results and dividends

The profit after tax for the financial year ended 31 December 2019 amounted to €18,075,000 (2018: €14,001,000).

In 2019, the Company paid €115,000,000 of dividends to its parent company, SAM Investment Holdings Limited (2018: €nil).

The Directors do not recommend the payment of a final dividend (2018: €nil).

Directors

The Directors who served throughout the year and to the date of this report were as follows:

Mr. M Belinky	Appointed 18/12/2019
Ms. M. Cueva	Resigned 30/11/2019
Mr. Jose Luis Sanchez Diaz	Appointed 26/11/2019
Mr. L. Garcia-Izquierdo Ruiz	Resigned 29/11/2019
Mr. M. Kadhim	Resigned 31/12/2019

Directors' indemnities

Directors' and Officers' liability insurance is maintained for all directors of the Company. The relevant policy is negotiated for all entities within the Santander Group. Qualifying third-party indemnity provision has been in place for all Directors during the financial year and up to the date of approval of the Directors' Report.

Statement of going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. The Company's processes for managing its capital are described in note 13 to the financial statements.

The Company has adequate financial resources. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Branches outside the UK

The Company does not operate branches outside the UK.

Political donations

The Company has made no donations for political purposes (2018: none).

Report of the Directors (continued)

Post balance sheet events

The Company is seeking acquisition of two new subsidiary entities, subject to regulatory approval. These are Santander Asset Management SGOIC S.A. and Popular Gestao de Activos SGOIC, S.A.. The Company has enough liquidity to execute those transactions.

Financial risk management

The Company's activities expose it to a variety of financial risks including liquidity risk and currency risk. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the SAM Group's financial performance.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Financial risk management is carried out by the Company's Finance function in line with SAM Group global policies in place and it is monitored by the SAM Group's Risk function, which comprises the following segments: "Fiduciary Risks" and "Enterprise Risks".

SAM Group has implemented monitoring and management reporting to oversee non-financial risks; including but not limited to regulatory risk and operational risk. No material non-financial risks matters have been identified.

SAM Group's Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, employees and the Company's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Company's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Company's strategic objectives.

SAM Group operates a "three lines of defence" model which is articulated in the Risk Framework.

Three lines of defence:

First line of defence

The first line of defence is undertaken by the Group business functions which carry out the day-to-day running of the business. These first line defences identify, manage, mitigate and report on risks in their area of business. The Operational Support area also overlay additional controls and governance where outsource arrangements are in place.

Second line of defence

The second line of defence provides an Independent review and challenge together with policy setting. These are carried out by the Risk area function.

Risk area is an independent centralised function that ensures the processes, policies and rules within Corporate & Regulatory Governance for the Group are adhered to and follow four principles: Independence; Objectivity; Transparency and Accuracy.

Third line of defence

The risk assurance function, provided by Internal Audit, provides an independent review and challenge of the Group's risk management controls, processes and systems, including for Conduct Risk related issues.

Lines of Defence Reporting:

Risk Area have independent reporting lines from the Group ensuring independence and impartiality.

The Director of Risk Area provides quarterly updates to the SAM Investment Holdings Limited Board Risk Committee.

Internal Audit is functionally dependent on the Board of Directors, and reports to the SAM Investment Holdings Limited Audit Committee.

Report of the Directors (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Independent auditors

Each of the Directors as at the date of approval of this annual report has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, PricewaterhouseCoopers LLP are re-appointed as auditors of the Company.

On behalf of the Board



M. Belinky
Director

26 February 2020

Registered Office Address: 10 Brock Street, Regent's Place, London NW1 3FG.

