

**Santander Multi-Manager OEIC**

**Final Short Report**  
**for the year ended 1 December 2013**

This document contains the Final Short Report of the sub-funds of the Santander Multi-Manager OEIC for the year ended 1 December 2013.

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Santander Multi-Manager OEIC (the Company) is an open-ended investment company with variable capital, incorporated in England and Wales and authorised by the Financial Conduct Authority (FCA).

The Authorised Corporate Director (ACD) of the Company is Santander Asset Management UK Limited, which is a private limited liability company incorporated in Scotland and is a wholly owned subsidiary of SAM Investment Holdings Limited.

The ACD currently acts as Investment Adviser to the sub-funds. The fees payable to the Investment Adviser are included within the ACD's periodic charge.

#### **Significant Changes During the Period**

With effect from 30 September 2013, Santander Asset Management UK changed the name of Balanced to Santander Atlas Portfolio 4, Cautious to Santander Atlas Portfolio 3, Equity to Santander Atlas Portfolio 7 and Growth to Santander Atlas Portfolio 5. These names were changed to reflect the global nature of the investments held within the sub-funds, and to reflect the global scale and strength of Santander.

#### **Fundamental Changes During the Period**

The investment objective and policy of each of these sub-funds was also changed. These changes were approved by the shareholders at an Extraordinary General Meeting on 30 September 2013. The reason was to give greater clarity as to the purpose and aims of the sub-funds, by separating out the investment objective from the investment policy. In addition the change was made to enable a broader spread of investments to be held by the sub-funds including other assets such as commercial property, commodities and absolute return funds.

#### **Additional Information**

On 4 December 2013 the immediate holding company of Santander Asset Management UK Limited, changed from Santander Asset Management UK Holdings Limited to SAM Investment Holdings Limited.

SAM Investment Holdings Limited will have the same duties and responsibilities as Santander Asset Management UK Holdings Limited and this change will have no impact on the way the Fund is operated.

Please note that past performance is not necessarily a guide to the future. The price of shares and any income from them can fall as well as rise and you may not get back the amount you originally invested. Significant changes in interest rates could also affect the value of your investment and any foreign investments will be affected by fluctuations in rates of currency exchange. Investment in a sub-fund should generally be viewed as a long-term investment. Please refer to the Key Investor Information Document for a full explanation of the risk warnings. The most recent Key Investor Information Document may be obtained by calling us on 0845 6000 181. Santander Asset Management UK Limited only provides information about its own products and will not give individual independent advice. Should you wish to seek advice, then please contact an Independent Financial Adviser.

If you have any questions about your investment with us, would like further information or would like to obtain a copy of the Long Form Report and Accounts, please call 0845 6000 181. Our lines are open 8am to 6pm Monday to Friday and 8am to 4pm on Saturday. Calls may be recorded or monitored.

# Santander Atlas Portfolio 4 (formerly Balanced)

## Fund Facts

### Investment Objective

The sub-fund's objective is to increase the value of investment through a combination of income and capital growth. The ACD will achieve this whilst targeting a lower to moderate level of volatility over the longer term.

### Investment Policy and Strategy

The sub-fund invests in regulated collective investment schemes, as well as cash. These schemes (the 'underlying funds') are selected according to our assessment of the performance and risk characteristics of the sub-fund, the underlying fund manager's investment process, and the strength of the management team.

The underlying funds predominantly invest in bonds and global equities. In addition underlying funds may be selected which invest in commercial property and commodities. Underlying funds may also be selected which aim to generate returns that are specified in fixed percentage terms, or which have return targets relative to cash. Funds that are managed passively (for example to track a particular stock market index) may also be selected.

### Investment Adviser

Santander Asset Management UK Limited

## Fund Profile

### Portfolio of Investments

Spread of investments	% of total net assets as at 01/12/13	% of total net assets as at 01/12/12
Collective Investment Schemes	92.27	99.39
Futures	0.02	0.00
Net other assets	7.71	0.61
<b>Total net assets</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

### Major Holdings

The top 10 holdings at the end of this period and the previous period are shown below.

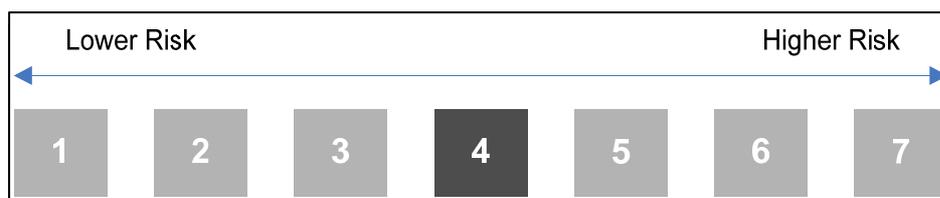
Holding	% of sub-fund as at 01/12/13	Holding	% of sub-fund as at 01/12/12
Royal London UK All Share Tracker Z	6.66	Fidelity MoneyBuilder Income A	9.10
Insight Investment Discretionary Fund	6.47	Insight Investment Discretionary Fund	8.96
BNY Mellon Absolute Return Equity Fund	6.42	M&G Optimal Income A	7.35
Henderson UK Absolute Return	5.96	Santander UK Growth Unit Trust	7.26
JPMorgan Income Opportunity A	5.54	Santander Sterling Government Bond Fund	6.66
BlackRock Corporate Bond Tracker D	5.34	BlackRock UK Equity Fund A	6.65
Kames High Yield Bond	5.16	Santander Corporate Bond Fund	5.36
BlackRock North American Equity Tracker D	4.31	Legal & General Dynamic Bond Trust	5.12
M&G Optimal Income Fund A	4.25	iShares – Europe ex-UK	4.86
Jupiter Strategic Bond	4.12	JP Morgan US Select Equity C Income	4.22

## Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks will include risks of bankruptcy of companies held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

# Santander Atlas Portfolio 4 (formerly Balanced)

## Risk and Reward indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication for the future risk profile of the sub-fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Fund Performance

Percentage Price Change from 30 November 2012 to 29 November 2013	
Santander Atlas Portfolio 4 Ret Acc	+11.94%
27.5% FTSE All Share TR/ 9.2% FT World Europe ex UK/ 9.2% FT World USA/3.7% FT World Japan/5.5% FT All World Asia Pacific ex Japan/ 33.75% IBOXX £ Non Gilts/11.25% FT All Stocks Gilt	+12.19%

Source Lipper - bid to bid, net of fees, net income reinvested.

Past performance is not a guarantee of future performance. The value of investments and the revenue from them can go down as well as up and investors may not get back the amount originally invested.

The sub-fund delivered a positive return of 11.94%, slightly outperformed by its composite benchmark (27.5% FTSE All Share TR/ 9.2% FT World Europe ex UK/ 9.2% FT World USA/3.7% FT World Japan/5.5% FT All World Asia Pacific ex Japan/ 33.75% IBOXX £ Non Gilts/11.25% FT All Stocks Gilt) which returned 12.19% over the same period.

