

Santander Managed Investments OEIC

**Final Short Report
for the year ended 31 July 2013**

This document contains the Short Report of the sub-funds of the Santander Managed Investments OEIC for the year ended 31 July 2013.

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The Santander Managed Investments 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 with the immediate holding company being Santander Asset Management UK 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

As part of a directive from the Investment Management Association (IMA), with effect from 19 September 2012, Santander Asset Management UK changed the names of some of their funds in order to better reflect the aims and definitions in the name of each fund and to ensure that the names used across all their fund ranges are consistent. Furthermore, building on Santander's commitment to Treating Customers Fairly, the new names will define the sector of the fund and will allow customers to make like-for-like comparisons between funds in the market place. As a result, the sub-fund Santander Balanced Income Portfolio changed its name to Santander Max 60% Shares Income Portfolio.

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 or alternatively please visit www.santanderam.co.uk. 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 Max 60% Shares Income Portfolio

Fund Facts

Investment Objective

The sub-fund's investment objective is to provide an above average level of income with some potential for capital growth primarily from exposure to a diversified range of equities and fixed interest investments.

Investment Policy and Strategy

This exposure can be achieved directly or through investment in collective investment schemes. Investments will also be made in other permitted assets including, but not limited to, warrants and derivatives.

During the period under review the Authorised Corporate Director (ACD) monitored the investment activities of the appointed investment advisers to ensure consistent application of investment techniques, processes and compliance with the terms of their Investment Management Agreement. The portion of the assets under the management of each investment adviser is chosen by the ACD and varies at the ACD's discretion. The portfolio remains fully invested during the period.

The base currency of the sub-fund is Sterling.

Investment Adviser

The ACD will act as investment adviser to the sub-fund and may appoint sub-advisers in the future.

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 31.07.13	% of total net assets as at 31.07.12
Collective investment schemes	96.04	98.76
Net other assets	<u>3.96</u>	<u>1.24</u>
Net assets	100.00	100.00

Major Holdings

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

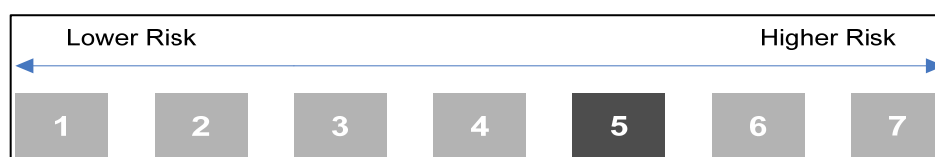
Holding	% of total net assets as at 31.07.13	Holding	% of total net assets as at 31.07.12
Santander Corporate Bond Fund	14.77	Santander Investment Income Portfolio	16.26
Santander Equity Income Unit Trust	12.76	Santander Equity Income Unit Trust	13.62
Santander Enhanced Income Fund	10.38	Santander Enhanced Income Fund	12.11
M&G Optimal Income A	8.72	Threadneedle UK Equity Income Fund	8.27
Santander Sterling Government Bond Fund	7.89	M&G Optimal Income A	7.57
Threadneedle UK Equity Income Fund	7.56	Santander Sterling Government Bond Fund	7.57
Royal London UK Equity Income Fund A	6.57	Royal London UK Equity Income Fund A	5.83
iShares – FTSE 100	5.49	Fidelity MoneyBuilder Income D	5.73
Legal and General Dynamic Bond Trust	4.34	Insight UK Corporate All Maturities Bond Fund	5.25
Insight Investment Discretionary Fund	3.93	iShares – FTSE 100	4.97
Fidelity MoneyBuilder Income D	3.65		
Artemis Income I Fund	3.26		
BlackRock UK Income Fund A	3.13		
F&C UK Equity Income Fund	2.19		
Santander Strategic Bond Fund	1.40		

Santander Max 60% Shares Income Portfolio (continued)

Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. The sub-fund's portfolio consists of collective investment schemes which may have exposure to foreign exchange movements and changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. During the period under review the sub-fund had no material direct exposure to currency or interest rate risks accordingly. No numerical analysis has been presented. Derivatives were not used during the period under review. 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 31 July 2012 to 31 July 2013	
Santander Max 60% Shares Inc Portfolio Rtl Acc	11.60%
IMA UK Equity & Bond Income	18.51%
37.5% Markit iBoxx Sterling Non Gilts Overall TR/12.5% FTSE A British Govt All Stocks TR/50% FTSE All Share TR	13.38%

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

Past performance is not a guarantee of future returns. 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 positive returns over the period under review, but underperformed against its benchmark and the IMA UK Equity & Bond Income sector.