Independent auditors' report to the members of Santander Asset Management UK Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Santander Asset Management UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities 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.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Santander Asset Management UK Holdings Limited (continued)

Report on the audit of the financial statements (continued)

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives 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 auditors' 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarah Chandler (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 February 2020

SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED - 00617484

Statement of Comprehensive Income

For the years ended 31 December

	Note	2019 €'000	2018 €'000
Revenue	3	18,637	14,244
Other gains	8	17	-
Administrative expenses		(575)	(118)
Foreign exchange loss		(4)	(147)
PROFIT BEFORE TAX		18,075	13,979
Tax	6	-	22
PROFIT FOR THE YEAR		18,075	14,001
Other comprehensive income		-	-
Total comprehensive income		18,075	14,001

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

All of the above relate to continuing operations.

SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED - 00617484

Balance Sheet

As at 31 December

	Note	31 December 2019 €'000	31 December 2018 €'000
Non-current assets			
Investments in subsidiaries	7	164,993	164,993
Investment in associates	8	-	112,284
Other investments		18	18
Total non-current assets		165,011	277,295
Current assets			
Amounts owed by group undertakings	9	-	1
Trade and other receivables	9	24	41
Cash and equivalents		30,195	14,725
Total current assets		30,219	14,767
Total assets		195,230	292,062
Current liabilities			
Trade and other payables	10	(198)	(105)
Total current liabilities		(198)	(105)
Net current assets		30,021	14,662
Total assets less current liabilities		195,032	291,957
Equity			
Share capital	11	186,594	186,594
Translation reserve		5,955	5,955
Retained profit		2,483	99,408
Total equity		195,032	291,957

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

The financial statements on pages 7 to 19 were approved by the Board of Directors and authorised for issue on 26 February 2020. They were signed on its behalf by:


M. Belinky
Director

26 February 2020

SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED - 00617484

Cash Flow Statement

For the years ended 31 December

	2019 €'000	2018 €'000
OPERATING ACTIVITIES		
Profit before tax for the year	18,075	13,979
Other gains	(17)	-
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	18,058	13,979
MOVEMENT IN WORKING CAPITAL		
Decrease in receivables	13	332
Increase in payables	94	24
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	18,165	14,335
INVESTING ACTIVITIES		
Capital reduction and shareholders contributions distribution of associated undertakings	112,301	-
CASH FLOWS GENERATED FROM INVESTING ACTIVITIES	112,301	-
FINANCING ACTIVITIES		
Dividends paid	(115,000)	-
CASH FLOWS USED IN FINANCING ACTIVITIES	(115,000)	-
Effect of foreign currency changes	4	147
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	15,470	14,482
Cash and cash equivalents as at 1 January	14,725	243
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	30,195	14,725

The accompanying notes form an integral part of the financial statement.

SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED - 00617484

Statement of Changes in Equity

For the years ended 31 December

	Issued Capital €'000	Foreign currency Reserve €'000	Retained Earnings €'000	Total Equity €'000
Balance at 1 January 2018	186,594	5,955	85,407	277,956
Profit for the year and total comprehensive income	-	-	14,001	14,001
Balance at 31 December 2018 and 1 January 2019	186,594	5,955	99,408	291,957
Profit for the year and total comprehensive income	-	-	18,075	18,075
Dividends paid	-	-	(115,000)	(115,000)
Balance at 31 December 2019	186,594	5,955	2,483	195,032

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

SANTANDER ASSET MANAGEMENT UK HOLDINGS LIMITED - 00617484

Notes to the financial statements

1. Accounting Policies

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The Company is itself a subsidiary company ultimately wholly owned by Banco Santander, S.A. and is exempt from the requirement to prepare group financial statements based on IFRS 10.4(a). These financial statements therefore present information about the Company as an individual undertaking and not about its group. The Company is included in the consolidated financial statements of Banco Santander, S.A. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS interpretations committee (IFRS IC) as adopted by the European Union. The financial statements have been prepared under the historical cost convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors.

Recent accounting developments

On 1 January 2019, the Company adopted IFRS 16 Leases (IFRS16). Adoption of IFRS16 did not result in any impact upon the Company, as the Company holds no leases.