### Market Review

During the final month of 2012, both global equity and bond markets delivered positive returns despite emerging concerns in the UK of a higher than desired inflation rate. Elsewhere; improvements were seen in China's industrial production, retail sales and the Manufacturing sector. Whilst in Europe, it was revealed that the Eurozone had slipped back into recession during the third quarter of 2012. With regards to bond markets, corporate bonds outperformed UK Government bonds due to the health of Corporate sector balance sheets.

At the start of 2013 investors' risk appetite rose, driven largely by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. As a result, corporate and government bonds posted negative returns at the beginning of the year as equities became more desirable. However, the level of optimism was diminished as a number of European events affected risk appetite. The bailout dilemma in Cyprus, Italy's rejection of the austerity policies demanded by the European Central Bank and International Monetary Fund and weak manufacturing data in Germany and the UK reignited worries over growth prospects in Europe. It was reported that the UK economy had contracted during the final quarter of 2012. This combination of events triggered a 'risk off' environment, in which investors moved away from equities and, as a result, helped bond markets recoup some of their earlier losses.

During the beginning of summer, concerns emerged after the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in a sell-off in both equity and bond markets as a wave of uncertainty spread across the financial environment.

# Santander Atlas Portfolio 4 (formerly Balanced)

## Fund Performance (continued)

### Market Review (continued)

Positive employment data for October and November from the US enabled the majority of global equity markets to outperform bonds. In the UK, improvements in housing and manufacturing data provided an additional boost to equity and bond markets. European markets also performed strongly following confirmation that the Eurozone had emerged from recession during the second quarter of 2013. At the end of the period under review, both corporate and government bonds started to deliver positive returns. The US Federal Reserve did not announce any changes to its monetary policy during the latter months of the year. However, Investors' concerns remain heightened as a US Government shutdown lasted for nearly three weeks. During this shutdown, financial decisions were postponed; leaving investors in the dark.

### Investment Outlook

Looking ahead, although we are moderately positive about the market environment, we are maintaining our cautious investment approach. We believe that the majority of equity markets will continue to make gains over the medium term as the global growth environment has recently improved. We anticipate that developed markets (US, UK, Japan, and Europe) will continue to outperform developing markets (such as Asia). It is also expected that the uncertainty regarding the US Federal Reserve policies will remain crucial to market characteristics. We believe that demand for bonds will reduce and as a result, the returns from bond funds are expected to be lower than those experienced in the past few years. We anticipate that corporate bonds will continue to outperform government bonds as the corporate sector remains healthy, particularly from a balance sheet perspective.

## Summary of Accounts

Accounting Dates	Distribution Payment Dates
1 June / 1 December	1 February / 1 May / 1 August / 1 November

### Distribution Statement

On 1 February 2014 a final distribution of 0.2735p per share will be reinvested on behalf of Institutional accumulation shareholders, 0.7623p per share will be reinvested on behalf of Retail accumulation shareholders. There will be no final distribution payment to Retail income shareholders.

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the ACD's periodic charge, but also includes the costs for other services paid in respect of Depository, custody, FCA, publication, audit fees and transaction charges. Collectively these fees are known as other expenses.

The sub-fund has invested primarily in Collective Investment Schemes and the fees incurred by the schemes in relation to the sub-fund are disclosed in the following table as synthetic OCF. The synthetic OCF includes percentage rebates from holdings in Collective Investment Schemes.

Expense Type	2013	2012
<b>Retail income</b>		
ACD's periodic charge	0.80%	0.80%
Synthetic OCF	0.51%	0.60%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.34%	1.43%
<b>Retail accumulation</b>		
ACD's periodic charge	0.80%	0.80%
Synthetic OCF	0.51%	0.60%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.34%	1.43%
<b>Institutional accumulation*</b>		
ACD's periodic charge	0.40%	n/a
Synthetic OCF	0.51%	n/a
Other expenses	0.00%	n/a
Ongoing charges figure	0.91%	n/a

\* The Institutional accumulation share class commenced on 30 September 2013.

# Santander Atlas Portfolio 4 (formerly Balanced)

## Summary of Accounts (continued)

### Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value (£)
1 December 2011	Retail income	107.0	3,084,526	3,300,254
	Retail accumulation	136.3	155,627,664	212,187,117
1 December 2012	Retail income	116.1	2,855,134	3,313,563
	Retail accumulation	151.2	135,693,359	205,154,013
1 December 2013	Retail income	124.9	2,807,898	3,507,977
	Retail accumulation	169.2	126,726,391	214,383,405
	Institutional accumulation*	152.6	6,667	10,175

### Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Retail income	122.3	87.02	4.2529
	Institutional income*	125.0	111.8	2.0269
	Retail accumulation	137.3	100.8	4.8385
	Institutional accumulation*	139.5	126.1	2.2744
2009	Retail income	106.2	81.09	3.1916
	Retail accumulation	128.4	96.16	3.7834
2010	Retail income	114.0	102.3	3.0149
	Retail accumulation	141.5	124.7	3.6570
2011	Retail income	115.7	102.4	2.7263
	Retail accumulation	145.1	129.7	3.4213
2012	Retail income	117.2	108.1	2.5038
	Retail accumulation	152.8	138.1	3.2165
2013**	Retail income	1.308	1.171	3.5099
	Retail accumulation	1.712	1.527	3.6692
	Institutional accumulation*	1.542	1.494	0.2735

\* The Institutional income and the Institutional accumulation share classes closed on 11 June 2008, however a new Institutional accumulation share class commenced on 30 September 2013

\*\* To 1 December 2013

# Balanced International Tracking

## Fund Facts

### Investment Objective

The sub-fund's investment objective is to provide a long term balanced return of capital and income growth through investment predominantly in a range of global equity and bond index tracker funds.

### Investment Policy and Strategy

The sub-fund will be invested in regulated collective investment schemes to provide an internationally diversified portfolio of equities and bonds. The investment adviser may also invest in schemes that invest in other transferable securities, deposits and money market instruments, if in the opinion of the investment adviser they are appropriate to achieve the objective of the sub-fund. The sub-fund will invest in schemes which are managed passively and actively including any combination of schemes which are run on full replication, partial replication, representative sampling or other techniques that seek to achieve a return in line with a representative index for a particular market before charges. The investment adviser will allocate the sub-fund's property to such schemes in a proportion that in the opinion of the investment adviser is appropriate in meeting the sub-fund's objective.

Derivatives were used during this review period in order to secure efficient portfolio management. The sub-fund holds no derivatives that could impact the value of the sub-fund significantly. We did not utilise the sub-fund's borrowing facility other than to facilitate timely settlement of stock purchases.

### Investment Adviser

Santander Asset Management UK Limited

## Fund Profile

### Portfolio of Investments

Spread of investments	% of total net assets as at 01/12/13	% of total net assets as at 01/12/12
Collective Investment Schemes	91.61	91.99
Futures	0.02	0.01
Net other assets	8.37	8.00
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Major Holdings

The top holdings at the end of this period and the previous period are shown below.