Market Review

At the beginning of the period under review, Mario Draghi, the President of the European Central Bank, stated that he would do 'whatever it takes' to preserve the euro, which restored some confidence to both bond and equity markets. The UK equity market consistently delivered positive returns, with a strong rally at the year end and into the early weeks of the New Year. The rising market was underpinned by ongoing Quantitative Easing in the US, alongside improving economic data. The UK corporate bond market had a good end to 2012, but moving into 2013 it posted negative total returns, as positive market sentiment (due to encouraging US economic data) drove risk markets to outperform and government bond yields to rise.

Despite this underperformance in early 2013, the UK Corporate bond market had a broadly positive return for the first quarter, largely aided by strong returns from UK government bonds with spreads broadly stable. Gilts benefited from both local and international factors and marginally outperformed other core government bond markets. Despite the UK losing its AAA status in February, gilts continued to attract investors as risk aversion re-emerged, chiefly due to the uncertainty in relation to the Cyprus bailout. Despite the lingering risks in Europe, equities made strong gains throughout the first quarter as monetary policy remained accommodative, pumping liquidity into markets.

Santander Max 60% Shares Income Portfolio (continued)

Fund Performance (continued)

Market Review (continued)

A wave of risk aversion hit markets in June, after the US Federal Reserve spooked markets by hinting that it would begin to taper its bond buying programme. This combined with disappointing Chinese economic data and political unrest in some Emerging markets unsettled investors. As a result the equity market had a negative return in May and June as government bond yields increased, driven higher by the prospect of tapering of Quantitative Easing by the US Federal Reserve. While, with better UK economic data supported an increase in rates. Throughout June, corporate bonds, which had previously been a beneficiary of excess liquidity, reacted negatively with spreads widening during the month.

Investment Outlook

Our Fund Managers are currently taking a cautious approach over the medium term, due to the existing potential for elevated volatility across a number of assets caused by yield adjustments within fixed income and a generally vulnerable climate in the developing world. Credit fundamentals, on an aggregate level, remain strong but valuations remain at the tight end of recent ranges. We remain cautiously optimistic about the prospects for credit markets over the medium term, while acknowledging the impact that higher government bond yields could have on total returns. Our Fund Managers are more optimistic about the prospects for corporate bonds in relation to government bonds, as corporate balance sheets still remain strong. In addition, supportive factors for markets continue, such as stable global growth and a highly supportive liquidity environment, and as a result a constructive view for assets and equity markets remains.

Summary of Accounts

Fund Accounting Dates	Distribution Payment Dates
31 January / 31 July	31 March / 30 June / 30 September / 31 December

Distribution Statement

On 30 September 2013, a final distribution of 1.6518p will be paid to Retail income shareholders, a final distribution of 1.9099p will be reinvested in the sub-fund on behalf of Retail accumulation shareholders and 1.2772p will be paid to X income shareholders.

Ongoing Charges Figure (OCF)

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
Retail income		
ACD's periodic charge	1.10%	1.10%
Synthetic OCF	0.63%	0.72%
Other expenses	0.03%	0.04%
Ongoing charges figure	1.76%	1.86%
Retail accumulation		
ACD's periodic charge	1.10%	1.10%
Synthetic OCF	0.63%	0.72%
Other expenses	0.03%	0.04%
Ongoing charges figure	1.76%	1.86%
X income*		
ACD's periodic charge	1.10%	n/a
Synthetic OCF	0.63%	n/a
Other expenses	0.02%	n/a
Ongoing charges figure	1.75%	n/a

* The X income share class launched on 29 November 2012.