Future accounting developments

At 31 December 2019, for Santander Asset Management UK Holdings Limited there were no significant new or revised standards and interpretations, and amendments thereto, which have been issued but which are not yet effective.

Investments in subsidiaries

Investments in subsidiary undertakings are shown at acquisition cost less provision for impairment (see note 7). The cost of an investment is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition.

Impairments of subsidiaries

Impairments of subsidiary investments in the individual Company financial statements are based on impairment tests carried out by BDO LLP, which requires a discounted cash flow calculation (DCF). This method is consistent with the accounting policy for investments.

The DCF method is prepared using estimates which include the discount factor, terminal growth rate and management forecasts for Assets Under Management and staff and administrative expenses. Estimates are assessed by management using past data with consideration of the present and future external operating environment. This method is consistent with the accounting policy for investments and investments disclosure (note 7).

No further impairment was considered necessary during 2019.

Although these estimates were made on the basis of the best information available at 31 December 2019 on the events analysed, future events might make it necessary to change these estimates (upwards or downwards) in coming years. Any required changes in accounting estimates would be applied prospectively in accordance with the applicable standards, recognising the effects of the change in estimates in the statement of comprehensive income for the years in question.

Investments in associates

Where the Company acquires an investment in an entity in which it has significant influence but not control, the Company records the investment as an investment in an associated undertaking.

Investments in associated undertakings are shown at cost less provision for impairment (see note 8).

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognised when the Company becomes a party to the contractual terms of the instrument. The Company determines the classification of its financial assets and liabilities at initial recognition and measures a financial asset or financial liability at its fair value plus or minus costs. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Financial assets and liabilities

Classification and subsequent measurement

The Company classifies its financial assets in the measurement category of amortised cost.

Financial assets are determined by a contractual cash flows test referred to as "Solely payment of principal and interest" (SPPI) and a "hold to collect" business model test. Financial assets that fail the SPPI test will be measured at FVTPL. For assets passing the SPPI test, a business model test assesses the objective of holding the asset.

Financial assets are measured at amortised cost if they pass the SPPI test and are held within a business model where the objective is to hold financial assets in order to collect contractual cash flows (the "Hold to collect" business model).

Financial assets: debt instruments

The Company's debt instruments consist of amounts owed by group undertakings, other debtors and cash, which are measured at amortised cost. When the estimates of future cash flows are revised, the carrying amount of the respective financial assets is adjusted to reflect the new estimate. Any changes are recognised in the statement of comprehensive income.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue of the Company are dividends. Dividend income is recognised when declared and irrevocable by the Board of directors of subsidiaries where the Company has an equity investment.

Impairment of financial assets

Debt instruments:

Expected credit losses are recognised on financial assets at amortised cost. The expected credit loss considers forward looking information to recognise impairment allowances earlier in the lifecycle of a product. A three-stage approach to impairment measurement is adopted as follows:

- Stage 1 - the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;
- Stage 2 - lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and
- Stage 3 - lifetime expected credit losses for financial instruments which are credit impaired.

The ECL impairment methodology requires management to make a number of judgements, assumptions and accounting estimates. Any significant difference between the estimated amounts and actual amounts could have a material impact on the Company's future financial results and financial condition.

The nature of the Company's receivables do not give rise to any significant ECL provision.

Foreign currencies

For the purpose of these financial statements, the results and financial position of the Company are expressed in Euros, which is the functional currency of the Company, and the presentation currency for the financial statements.

Transactions in currencies other than the Company's functional currency are recognised at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Notes to the financial statements (continued)

1. Accounting Policies (continued)

Income taxes including deferred income taxes

The tax expense represents the sum of the income tax currently payable and deferred income tax.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is the tax expected to be payable or recoverable on income tax losses available to carry forward and on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the assets may be utilised as they reverse. Such deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets and liabilities are not recognised from the initial recognition of other assets (other than in a business combination) and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity. Deferred tax liabilities are recognised for taxable temporary differences except where the Company is able to control reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future. The Company reviews the carrying amount of deferred tax assets at each balance sheet date and reduces it to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet. Cash is held with Santander UK plc.