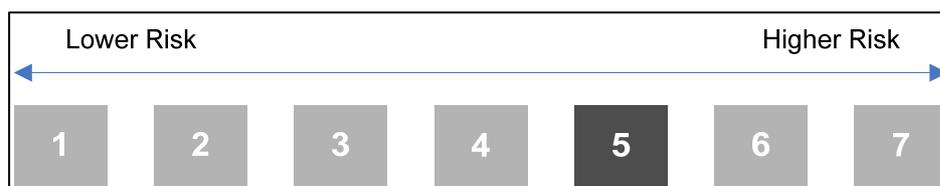
Holding	% of sub-fund as at 01/12/13	Holding	% of sub-fund as at 01/12/12
Santander Stockmarket 100 Tracker Growth Unit Trust	30.33	Santander Stockmarket 100 Tracker Growth Unit Trust	30.95
BlackRock North American Equity Tracker D	24.00	BlackRock North American Equity Tracker D	24.03
BlackRock Corporate Bond Tracker D	15.39	BlackRock Corporate Bond Tracker D	16.89
BlackRock Continental Europe Equity Tracker D	9.17	BlackRock Continental Europe Equity Tracker D	8.82
BlackRock Japan Equity Tracker D	6.79	BlackRock Japan Equity Tracker D	5.92
BlackRock UK Gilts All Stocks Tracker D	5.93	BlackRock UK Gilts All Stocks Tracker D	5.38
FTSE 100 Stock Index Dec '13	0.02		

## Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks will include risks of bankruptcy of companies held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

# Balanced International Tracking

## Risk and Reward indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication for the future risk profile of the sub-fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Fund Performance

Percentage Price Change from 30 November 2012 to 29 November 2013	
Santander Multi-Manager Balanced International Tracking OEIC	+15.12%
IMA Mixed Investment 40-85% Shares	+14.93%
37.5% FTSE All Share TR/ 8.6% FT World Europe ex UK/ 22.8% FT World USA / 6.1% FT World Japan/ 15% IBOXX £ Non Gilts/ 10% FT All Stocks Gilt	+17.87%

*Source Lipper - bid to bid, net of fees, net income reinvested.*

*Past performance is not a guarantee of future performance. The value of investments and the revenue from them can go down as well as up and investors may not get back the amount originally invested.*

The sub-fund delivered a positive return of 15.12%, outperforming its benchmark (Mixed Investment 40-85% Shares) which returned 14.93% over the same period. The sub-fund was outperformed by its composite benchmark (37.5% FTSE All Share TR/ 8.6% FT World Europe ex UK/ 22.8% FT World USA/6.1% FT World Japan/ 15% IBOXX £ Non Gilts/10% FT All Stocks Gilt) which returned 17.87%.

### Market Review

During the final month of 2012, both global equity and bond markets delivered positive returns despite emerging concerns in the UK of a higher than desired inflation rate. Elsewhere; improvements were seen in China's industrial production, retail sales and the Manufacturing sector. Whilst in Europe, it was revealed that the Eurozone had slipped back into recession during the third quarter of 2012. With regards to bond markets, corporate bonds outperformed UK Government bonds due to the health of Corporate sector balance sheets.

At the start of 2013 investors' risk appetite rose, driven largely by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. As a result, corporate and government bonds posted negative returns at the beginning of the year as equities became more desirable. However, the level of optimism was diminished as a number of European events affected risk appetite. The bailout dilemma in Cyprus, Italy's rejection of the austerity policies demanded by the European Central Bank and International Monetary Fund and weak manufacturing data in Germany and the UK reignited worries over growth prospects in Europe. It was reported that the UK economy had contracted during the final quarter of 2012. This combination of events triggered a 'risk off' environment, in which investors moved away from equities and, as a result, helped bond markets recoup some of their earlier losses.

# Balanced International Tracking

## Fund Performance (continued)

### Market Review (continued)

During the beginning of summer, concerns emerged after the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in a sell-off in both equity and bond markets as a wave of uncertainty spread across the financial environment.

Positive employment data for October and November from the US enabled the majority of global equity markets to outperform bonds. In the UK, improvements in housing and manufacturing data provided an additional boost to equity and bond markets. European markets also performed strongly following confirmation that the Eurozone had emerged from recession during the second quarter of 2013. At the end of the period under review, both corporate and government bonds started to deliver positive returns. The US Federal Reserve did not announce any changes to its monetary policy during the latter months of the year. However, Investors' concerns remain heightened as a US Government shutdown lasted for nearly three weeks. During this shutdown, financial decisions were postponed; leaving investors in the dark.

### Investment Outlook

Looking ahead, although we are moderately positive about the market environment, we are maintaining our cautious investment approach. We believe that the majority of equity markets will continue to make gains over the medium term as the global growth environment has recently improved. We anticipate that developed markets (US, UK, Japan, and Europe) will continue to outperform developing markets (such as Asia). It is also expected that the uncertainty regarding the US Federal Reserve policies will remain crucial to market characteristics. We believe that demand for bonds will reduce and as a result, the returns from bond funds are expected to be lower than those experienced in the past few years. We anticipate that corporate bonds will continue to outperform government bonds as the corporate sector remains healthy, particularly from a balance sheet perspective.

## Summary of Accounts

Accounting Dates	Distribution Payment Dates
1 June / 1 December	1 February / 1 August

### Distribution Statement

On 1 February 2014 a final distribution payment of 1.4329p per share will be reinvested on behalf of Retail accumulation shareholders.

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the ACD's periodic charge. Safe custody, audit, publication & FCA fees are borne by the ACD. The OCF expenses incurred by the underlying funds, the synthetic OCF, are rebated back to the sub-fund by the ACD.

Expense Type	2013	2012
<b>Retail accumulation</b>		
ACD's periodic charge	1.50%	1.50%
Ongoing charges figure	1.50%	1.50%

# Balanced International Tracking

## Summary of Accounts (continued)

### Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value (£)
1 December 2011	Retail accumulation	196.1	83,614,503	163,986,045
1 December 2012	Retail accumulation	214.3	88,102,040	188,794,236
1 December 2013	Retail accumulation	246.8	92,334,330	227,912,059

### Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Retail accumulation	193.4	141.5	3.2128
2009	Retail accumulation	185.7	134.8	2.7606
2010	Retail accumulation	203.4	175.9	1.0880
2011	Retail accumulation	208.3	183.4	1.6717
2012	Retail accumulation	216.7	196.8	2.0399
2013*	Retail accumulation	249.6	215.9	2.2134

\* To 1 December 2013

# Bond Monthly Income

## Fund Facts

### Investment Objective

The sub-fund's investment objective is to invest in regulated collective investment schemes which aim to achieve a better return than that available from cash over the long term.

### Investment Policy and Strategy

The sub-fund's investment objective is to invest through a portfolio that is invested in bonds.

### Investment Adviser

Santander Asset Management UK Limited

## Fund Profile

### Portfolio of Investments

Spread of investments	% of total net assets as at 01/12/13	% of total net assets as at 01/12/12
Collective Investment Schemes	97.10	99.46
Net other assets	<u>2.90</u>	<u>0.54</u>
<b>Total net assets</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

### Major Holdings

The top holdings at the end of this period and the previous period are shown below.

