

Santander UK Growth Unit Trust

**Final Short Report
for the year ended 15 April 2014**

Fund Facts

The Manager of the Scheme is Santander Asset Management UK Limited with the immediate holding company being SAM Investment Holdings Limited, which is incorporated in Jersey.

Investment Objective

The objective of the Scheme is to produce both revenue and capital growth, by investing mainly in a diversified portfolio of UK quoted securities. Investment will primarily be in the United Kingdom of Great Britain and Northern Ireland.

Investment Policy and Strategy

The Scheme will invest primarily in UK Equities in order to meet its investment objective. The manager may enter into derivative or forward transactions for the purpose of efficient portfolio management. The Scheme did not participate in such transactions during the period. The Manager's investment policy may mean that at times, where it is considered appropriate, the property of the Scheme will not be fully invested and that prudent levels of liquidity will be maintained. The Manager will ensure that, taking into account the investment objectives and policy of the Scheme, the property of the Scheme provides a prudent spread of risk. The Scheme will generally invest in approved securities which are transferable securities admitted to official listings.

During the period under review the Manager monitored the investment activities of the appointed investment adviser to ensure consistent application of investment techniques, processes and compliance with the terms of their Investment Management Agreement.

The base currency of the Scheme is UK Sterling.

Investment Advisers

Santander Asset Management UK Limited
State Street Global Advisors Limited

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 is a joint venture, with 50% of the control being held by SAM UK Investment Holdings Limited, a subsidiary of Banco Santander, SA and the other 50% by Sherbrooke Acquisition Corp SPA, a segregated portfolio company incorporated in the Cayman Islands and owned by Warburg Pincus LLC and General Atlantic LLC. The ultimate parent company of SAM UK Investment Holdings Limited is Banco Santander, SA. The ultimate parent companies of Sherbrooke Acquisition Corp SPC are funds controlled by Warburg Pincus LLC and General Atlantic LLC. Prior to 17 December 2013, the ultimate parent company was Banco Santander, SA.

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 Scheme is operated.

More information about the activities and performance of the Scheme for this and previous periods can be obtained from the Manager.

The Long Form Report and Accounts are available on request.

If you have any questions regarding 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.

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 15/04/14	% of total net assets as at 15/04/13
Basic Materials	10.18	9.71
Consumer Goods	10.96	12.25
Consumer Services	6.49	5.60
Financials	21.87	19.08
Health Care	7.42	9.13
Industrials	9.37	8.69
Oil & Gas	17.98	17.29
Technology	2.32	1.54
Telecommunications	6.21	9.41
Utilities	3.41	4.84
Total UK Equities	96.21	97.54
Collective Investment Schemes	0.62	0.46
	96.83	98.00
Net other assets	3.17	2.00
Total net assets	100.00	100.00

Major Holdings

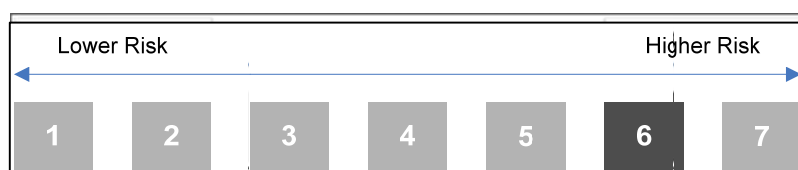
The top 10 holdings at the end of this period and the previous period are shown below.

Holding	% of total net assets as at 15/04/14	Holding	% of total net assets as at 15/04/13
BP	6.76	Vodafone Group	7.27
Royal Dutch Shell B	6.32	HSBC Holdings	6.77
HSBC Holdings	6.21	BP	6.38
GlaxoSmithKline	4.97	GlaxoSmithKline	6.05
British American Tobacco	4.02	Royal Dutch Shell B	4.75
Rio Tinto	3.78	British American Tobacco	4.67
Vodafone Group	3.65	Rio Tinto	3.32
Prudential	3.21	Unilever	3.13
BG Group	2.83	BG Group	2.85
BHP Billiton	2.80	Standard Chartered	2.82

Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks include risks of bankruptcy of companies held, risks from foreign exchange and risks of adverse effects from changes in interest rates. The Scheme does not borrow in the normal course of business and has no material exposure to unlisted securities. The Manager 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 Scheme.

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

Performance Review

Percentage Price Change from 15 April 2013 to 15 April 2014	
Santander UK Growth Ret Acc	7.78%
FTSE All-Share TR	8.50%
IMA UK All Companies	12.07%

Source: Lipper – bid to bid, net revenue reinvested, after 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.

Over the period under review, the sub-fund produced a return of 7.78%; slightly underperforming the FTSE All-Share TR which returned 8.50%.

Market Review

At the beginning of the period under review, the UK equity market was relatively weak. The most predominant contributing factor was the fact that the US Federal Reserve hinted that it would begin to taper its bond buying programme and withdraw Quantitative Easing. This resulted in uncertainty amongst investors and a sell-off occurred as a result, consequently driving the demand of equities to decrease.