Santander Max 60% Shares Income Portfolio (continued)

Summary of Accounts (continued)

Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
31 July 2011	Retail income	188.8	52,610,400	99,337,767
	Retail accumulation	205.7	176,626	363,247
31 July 2012	Retail income	191.0	60,048,715	114,708,752
	Retail accumulation	216.3	175,615	379,850
31 July 2013	Retail income	207.3	59,305,274	122,932,615
	Retail accumulation	243.2	167,422	407,088
	X income**	160.5	50,792	81,516

Share Prices & Distributions

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008*	Retail income	155.9	150.0	n/a
	Retail accumulation	155.9	150.0	n/a
2009	Retail income	183.6	142.9	3.1390
	Retail accumulation	187.0	143.1	3.1604
2010	Retail income	191.9	174.5	6.4384
	Retail accumulation	202.0	181.4	6.6853
2011	Retail income	193.3	177.8	7.4644
	Retail accumulation	208.2	193.6	8.0034
2012	Retail income	198.1	182.8	7.0231
	Retail accumulation	226.5	204.0	7.8725
	X income**	152.9	150.5	n/a
2013***	Retail income	212.5	197.7	5.2718
	Retail accumulation	247.3	226.0	6.0199
	X income**	164.5	152.6	3.5972

* The Retail income and Retail accumulation sub-funds commenced on 11 December 2008.

** The X income share class launched on 29 November 2012.

*** To 31 July 2013.

Santander Equity Income Portfolio

Fund Facts

Investment Objective

The sub-fund's investment objective is to provide an above average level of income with some potential for capital growth primarily from exposure to equities.

Investment Policy and Strategy

This exposure can be achieved directly or through investment in collective investment schemes. Investments will also be made in other permitted assets including, but not limited to, warrants and derivatives.

During the period under review the Authorised Corporate Director (ACD) monitored the investment activities of the appointed investment advisers to ensure consistent application of investment techniques and processes. The portfolio remains fully invested during the period.

The base currency of the sub-fund is Sterling.

Investment Adviser

The ACD will act as investment adviser to the sub-fund and may appoint sub-advisers in the future.

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 31.07.13	% of total net assets as at 31.07.12
Collective investment schemes	100.84	100.67
Net other assets	<u>(0.84)</u>	<u>(0.67)</u>
Net assets	100.00	100.00

Major Holdings

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

Holding	% of total net assets as at 31.07.13	Holding	% of total net assets as at 31.07.12
Santander Equity Income Unit Trust	17.88	Santander Equity Income Unit Trust	23.45
Santander Enhanced Income Fund	12.87	Santander Enhanced Income Fund	17.79
Threadneedle UK Equity Income Fund	10.08	Threadneedle UK Equity Income Fund	8.92
Royal London UK Equity Income Fund A	9.97	iShares - FTSE 100	7.47
iShares - FTSE 100	8.45	Standard Life Investments UK Equity High Income D	6.94
BlackRock UK Income Fund A	8.28	Aberdeen UK Equity Income Fund	6.92
Aberdeen UK Equity Income Fund	7.48	Artemis Income Fund	6.90
Artemis Income Fund	7.17	Royal London UK Equity Income Fund A	6.80
F&C Equity Income Fund	7.16	BlackRock UK Income Fund A	6.63
Standard Life Investments UK Equity High Income D	7.02	F&C Equity Income Fund	5.24
Threadneedle UK Equity Alpha Income D	4.48	Threadneedle UK Equity Alpha Income D	3.61

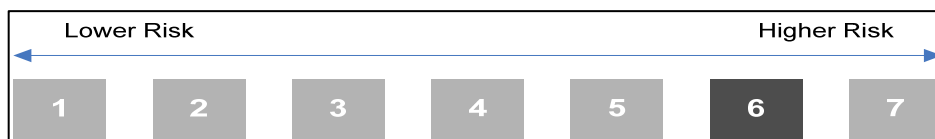
Risk Policy

The main risks within the portfolio relate to changes in the prices of securities held. The sub-fund's portfolio consists of collective investment schemes which may have exposure to foreign exchange movements and changes in interest rates. The sub-fund does not borrow in the normal course of business and has no material exposure to unlisted securities. During the period under review the sub-fund had no material exposure to currency or interest rate risks accordingly. No numerical

analysis has been presented. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective.

Santander Equity Income Portfolio (continued)

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 31 July 2012 to 31 July 2013	
Santander Equity Income Portfolio Ret Acc	21.60%
IMA UK Equity Income	25.26%
FTSE All Share TR	24.28%

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

Past performance is not a guarantee of future returns. 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 positive returns over the period. However, the return was below that of its benchmark and the IMA UK Equity Income sector over the period under review.