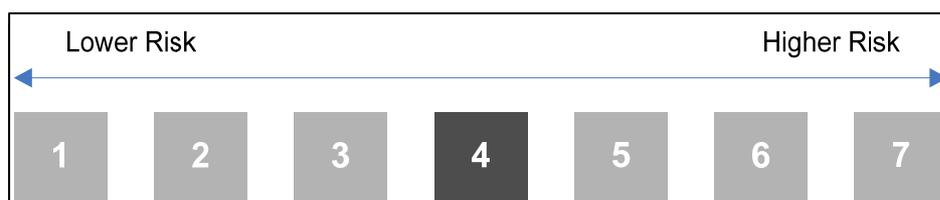
Holding	% of sub-fund as at 01/12/13	Holding	% of sub-fund as at 01/12/12
Santander Corporate Bond Fund	17.41	Santander Sterling Government Bond Fund	21.96
Santander Sterling Government Bond Fund	13.97	Santander Corporate Bond Fund	20.12
Insight Investment Discretionary Fund	9.52	Insight Investment Discretionary Fund	9.97
Fidelity MoneyBuilder Income D	9.42	Fidelity MoneyBuilder Income D	9.34
Jupiter Strategic Bond Fund	8.76	Jupiter Strategic Bond Fund	9.31
Kames Investment Grade Bond Fund	8.20	M&G Corporate Bond Fund	8.27
Legg Mason Brandywine Global Opportunistic Fixed Income Fund	7.64	Kames Investment Grade Bond Fund	7.56
M&G Corporate Bond Fund	7.54	Legal & General Dynamic Bond Trust	6.08
Legal & General Dynamic Bond Trust	7.32	M&G Strategic Corporate Bond Fund A	5.50
M&G Strategic Corporate Bond Fund A	3.71	BlackRock Corporate Bond Tracker D	1.35
Kames Strategic Bond B Fund	3.61		

## Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks will include risks of bankruptcy of corporate bonds held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

# Bond Monthly Income

## Risk and Reward indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication for the future risk profile of the sub-fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Fund Performance

Percentage Price Change from 30 November 2012 to 29 November 2013	
Santander Multi-Manager Bond Monthly Income OEIC	+0.36%
IMA £ Strategic Bond (MEDIAN)	+4.53%
75% IBOXX £ Non Gilts/25% FT All Stocks Gilt	+0.66%

Source Lipper - bid to bid, net of fees, net income reinvested.

Past performance is not a guarantee of future performance. The value of investments and the revenue from them can go down as well as up and investors may not get back the amount originally invested.

The sub-fund delivered a positive return of 0.36%, outperformed by its benchmark (IMA £ Strategic Bond (MEDIAN)) which returned 4.53% over the same period. The sub-fund was outperformed by its composite benchmark (75% IBOXX £ Non Gilts/25% FT All Stocks Gilt) which returned 0.66%.

### Market Review

During the final month of 2012, bond markets delivered positive returns despite emerging concerns in the UK of a higher than desired inflation rate. With regards to bond markets, corporate bonds outperformed UK Government bonds due to the health of Corporate sector balance sheets.

At the start of 2013 investors' risk appetite increased, driven largely by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. As a result, corporate and government bonds posted negative returns at the beginning of the year as equities became more desirable.

The Chancellor of the Exchequer announced a cut to growth forecasts. This was closely followed by the news that the UK economy had contracted in the final quarter of 2012. This triggered a 'risk off' environment, in which investors moved away from equities and, as a result, helped bond markets recoup some of their earlier losses.

During the beginning of summer, concerns emerged after the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in a sell-off in UK bond markets as a wave of uncertainty spread across the financial environment; damaging bond yields.

Continuing to dominate financial markets was the growing uncertainty surrounding when the US Federal Reserve would alter its monetary policies. This damaged bond markets as investors' risk appetite increased along with confidence within the market. At the end of the period under review, the US Federal Reserve did not announce any changes to its monetary policy, and it was revealed that the Eurozone had officially left recession. This provided some stability to bond markets in comparison to earlier in the year. As a result, both corporate and government bonds started to deliver positive returns.

# Bond Monthly Income

## Fund Performance (continued)

### Investment Outlook

Looking ahead, our investment approach remains cautious. As economic growth continues to recover, it is likely that central banks will now raise interest rates over the medium term, and latest forecasts suggest the demand for bonds will reduce. As a result, the returns from bond funds are expected to be lower than those experienced in the past few years. This situation is expected to continue for the foreseeable future. Although returns will be subdued, they should continue to be positive on a total returns basis (i.e. capital plus income). We anticipate that corporate bonds will continue to outperform government bonds as the corporate sector remains healthy, particularly from a balance sheet perspective.

## Summary of Accounts

Accounting Dates	Distribution Payment Dates
1 June / 1 December	Monthly on 1 <sup>st</sup> of each month

### Distribution Statement

On 1 January 2014 a final distribution of 0.3328p per share was paid to Retail income shareholders and 0.4405p per share was reinvested on behalf of Retail accumulation shareholders.

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the ACD's periodic charge, but also includes the costs for other services paid in respect of Depository, custody, FCA, publication, audit fees and transaction charges. Collectively these fees are known as other expenses.

The sub-fund has invested primarily in Collective Investment Schemes and the fees incurred by the schemes in relation to the sub-fund are disclosed in the following table as synthetic OCF. The synthetic OCF includes percentage rebates from holdings in Collective Investment Schemes.

Expense Type	2013	2012
<b>Retail income</b>		
ACD's periodic charge	0.50%	0.50%
Synthetic OCF	0.47%	0.49%
Other expenses	0.10%	0.09%
Ongoing charges figure	1.07%	1.08%
<b>Retail accumulation</b>		
ACD's periodic charge	0.50%	0.50%
Synthetic OCF	0.47%	0.49%
Other expenses	0.10%	0.09%
Ongoing charges figure	1.07%	1.08%

# Bond Monthly Income

## Summary of Accounts (continued)

### Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
1 December 2011	Retail income	84.25	13,040,010	10,986,843
	Retail accumulation	117.2	10,557,753	12,375,838
1 December 2012	Retail income	91.25	11,852,408	10,815,453
	Retail accumulation	131.2	8,354,489	10,962,665
1 December 2013	Retail income	88.94	10,657,374	9,478,311
	Retail accumulation	131.6	6,825,547	8,984,306

### Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Retail income	94.21	76.99	4.4171
	Retail accumulation	111.5	95.10	5.3272
	Institutional income*	94.94	88.90	2.3196
	Institutional accumulation	112.6	95.58	5.3687
2009	Retail income	83.01	69.06	3.0150
	Retail accumulation	107.4	86.95	3.8152
	Institutional accumulation	107.8	87.39	3.8396
2010	Retail income	86.88	81.42	3.0845
	Retail accumulation	116.0	105.8	4.0570
	Institutional accumulation**	110.4	106.2	1.8380
2011	Retail income	86.71	81.69	2.9043
	Retail accumulation	120.3	110.4	3.9624
2012	Retail income	91.74	86.13	2.8596
	Retail accumulation	131.7	120.1	3.5880
2013***	Retail income	93.69	87.84	2.6028
	Retail accumulation	136.1	128.6	3.7835

\* The institutional income share class closed on 11 June 2008

\*\* The institutional accumulation share class closed on 18 May 2010

\*\*\* To 1 December 2013

# Santander Atlas Portfolio 3 (formerly Cautious)

## Fund Facts

### Investment Objective

The sub-fund's investment objective is to increase the value of your investment through a combination of income and capital growth. The ACD will achieve this whilst targeting a lower level of volatility over the longer term.