Critical accounting policies and areas of significant management judgement

The preparation of the Company's financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its estimates and judgements on an on-going basis. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

In the preparation of the Company financial statements for 2019, estimates were made by the Company's Directors and specialists in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving the above estimations that had a significant effect on the amounts recognised in the financial statements.

2. Financial risk management

The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the SAM Group's Risk Area. The Risk Framework ensures that risk is managed and controlled on behalf of shareholders, customers, employees and the Company's regulators. Effective and efficient risk governance and oversight provide management with assurance that the Company's business activities will not be adversely impacted by risks that could have been reasonably foreseen. This in turn reduces the uncertainty of achieving the Company's strategic objectives.

Notes to the Financial Statements (continued)**2. Financial risk management (continued)****Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices or interest rates. The main type of market risk faced by the Company is currency rate risk as dividends received are paid to the Company in the local currency of the investee company. The amount of revenue recognised is dependent upon the prevailing foreign exchange rates at time of settlement. Currency risk is not considered to be significant due to small balances held in foreign currencies as at year-end.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations. Credit risk is not considered significant as debtor balances are not significant and receivables arise from subsidiary undertakings.

The main source of credit risk occurs in inter Company balances held. The Company has no significant credit risk due to the credit quality of the counterparty balances. Maximum exposure to credit risk at the year end is €30,219,267 (2018: €14,767,403). This amount comprises amounts due by related parties and subsidiary undertakings, cash held with associated Banco Santander, S.A. group companies and other debtors.

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due. In addition, the Company holds significant cash balances to meet future obligations. The table below shows the contractual maturities of the Company's liabilities as at 31 December:

Maturities of financial liabilities

31 December 2019		
	On demand €'000	Total €'000
Trade and other payables	134	134
Amounts due to related parties	64	64
Total financial liabilities	198	198
31 December 2018		
	On demand €'000	Total €'000
Trade and other payables	100	100
Amounts due to related parties	5	5
Total financial liabilities	105	105

Trade and other payables are measured at amortised cost. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

At the reporting date, the carrying values and fair values of the Company's financial assets and financial liabilities are as follows:

	Carrying value as at 31 December 2019	Carrying value as at 31 December 2018	Fair value as at 31 December 2019	Fair value as at 31 December 2018
Financial assets:				
Trade and other receivables	24	42	24	42
Total financial assets	24	42	24	42
Financial liabilities:				
Trade and other payables	198	105	198	105
Total financial liabilities	198	105	198	105

Notes to the Financial Statements (continued)**3. Revenue**

	2019 €'000	2018 €'000
Dividends received from subsidiary undertakings	16,413	14,243
Dividends received from associate undertakings	2,222	-
Dividends received from other undertakings	2	1
	18,637	14,244

During 2019 the Company received total dividends from its subsidiary undertakings of €16,413,000 (2018: €14,243,000). This was received from SAM Asset Management, S.A. de C.V. Sociedad Operadora de Fondos de Inversion.

During 2019 the Company received a dividend totalling €2,222,000 from its associated undertaking, AFB SAM Holdings, S.L. (2018: €nil).

4. Directors' emoluments and interests

The Directors' emoluments were paid by a fellow Group Company and form part of the financial statements of the Santander Group. The Directors' services to the Company are an incidental part of their duties. No emoluments were paid by the Company to Directors during the year (2018: €nil).

The Company has no employees (2018: none).

5. Audit fees

Fees payable to the Company's auditors for the audit of the Company's annual financial statements for the current year are €17,850 (2018: €17,000).

6. Tax Credit

	2019 €'000	2018 €'000
Current tax:		
UK corporation tax on profit of the year	-	(22)
Adjustments in respect of prior years	-	-
Tax credit on profit for the year	-	(22)
Total tax	-	(22)

UK corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated assessable profits for the year.