Relatively weak economic data from China had a negative effect on global equity markets, but most significantly, Asian markets due to their heavy reliance on the Chinese economy. Geopolitical issues also had an impact on global markets; escalating tensions regarding a proposed US-led military attack on Syria led to markets suffering slightly, while European markets struggled for direction following political election instability in Italy.

As the period progressed, the US Federal Reserve unexpectedly did not announce any change to monetary policies. This restored some of the investors' appetite that was initially lost, and demand for equities grew as a result. In addition to this, strong performances from Chinese Manufacturing and Export sectors and the improved stability of the Japanese economy resulted in the majority of global equity markets performing positively.

Towards the end of 2013, the US Fed began to taper its Quantitative Easing programme, but at an accommodative rate, leading to mixed performances in global equity markets. In December, the Bank of England increased its growth forecast for 2014, suggesting that the unemployment level is expected to fall below the 7% threshold, bringing forward the possibility of increased interest rates and asset purchasing. This level of unemployment was pre-determined by the Bank of England as an indicator to suggest that the economy is healthy enough to withstand a rise in interest rates.

By January, there was a more subdued performance of equity markets as investors looked to take profits from the previous year. Within the UK, data showed that the economy improved faster than expected and the Bank of England signalled that interest rates could rise sooner than expected in order to prevent a housing bubble.

Fund Performance (continued)

Market Review (continued)

Despite markets performing well towards the end of this period, the initial setbacks produced relatively high volatility levels across all the equities markets. It is expected that volatility levels will remain elevated during the short and medium term.

Investment Outlook

Looking ahead, equity markets, particularly developing equity markets, have a number of challenges to face over the medium term. However, we remain positive on the medium to longer term prospects for developed equity markets (such as the UK, US, Europe and Japan) as it is here where interest rates remain low and inflation levels are subdued. We therefore expect that the majority of these markets will overcome potential challenges.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
15 April / 15 October	15 June / 15 December

Distribution Statement

On 15 June 2014 a final distribution of 4.3312p will be paid to Retail income unitholders, 6.2346p per unit will be reinvested on behalf of Retail accumulation unitholders and 6.1548p per unit will be reinvested on behalf of Institutional accumulation unitholders.

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 Manager's periodic charge, but also includes the costs for other services paid in respect of Trustee, custody, registrar, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	2014	2013
Retail income		
Manager's periodic charge	1.25%	1.25%
Other expenses	0.01%	0.01%
Ongoing Charges Figure	1.26%	1.26%
Retail accumulation		
Manager's periodic charge	1.25%	1.25%
Other expenses	0.01%	0.01%
Ongoing Charges Figure	1.26%	1.26%
Institutional accumulation		
Manager's periodic charge	0.65%	0.65%
Other expenses	0.01%	0.01%
Ongoing Charges Figure	0.66%	0.66%

Summary of Accounts (continued)

Net Asset Values

Accounting Date	Unit Description	Net Value Per Unit (pence)	Number of Units in Issue	Net Asset Value
15 April 2012	Retail income	192.1	1,847,087	3,547,910
	Retail accumulation	265.9	312,854,339	831,878,441
	Institutional accumulation	224.5	86,015,427	193,132,599
15 April 2013	Retail income	209.5	1,734,553	3,634,550
	Retail accumulation	297.5	284,433,189	846,139,436
	Institutional accumulation	252.7	85,271,312	215,489,231
15 April 2014	Retail income	218.5	1,592,574	3,479,250
	Retail accumulation	320.8	265,574,738	851,833,857
	Institutional accumulation	274.1	47,980,715	131,526,355

Unit Price and Distribution

Calendar Year	Unit Description	Highest Unit Price (pence)	Lowest Unit Price (pence)	Net Distribution per Unit (pence)
2009	Retail income	180.3	114.3	3.3983
	Retail accumulation	235.3	146.3	5.1105
	Institutional accumulation	212.2	129.4	4.5790
2010	Retail income	199.5	161.7	3.7921
	Retail accumulation	267.0	213.9	4.7570
	Institutional accumulation	224.4	178.7	4.8667
2011	Retail income	205.6	168.7	4.0859
	Retail accumulation	277.4	227.6	5.4951
	Institutional accumulation	233.1	191.5	5.9461
2012	Retail income	203.4	179.8	5.0738
	Retail accumulation	280.1	248.9	6.9854
	Institutional accumulation	237.5	210.3	7.2363
2013	Retail income	229.2	197.5	5.4829
	Retail accumulation	330.0	277.2	7.7462
	Institutional accumulation	281.5	235.1	8.1060
2014*	Retail income	231.0	216.2	4.3312
	Retail accumulation	332.5	311.3	6.2346
	Institutional accumulation	283.8	265.8	6.1548

* To 15 April 2014.

Appointments

Manager and Registrar

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 (resigned 6 May 2014)
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, resigned 30 April 2014)
Stephen James Pateman (appointed 1 November 2013)

Investment Advisers

Santander Asset Management UK Limited
287 St. Vincent Street
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Authorised and regulated by the Financial Conduct Authority

State Street Global Advisors Limited
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Authorised and regulated by the Financial Conduct Authority

Trustee

National Westminster Bank plc
Trustee and Depositary Services
Younger Building
1st 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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