### Investment Policy and Strategy

The sub-fund invests in regulated collective investment schemes, as well as cash. These schemes (the 'underlying funds') are selected according to our assessment of the performance and risk characteristics of the sub-fund, the underlying fund manager's investment process, and the strength of the management team.

The underlying funds predominantly invest in bonds and global equities, generally with a higher exposure to bonds. In addition underlying funds may be selected which invest in commercial property and commodities. Underlying funds may also be selected which aim to generate returns that are specified in fixed percentage terms, or which have return targets relative to cash. Funds that are managed passively (for example to track a particular stock market index) may also be selected.

### Investment Adviser

Santander Asset Management UK Limited

## Fund Profile

### Portfolio of Investments

Spread of investments	% of total net assets as at 01/12/13	% of total net assets as at 01/12/12
Collective Investment Schemes	99.86	99.74
Net other assets	<u>0.14</u>	<u>0.26</u>
<b>Total net assets</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

### Major Holdings

The top 10 holdings at the end of this period and the previous period are shown below.

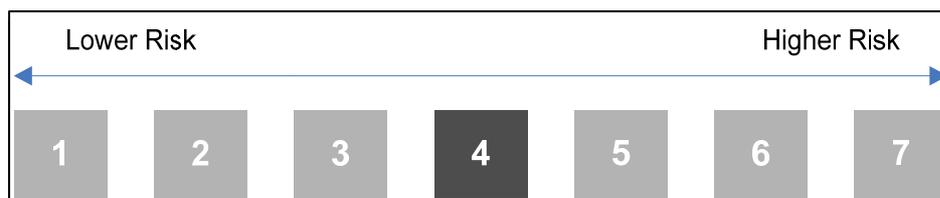
Holding	% of sub-fund as at 01/12/13	Holding	% of sub-fund as at 01/12/12
Vanguard UK Government Bond	8.90	Santander Sterling Government Bond Fund	15.36
BlackRock Corporate Bond Tracker D	8.35	Santander Corporate Bond Fund	12.31
Insight Investment Discretionary Fund	5.82	Fidelity MoneyBuilder Income D	9.19
Kames High Yield Bond	5.71	Insight Investment Discretionary Fund	8.94
Legg Mason Brandywine Global Opportunistic Fixed Income Fund	5.66	M&G Optimal Income Fund A	8.92
Royal London UK All Share Tracker Z	5.55	Jupiter Strategic Bond Fund	7.59
M&G Optimal Income Fund A	5.54	BlackRock Corporate Bond Tracker D	7.46
BNY Mellon Absolute Return Equity Fund	5.48	Legal & General Dynamic Bond Trust	5.65
Fidelity MoneyBuilder Income D	5.45	JP Morgan US Select Equity Fund C	3.76
Insight UK Government All Maturities Bond Fund	4.82	Kames UK Equity Fund B	3.75

## Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks will include risks of bankruptcy of companies held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

# Santander Atlas Portfolio 3 (formerly Cautious)

## Risk and Reward indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication for the future risk profile of the sub-fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Fund Performance

Percentage Price Change from 30 November 2012 to 29 November 2013	
Santander Atlas Portfolio 3 Ret Acc	+4.75%
10% FTSE All Share TR/3.3% FT World Europe ex UK/3.3% FT World USA/1.3% FT World Japan/2% FT All World Asia Pacific ex Japan/60% IBOXX £ Non Gilts/20% FT All Stocks Gilt	+4.81%

*Source Lipper - bid to bid, net of fees, net income reinvested.*

*Past performance is not a guarantee of future performance. The value of investments and the revenue from them can go down as well as up and investors may not get back the amount originally invested.*

The sub-fund delivered a positive return of 4.75%, narrowly outperformed by its composite benchmark (10% FTSE All Share TR/3.3% FT World Europe ex UK/3.3% FT World USA/1.3% FT World Japan/2% FT All World Asia Pacific ex Japan/ 60% IBOXX £ Non Gilts/20% FT All Stocks Gilt) which returned 4.81% over the same period.

### Market Review

During the final month of 2012, both global equity and bond markets delivered positive returns despite emerging concerns in the UK of a higher than desired inflation rate. Elsewhere; improvements were seen in China's industrial production, retail sales and the Manufacturing sector. Whilst in Europe, it was revealed that the Eurozone had slipped back into recession during the third quarter of 2012. With regards to bond markets, corporate bonds outperformed UK Government bonds due to the health of Corporate sector balance sheets.

At the start of 2013 investors' risk appetite rose, driven largely by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. As a result, corporate and government bonds posted negative returns at the beginning of the year as equities became more desirable. However, the level of optimism was diminished as a number of European events affected risk appetite. The bailout dilemma in Cyprus, Italy's rejection of the austerity policies demanded by the European Central Bank and International Monetary Fund and weak manufacturing data in Germany and the UK reignited worries over growth prospects in Europe. It was reported that the UK economy had contracted during the final quarter of 2012. This combination of events triggered a 'risk off' environment, in which investors moved away from equities and, as a result, helped bond markets recoup some of their earlier losses.

During the beginning of summer, concerns emerged after the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in a sell-off in both equity and bond markets as a wave of uncertainty spread across the financial environment.

# Santander Atlas Portfolio 3 (formerly Cautious)

## Fund Performance (continued)

Positive employment data for October and November from the US enabled the majority of global equity markets to outperform bonds. In the UK, improvements in housing and manufacturing data provided an additional boost to equity and bond markets. European markets also performed strongly following confirmation that the Eurozone had emerged from recession during the second quarter of 2013. At the end of the period under review, both corporate and government bonds started to deliver positive returns. The US Federal Reserve did not announce any changes to its monetary policy during the latter months of the year. However, Investors' concerns remain heightened as a US Government shutdown lasted for nearly three weeks. During this shutdown, financial decisions were postponed; leaving investors in the dark.

### Investment Outlook

Looking ahead, although we are moderately positive about the market environment, we are maintaining our cautious investment approach. We believe that the majority of equity markets will continue to make gains over the medium term as the global growth environment has recently improved. We anticipate that developed markets (US, UK, Japan, and Europe) will continue to outperform developing markets (such as Asia). It is also expected that the uncertainty regarding the US Federal Reserve policies will remain crucial to market characteristics. We believe that demand for bonds will reduce and as a result, the returns from bond funds are expected to be lower than those experienced in the past few years. We anticipate that corporate bonds will continue to outperform government bonds as the corporate sector remains healthy, particularly from a balance sheet perspective.