The Finance Act 2016 introduced a reduction in the corporation tax rate to 17% from 2020.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2019 €'000	2018 €'000
Profit before tax:	18,075	13,979
Tax calculated at a tax rate of 19.00% (2018: 19.00%)	3,434	2,656
Non deductible expenses	109	28
Non taxable income	(3)	-
Non taxable dividend income	(3,540)	(2,706)
Tax (credit) for the year	-	(22)

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Notes to the Financial Statements (continued)

7. Investments in subsidiaries

The following is a list of the subsidiary undertakings of the Company at 31 December 2019.

Name of subsidiary	Place of Incorporation, ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment	Principal activity
Santander Río Asset Management Gerente de Fondos Comunes de Inversión S.A.	Argentina	94.9 (ordinary shares)	94.9	Cost	Asset Management
SAM Asset Management, S.A de C.V., Sociedad Operadora de Fondos de Inversion	Mexico	99.99 (ordinary shares)	99.99	Cost	Asset Management
Topsam S.A. de C.V.	Mexico	99.99 (ordinary shares)	99.99	Cost	Auxiliary Operational Services

The registered office address for each subsidiary listed above, is as follows:

Santander Río Asset Management Gerente de Fondos Comunes de Inversión S.A., Juana Manso 205 – Piso 8 – Puerto Madero – Ciudad Autónoma de Buenos Aires, Argentina.

SAM Asset Management, S.A de C.V., Sociedad Operadora de Fondos de Inversion, Paseo de los Tamarindos 90 (Torre Arcos II), Piso 33 Col. Bosques de las Lomas, Mexico D.F, 05120 Mexico.

Topsam S.A. de C.V. Paseo de los Tamarindos 90, (Torre Arcos II), Piso 33 Col Bosques de las Lomas, Mexico, D.F., 05120 Mexico.

Cost

	€'000
Balance at 1 January 2018	164,993
Balance at 31 December 2018 and 31 December 2019	164,993

The Directors consider that the recoverable amount of the subsidiary undertakings is equal to the value in use, being the fair value of the investments held. The Directors are not considering a disposal of any part of the business so fair value has not been considered.

The sales growth rates and margins used to estimate cash flows in the value in use calculations are based on past performance, external market growth assumptions and industry long-term growth averages. Income from operations is expected to increase over the projection period as a result of volume growth and costs efficiencies.

The discount rate and perpetual growth rate applied for the basis of the recoverable amount were different based on country analysis. The discount rates were estimated in local currency and in nominal terms and range from 13.4% to 33.0%. The perpetual growth rates considered are based on long term inflation rate targets and range from 3% to 5%.

8. Investment in associates

The following is a list of the associate undertakings of the Company at 31 December 2019.

Name of associate	Place of Incorporation, ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment	Principal activity
AFB SAM Holdings, S.L.	Spain	99	49.75	Cost	Holding Company

Notes to the Financial Statements (continued)**8. Investment in associates (continued)****Cost**

	€'000
Balance at 31 December 2018 and 1 December 2019	112,284
Capital reduction and shareholders contributions distribution of associate	(112,284)
Balance at 31 December 2019	-

During 2019 AFB SAM Holdings, S.L. undertook a share capital reduction and distributed its "shareholders contributions" balance to its shareholders. Under this process the Company received €112,300,830. The proceeds in excess of the carrying value of the investment in associate totalling €16,830 is recognised as other gains on the statement of comprehensive income.

In addition, AFB SAM Holdings, S.L. also made a dividend payment totalling €2,222,367 to the Company.

The Company continues to hold an interest in AFB Sam Holdings, S.L., being 99% of the residual shares following the capital reduction.

Although the Company owns 99% of the ordinary share capital of AFB SAM Holdings, S.L. it has been treated as an associate because the Company does not control this investment, directing its financial and operating policies so as to obtain benefits from its subsidiaries.

As these financial statements represent the Company's individual financial statements, the Company is not required to disclose financial information about its associates, in accordance with IFRS12.