Market Review

During the summer of 2012, the UK equity market started to recover from the disappointing first half of the year, which had been weak due to concerns centred around the Eurozone. At the beginning of the period under review, Mario Draghi, the President of the European Central Bank, stated that he would do 'whatever it takes' to preserve the euro. This bold statement restored some confidence to markets. The UK equity market consistently generated positive returns throughout the rest of the year. Concerns regarding the US 'fiscal cliff' were heightened right at the end of 2012, but conciliatory actions in January improved sentiment and stock markets recovered.

Ongoing Quantitative Easing in the US, alongside improving economic data from both the US and China underpinned the rising market. A 'Great Rotation' from bonds to equities arose and persisted throughout February. From this point onwards, equities made strong gains, as monetary policy remained accommodative, pumping liquidity into markets. However, a bailout dilemma in Cyprus reminded investors of the lingering risks in Europe. In the UK, policy support remained strong and corporate earnings growth was resilient.

A wave of risk aversion hit markets in June, after the US Federal Reserve spooked markets by hinting that it would begin to taper its bond buying programme. This combined with disappointing Chinese economic data and political unrest in some emerging markets unsettled investors. As a result, equity markets, including the UK, were weaker at the end of the period under review.

Investment Outlook

Over the last few years the world has become accustomed to high levels of liquidity, and any talk of a reduction is understandably spooking markets. Our Fund Managers are currently taking a cautious approach over the medium term, due to the potential for elevated volatility across a number of assets caused by yield adjustments within fixed income, and a generally vulnerable climate in the developing world. However, at present the supportive factors for markets continue, such as stable global growth and a highly supportive liquidity environment, and as a result, a constructive view for assets and equity markets remains.

Santander Equity Income Portfolio (continued)

Summary of Accounts

Fund Accounting Dates	Distribution Payment Dates
31 January / 31 July	31 March / 30 June / 30 September / 31 December

Distribution Statement

On 30 September 2013, a final distribution of 2.5977p will be paid to Retail income shareholders and a final distribution of 3.0354p will be reinvested in the sub-fund on behalf of Retail accumulation shareholders.

Ongoing Charges Figure (OCF)

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
Retail income		
ACD's periodic charge	1.10%	1.10%
Synthetic OCF	0.81%	0.88%
Other expenses	0.19%	0.20%
Ongoing charges figure	2.10%	2.18%
Retail accumulation		
ACD's periodic charge	1.10%	1.10%
Synthetic OCF	0.81%	0.88%
Other expenses	0.19%	0.20%
Ongoing charges figure	2.10%	2.18%

Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
31 July 2011	Retail income	196.2	6,517,781	12,784,691
	Retail accumulation	212.8	66,595	141,696
31 July 2012	Retail income	190.7	5,304,858	10,115,664
	Retail accumulation	216.7	64,622	140,058
31 July 2013	Retail income	222.5	4,697,039	10,448,701
	Retail accumulation	263.8	65,327	172,319

Share Prices & Distributions

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008*	Retail income	155.8	148.5	n/a
	Retail accumulation	155.8	148.5	n/a
2009	Retail income	188.1	130.9	3.1636
	Retail accumulation	191.3	131.2	3.1248
2010	Retail income	200.6	169.4	6.3833
	Retail accumulation	211.7	175.0	6.5989
2011	Retail income	205.4	173.5	8.3476
	Retail accumulation	220.6	188.2	8.8524
2012	Retail income	200.7	179.2	8.3411
	Retail accumulation	230.7	201.5	9.3132
2013**	Retail income	226.6	199.5	6.6977
	Retail accumulation	265.5	229.4	7.7354

* The sub-fund commenced on 11 December 2008.

** To 31 July 2013.

Appointments

Authorised Corporate Director (ACD), 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
Alan Mathewson (Resigned 11 September 2012)
Juan Alcaraz Lopez
Javier Marin Romano (Resigned 30 May 2013)
Gail Glen (Appointed 06 June 2013)
Lorna Taylor (Appointed 14 June 2013)
Rami Aboukhair Hurtado
Robert David Askham
David William Stewart

Depositary

National Westminster Bank plc
Trustee & 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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