## Summary of Accounts

Accounting Dates	Distribution Payment Dates
1 June / 1 December	1 February / 1 May / 1 August / 1 November

### Distribution Statement

On 1 February 2014 a final distribution of 0.3928p per share will be paid to Retail income shareholders, 0.5519p per share reinvested on behalf of Retail accumulation shareholders and 0.2934p per share reinvested on behalf of Institutional accumulation shareholders.

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the ACD's periodic charge, but also includes the costs for other services paid in respect of Depository, custody, FCA, publication, audit fees and transaction charges. Collectively these fees are known as other expenses.

The sub-fund has invested primarily in Collective Investment Schemes and the fees incurred by the schemes in relation to the sub-fund are disclosed in the following table as synthetic OCF. The synthetic OCF includes percentage rebates from holdings in Collective Investment Schemes.

Expense Type	2013	2012
<b>Retail income</b>		
ACD's periodic charge	0.80%	0.80%
Synthetic OCF	0.50%	0.51%
Other expenses	0.05%	0.05%
Ongoing charges figure	1.35%	1.36%
<b>Retail accumulation</b>		
ACD's periodic charge	0.80%	0.80%
Synthetic OCF	0.50%	0.51%
Other expenses	0.05%	0.05%
Ongoing charges figure	1.35%	1.36%
<b>Institutional accumulation*</b>		
ACD's periodic charge	0.40%	n/a
Synthetic OCF	0.50%	n/a
Other expenses	0.00%	n/a
Ongoing charges figure	0.90%	n/a

\* The Institutional accumulation share class commenced on 30 September 2013

# Santander Atlas Portfolio 3 (formerly Cautious)

## Summary of Accounts (continued)

### Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
1 December 2011	Retail income	89.93	4,137,429	3,720,879
	Retail accumulation	120.0	47,235,167	56,664,535
1 December 2012	Retail income	97.14	3,800,072	3,691,363
	Retail accumulation	132.9	39,850,690	52,969,234
1 December 2013	Retail income	99.37	3,426,596	3,405,083
	Retail accumulation	139.1	36,754,433	51,141,338
	Institutional accumulation*	151.6	6,667	10,108

### Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Retail income	102.9	80.63	4.3183
	Retail accumulation	118.6	96.36	5.0586
	Institutional income*	104.5	96.02	2.2407
	Institutional accumulation*	120.8	112.8	2.6041
2009	Retail income	89.64	73.07	2.9841
	Retail accumulation	111.6	89.75	3.6744
2010	Retail income	94.01	88.31	2.9670
	Retail accumulation	120.8	110.5	3.7457
2011	Retail income	92.78	88.66	2.7730
	Retail accumulation	122.4	117.4	3.6326
2012	Retail income	97.87	91.68	2.4235
	Retail accumulation	134.1	122.4	3.2655
2013**	Retail income	103.8	96.99	2.3165
	Retail accumulation	142.9	133.8	3.2053
	Institutional accumulation*	153.2	149.7	0.2934

\* The institutional income and institutional accumulation share classes closed on 11 June 2008, however a new accumulation share class commenced on 30 September 2013

\*\* To 1 December 2013

# Santander Atlas Portfolio 7 (formerly Equity)

## Fund Facts

### Investment Objective

The sub-fund's investment objective is to increase the value of your investment through a combination of income and capital growth. The ACD will achieve this whilst targeting a higher level of volatility over the longer term.

### Investment Policy and Strategy

The sub-fund invests in regulated collective investment schemes, as well as cash. These schemes (the 'underlying funds') will be selected according to our assessment of the performance and risk characteristics of the sub-fund, the underlying fund manager's investment process, and the strength of the management team.

The underlying funds will predominantly invest in global equities. In addition underlying funds may be selected which invest in commercial property and commodities. Underlying funds may also be selected which aim to generate returns that are specified in fixed percentage terms, or which have return targets relative to cash. Funds that are managed passively (for example to track a particular stock market index) may also be selected.

### Investment Adviser

Santander Asset Management UK Limited

## Fund Profile

### Portfolio of Investments

Spread of investments	% of total net assets as at 01/12/13	% of total net assets as at 01/12/12
Collect Investment Schemes	91.76	99.06
Futures	0.02	0.00
Net other assets	8.22	0.94
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Major Holdings

The top 10 holdings at the end of this period and the previous period are shown below.

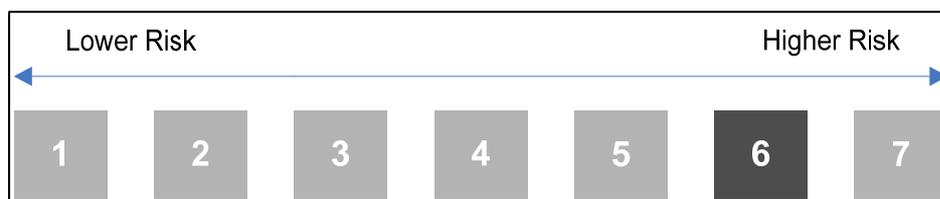
Holding	% of sub-fund as at 01/12/13	Holding	% of sub-fund as at 01/12/12
Royal London UK All Share Tracker Z	8.55	Santander UK Growth Unit Trust	11.99
iShares – MSCI Europe Ex-UK	7.32	BlackRock UK Equity A	8.44
Nomura Japan Strategic Value Fund Class I	6.65	iShares – MSCI Europe Ex-UK	7.61
Kames UK Equity Fund B	6.56	JP Morgan US Select Equity Fund C	7.21
BlackRock Collective Emerging Markets Equity Tracker Fund	6.11	Cazenove UK Opportunities	5.95
Legal & General Pacific Index Trust	6.02	Kames UK Equity Fund B	5.57
Legal & General Japan Index	5.56	db X-trackers MSCI USA	5.42
Brown Advisory American Fund	5.39	BlackRock European Dynamic Fund A	5.16
BlackRock North America Equity Tracker	4.64	iShares – FTSE 100	4.87
Aberdeen Global Asia Pacific Equity Fund	4.42	Santander Euro Equity Class IKP	4.25

# Santander Atlas Portfolio 7 (formerly Equity)

## Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks will include risks of bankruptcy of companies held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

## Risk and Reward indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication for the future risk profile of the sub-fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Fund Performance

Percentage Price Change from 30 November 2012 to 29 November 2013	
Santander Atlas Portfolio 7 Ret Acc	+19.85%
50% FTSE All Share TR/16.7% FT World Europe ex UK/16.7% FT World USA/6.7% FT World Japan/10% FT All World Asia Pacific ex Japan	+21.60%

Source Lipper - bid to bid, net of fees, net income reinvested.

Past performance is not a guarantee of future performance. The value of investments and the revenue from them can go down as well as up and investors may not get back the amount originally invested.

The sub-fund delivered a positive return of 19.85%, slightly outperformed by its composite benchmark (50% FTSE All Share TR/16.7% FT World Europe ex UK/16.7% FT World USA/6.7% FT World Japan/10% FT All World Asia Pacific ex Japan) which returned 21.60% over the same period.

## Market Review

During the final month of 2012, global equity markets delivered positive returns despite emerging concerns in the UK of a higher than desired inflation rate. Elsewhere; improvements were seen in China's industrial production, retail sales and the Manufacturing sector. Whilst in Europe, it was revealed that the Eurozone had slipped back into recession during the third quarter of 2012.