Banco Santander S.A. holds 1% share capital and 50.25% of voting rights.

The registered office address for the associate listed above, is as follows:
AFB SAM Holdings, S.L. Avda. De Cantabria s/n, Boadilla del Monte, 28660, Madrid, Spain.

9. Trade and other receivables

	2019 €'000	2018 €'000
Amounts owed by group undertakings	-	1
Amounts owed by group undertakings – group relief tax	24	41
	24	42

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

10. Trade and other payables

	2019 €'000	2018 €'000
Other creditors	134	100
Amounts due to related parties	64	5
	198	105

The Directors consider that the carrying amount of trade and other payables approximate to their fair value.

11. Share capital

	31 December 2019 €'000	31 December 2018 €'000
Balance as 31 December 2018		186,594
Balance as at 31 December 2019		186,594
Issued and fully paid:		
At 31 December 2019 – 365,870,292 ordinary shares of €0.51 each (2018: 365,870,292 ordinary shares of €0.51 each)	186,594	186,594

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Notes to the Financial Statements (continued)

12. Related party transactions	2019 €'000	2018 €'000
Amounts due by group undertakings:		
Santander Río Asset Management Gerente de Fondos Comunes de Inversión S.A.	-	1
Santander Asset Management UK Limited - group tax relief	24	41
	24	42
Amounts due to parent company:		
SAM Investment Holdings Limited	36	5
	36	5
Amounts due to group undertakings:		
Santander UK plc	28	-
	28	-
Income from investments in subsidiaries (dividends)	2019 €'000	2018 €'000
SAM Asset Management, S.A. de C.V. Sociedad Operadora de Fondos de Inversion	16,413	14,243
Total dividend income from investments in subsidiaries	16,413	14,243
Income from investment in associates (dividends)	2019 €'000	2018 €'000
AFB SAM Holdings, S.L.	2,222	-
Total dividend income from investment in associates	2,222	-
Income from other investments (dividends)	2019 €'000	2018 €'000
Santander Asset Management S.A. Administradora General de Fondos	2	1
Total dividend income from other investments	2	1

In addition to the above, €30,195,000 (2018: €14,700,000) cash and cash equivalents were held with Santander UK plc.

13. Capital management and resources

The Company's Board of Directors manages its capital with the support of its immediate parent company and ensures that capital resources are appropriately monitored and controlled within internal limits. The finance team prepares cash flow forecasts to assess that sufficient funds are available within the Company's bank account to make operational payments. Assessment of insufficient funds is communicated back to the Board to decide and execute further funding arrangements.

The Company is not regulated by the FCA, and therefore has no ICAAP requirements.

14. Parent undertaking and controlling party

The Company's immediate parent company is SAM Investment Holdings Limited, a company incorporated in Jersey. Copies of the financial statements of SAM investment Holdings Limited can be obtained from the Company Secretary, Maurant, 22 Grenville Street, St Helier, Jersey, JE4 8PX, Channel Islands.

During the year €115,000,000 were paid to its parent company. The Directors do not recommend the payment of a final dividend (2018: nil).

The ultimate parent undertaking and controlling party is Banco Santander S.A., a company registered in Spain. Banco Santander S.A. is the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

The financial statements of Santander Asset Management UK Holdings Limited are filed with Companies House in the United Kingdom together with the financial statements of Banco Santander S.A.. As a result of this the Company is exempt from preparing and delivering consolidated financial statements in accordance with Companies Act 2006, section 401. Copies of all sets of Banco Santander S.A.'s group financial statements, which include the results of the Company, are available from its corporate website (www.santander.com).

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Notes to the Financial Statements (continued)

15. Subsequent events

The Company is seeking acquisition of two new subsidiary entities, subject to regulatory approval. These are Santander Asset Management SGOIC S.A. and Popular Gestao de Activos SGOIC, S.A.. The Company has enough liquidity to execute those transactions.