The New Year started with optimism for equity markets, driven largely by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. This led to significant flows into equities. However, the level of optimism was diminished as a number of European events affected risk appetite. The bailout dilemma in Cyprus, Italy's rejection of the austerity policies demanded by the European Central Bank and International Monetary Fund and weak manufacturing data in Germany and the UK reignited worries over growth prospects in Europe. It was reported that the UK economy had contracted during the final quarter of 2012, which added to the combination of negative factors. Investor's risk appetite fell as a result, causing equity markets to become less attractive when compared to bonds.

During the beginning of summer, concerns emerged after the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in a sell-off in equity markets as a wave of uncertainty spread across asset classes.

# Santander Atlas Portfolio 7 (formerly Equity)

## Fund Performance (continued)

### Market Review (continued)

Positive employment data for October and November from the US enabled the majority of global equity markets to deliver positive performance. In the UK, improvements in housing and manufacturing data provided an additional boost to equity markets. European markets also performed strongly following confirmation that the Eurozone had emerged from recession during the second quarter of 2013. At the end of the period under review, the US Federal Reserve did not announce any changes to its monetary policy, but investors' concerns remain heightened regarding the matter.

### Investment Outlook

Looking ahead, although we are moderately positive about the market environment, we are maintaining our cautious investment approach. We believe that the majority of equity markets will continue to make gains over the medium term as the global growth environment has recently improved. Inflationary pressures remain subdued and monetary policy is still supportive. We anticipate that developed markets (US, UK, Japan, and Europe) will continue to outperform developing markets (such as Asia) in the shorter term. This is expected because the latter are currently going through a challenging phase, especially from a growth/inflation perspective, and are therefore expected to be more sensitive to any potential monetary policy tapering.

## Summary of Accounts

Accounting Dates	Distribution Payment Dates
1 June / 1 December	1 February / 1 August

### Distribution Statement

On 1 February 2014 a final distribution of 1.2423p per share will be reinvested on behalf of Retail accumulation shareholders and 0.3174p per share will be reinvested on behalf of Institutional accumulation shareholders.

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the ACD's periodic charge, but also includes the costs for other services paid in respect of Depository, custody, FCA, publication, audit fees and transaction charges. Collectively these fees are known as other expenses.

The sub-fund has invested primarily in collective investment schemes and the fees incurred by the schemes in relation to the sub-fund are disclosed in the following table as synthetic OCF. The synthetic OCF includes percentage rebates from holdings in Collective Investment Schemes.

Expense Type	2013	2012
<b>Retail accumulation</b>		
ACD's periodic charge	0.80%	0.80%
Synthetic OCF	0.51%	0.69%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.34%	1.52%
<b>Institutional accumulation*</b>		
ACD's periodic charge	0.40%	n/a
Synthetic OCF	0.51%	n/a
Other expenses	0.00%	n/a
Ongoing charges figure	0.91%	n/a

\* The Institutional accumulation share class commenced on 30 September 2013

# Santander Atlas Portfolio 7 (formerly Equity)

## Summary of Accounts (continued)

### Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
1 December 2011	Retail accumulation	148.4	102,599,330	152,245,008
1 December 2012	Retail accumulation	162.4	91,887,120	149,182,328
1 December 2013	Retail accumulation Institutional accumulation*	193.4 152.1	82,989,788 6,667	160,525,735 10,142

### Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Retail accumulation Institutional accumulation*	161.3 164.0	100.8 141.2	2.2673 0.7315
2009	Retail accumulation	145.6	97.47	2.9577
2010	Retail accumulation	165.2	134.5	1.9204
2011	Retail accumulation	170.0	136.1	1.6502
2012	Retail accumulation	165.3	146.1	1.6736
2013**	Retail accumulation Institutional accumulation*	198.4 155.9	164.8 148.7	1.9275 0.3174

\* The Institutional accumulation share class closed on 11 June 2008, however a new Institutional share class commenced on 30 September 2013

\*\* To 1 December 2013

# Santander Atlas Portfolio 5 (formerly Growth)

## Fund Facts

### Investment Objective

The sub-fund's investment objective is to increase the value of your investment through a combination of income and capital growth. The ACD will achieve this whilst targeting a moderate level of volatility over the longer term.

### Investment Policy and Strategy

The sub-fund invests in regulated collective investment schemes, as well as cash. These schemes (the 'underlying funds') will be selected according to our assessment of the performance and risk characteristics of the sub-fund, the underlying fund manager's investment process, and the strength of the management team.

The underlying funds will predominantly invest in global equities and bonds. In addition underlying funds may be selected which invest in commercial property and commodities. Underlying funds may also be selected which aim to generate returns that are specified in fixed percentage terms, or which have return targets relative to cash. Funds that are managed passively (for example to track a particular stock market index) may also be selected.

### Investment Adviser

Santander Asset Management UK Limited

## Fund Profile

### Portfolio of Investments

Spread of investments	% of total net assets as at 01/12/13	% of total net assets as at 01/12/12
Collective Investment Schemes	90.85	99.97
Futures	0.02	0.00
Net other assets	9.13	0.03
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

### Major Holdings

The top 10 holdings at the end of this period and the previous period are shown below.

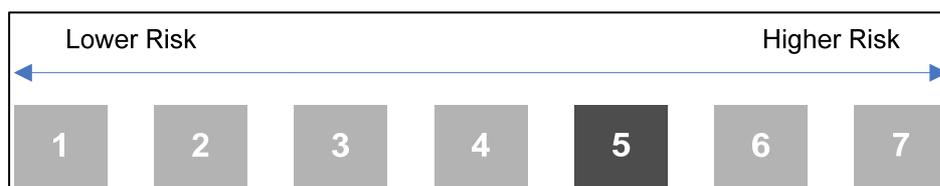
Holding	% of sub-fund as at 01/12/13	Holding	% of sub-fund as at 01/12/12
Royal London UK All Share Tracker Z	9.95	Santander UK Growth Unit Trust	8.03
Henderson UK Absolute Return Fund	6.39	BlackRock UK Equity A	7.04
Insight Investment Discretionary Fund	6.08	JP Morgan US Select Equity Fund C	6.47
BlackRock North America Equity Tracker D	6.01	iShares – MSCI Europe Ex-UK	6.23
Cazenove UK Opportunities	5.95	Fidelity MoneyBuilder Income D	5.05
BNY Mellon Absolute Return Equity Fund	5.75	Insight Investment Discretionary Fund	5.05
Kames High Yield Bond	4.89	Kames UK Equity Fund B	4.61
JP Morgan Income Opportunity A	4.59	M&G Optimal Income Fund A	4.57
iShares – MSCI Europe Ex-UK	4.51	Cazenove UK Opportunities	4.18
Nomura Japan Strategic Fund Class I	4.41	BlackRock European Dynamic Fund A	3.99

## Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks will include risks of bankruptcy of companies held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

# Santander Atlas Portfolio 5 (formerly Growth)

## Risk and Reward indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication for the future risk profile of the sub-fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Fund Performance

Percentage Price Change from 30 November 2012 to 29 November 2013	
Santander Atlas Portfolio 5 Ret Acc	+15.74%
37.5% FTSE All Share TR/12.5% FT World Europe ex UK/12.5% FT World USA/5% FT World Japan/7.5% FT All World Asia Pacific ex Japan/18.75% IBOXX £ Non Gilts/6.25% FT All Stocks Gilt	+16.35%

Source: Lipper – bid to bid, net income reinvested, net of fees.

Past performance is not a guarantee of future performance. The value of investments and the revenue from them can go down as well as up and investors may not get back the amount originally invested.

The sub-fund delivered a positive return of 15.74%, slightly outperformed by its composite benchmark (37.5% FTSE All Share TR/12.5% FT World Europe ex UK/12.5% FT World USA/5% FT World Japan/7.5% FT All World Asia Pacific ex Japan/ 18.75% IBOXX £ Non Gilts/6.25% FT All Stocks Gilt) which returned 16.35% over the same period.

### Market Review

During the final month of 2012, both global equity and bond markets delivered positive returns despite emerging concerns in the UK of a higher than desired inflation rate. Elsewhere; improvements were seen in China's industrial production, retail sales and the Manufacturing sector. Whilst in Europe, it was revealed that the Eurozone had slipped back into recession during the third quarter of 2012. With regards to bond markets, corporate bonds outperformed UK Government bonds due to the health of Corporate sector balance sheets.

At the start of 2013 investors' risk appetite rose, driven largely by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. As a result, corporate and government bonds posted negative returns at the beginning of the year as equities became more desirable. However, the level of optimism was diminished as a number of European events affected risk appetite. The bailout dilemma in Cyprus, Italy's rejection of the austerity policies demanded by the European Central Bank and International Monetary Fund and weak manufacturing data in Germany and the UK reignited worries over growth prospects in Europe. It was reported that the UK economy had contracted during the final quarter of 2012. This combination of events triggered a 'risk off' environment, in which investors moved away from equities and, as a result, helped bond markets recoup some of their earlier losses.

During the beginning of summer, concerns emerged after the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in a sell-off in both equity and bond markets as a wave of uncertainty spread across the financial environment.

# Santander Atlas Portfolio 5 (formerly Growth)

## Fund Performance (continued)

### Market Review (continued)

Positive employment data for October and November from the US enabled the majority of global equity markets to outperform bonds. In the UK, improvements in housing and manufacturing data provided an additional boost to equity and bond markets. European markets also performed strongly following confirmation that the Eurozone had emerged from recession during the second quarter of 2013. At the end of the period under review, both corporate and government bonds started to deliver positive returns. The US Federal Reserve did not announce any changes to its monetary policy during the latter months of the year. However, Investors' concerns remain heightened as a US Government shutdown lasted for nearly three weeks. During this shutdown, financial decisions were postponed; leaving investors in the dark.

### Investment Outlook

Looking ahead, although we are moderately positive about the market environment, we are maintaining our cautious investment approach. We believe that the majority of equity markets will continue to make gains over the medium term as the global growth environment has recently improved. We anticipate that developed markets (US, UK, Japan, and Europe) will continue to outperform developing markets (such as Asia). It is also expected that the uncertainty regarding the US Federal Reserve policies will remain crucial to market characteristics. We believe that demand for bonds will reduce and as a result, the returns from bond funds are expected to be lower than those experienced in the past few years. We anticipate that corporate bonds will continue to outperform government bonds as the corporate sector remains healthy, particularly from a balance sheet perspective.

## Summary of Accounts

Accounting Dates	Distribution Payment Dates
1 June / 1 December	1 February / 1 August

### Distribution Statement

On 1 February 2014 a final distribution of 0.1524p per share will be reinvested on behalf of Retail accumulation shareholders and 0.1012p per share will be reinvested on behalf of Institutional accumulation shareholders.

### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a Collective Investment Scheme. The OCF consists principally of the ACD's periodic charge, but also includes the costs for other services paid in respect of Depository, custody, FCA, publication, print, audit fees and transaction charges. Collectively these fees are known as other expenses.

The sub-fund has invested primarily in collective investment schemes and the fees incurred by the schemes in relation to the sub-fund are disclosed in the following table as synthetic OCF. The synthetic OCF includes percentage rebates from holdings in Collective Investment Schemes.

Expense Type	2013	2012
<b>Retail accumulation</b>		
ACD's periodic charge	0.80%	0.80%
Synthetic OCF	0.50%	0.67%
Other expenses	0.04%	0.05%
Ongoing charges figure	1.34%	1.52%
<b>Institutional accumulation*</b>		
ACD's periodic charge	0.40%	n/a
Synthetic OCF	0.50%	n/a
Other expenses	0.01%	n/a
Ongoing charges figure	0.91%	n/a

\* The Institutional accumulation share class commenced on 30 September 2013

# Santander Atlas Portfolio 5 (formerly Growth)

## Summary of Accounts (continued)

### Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
1 December 2011	Retail accumulation	142.0	42,665,063	60,587,803
1 December 2012	Retail accumulation	156.9	37,525,542	58,864,313
1 December 2013	Retail accumulation	181.6	34,970,249	63,521,736
	Institutional accumulation	153.1	6,667	10,210

### Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Retail accumulation	147.7	100.8	3.4655
	Institutional accumulation	150.3	102.9	4.0594
2009	Retail accumulation	136.3	96.86	3.1705
	Institutional accumulation	139.3	98.89	3.3738
2010	Retail accumulation	152.1	129.8	2.4074
	Institutional accumulation	155.6	132.7	2.6340
2011	Retail accumulation	156.2	132.8	2.2089
	Institutional accumulation*	159.4	150.0	n/a
2012	Retail accumulation	159.1	142.5	1.8941
2013**	Retail accumulation	183.7	158.9	2.2016
	Institutional accumulation*	154.8	149.2	0.1012

\* The Institutional accumulation share class closed on 25 March 2011, however a new Institutional accumulation share class commenced on 30 September 2013

\*\* To 1 December 2013

## **Appointments**

### **Authorised Corporate Director, Registrar and Investment Adviser**

Santander Asset Management UK Limited  
287 St. Vincent Street  
Glasgow G2 5NB, United Kingdom  
Authorised and regulated by the Financial Conduct Authority

### **Directors**

Jeffrey Conrad Scott  
Juan Alcaraz Lopez  
Javier Marin Romano (resigned 30 May 2013)  
Rami Aboukhair Hurtado (resigned 1 November 2013)  
Robert David Askham  
David William Stewart  
Gail Elizabeth Glen (appointed 6 June 2013)  
Lorna Taylor (appointed 14 June 2013)  
Jorge de la Vega (appointed 16 October 2013)  
Stephen James Pateman (appointed 1 November 2013)

### **Depositary**

National Westminster Bank plc  
Trustee & Depositary Services  
Younger Building  
1<sup>st</sup> Floor  
3 Redheughs Avenue  
Edinburgh EH12 9RH, United Kingdom  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### **Independent Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Lomond House  
9 George Square  
Glasgow G2 1QQ, United Kingdom

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