

Santander Premium Fund

**Interim Short Report
for the six months ended 30 April 2013
(unaudited)**

This document contains the Short Report of the sub-funds of the Santander Premium Fund for the six months ended 30 April 2013.

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Santander Premium Fund (the Company) is an open-ended investment company with variable capital, incorporated in the United Kingdom 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 fees payable to the Investment Adviser are included within the ACD's periodic charge.

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

The Long Report is available on request.

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 Features document for a full explanation of the risk warnings. The most recent Key Features 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.

UK Equities

Fund Facts

Investment Objective

The sub-fund's investment objective is to achieve a long term total return of capital appreciation and income receipts from investment primarily in UK equities.

Investment Policy and Strategy

Throughout the period the underlying assets of the sub-fund were managed by BlackRock Investment Managers, Kames Capital, Santander Asset Management UK and State Street Global Advisors. The portion of the assets under the management of each investment adviser is chosen by the Authorised Corporate Director (ACD) and varies at the ACD's discretion. The portfolio remained fully invested.

During the period under review the 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.

Derivatives were used during this review period for the purpose of securing efficient portfolio management. The sub-fund holds no derivatives which 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 Advisers

BlackRock Investment Management (UK) Limited
Kames Capital PLC
Santander Asset Management UK Limited
State Street Global Advisors Limited

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 30/04/13	% of total net assets as at 31/10/12
Basic Materials	7.21	8.49
Consumer Goods	13.34	13.56
Consumer Services	11.98	11.12
Financials	20.24	16.88
Health Care	6.93	6.50
Industrials	5.76	5.89
Oil & Gas	13.44	16.20
Technology	1.45	1.36
Telecommunications	6.64	6.43
Utilities	3.00	3.15
Total Equities	89.99	89.58
Collective Investment Scheme	8.43	8.83
Net other assets	1.58	1.59
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.

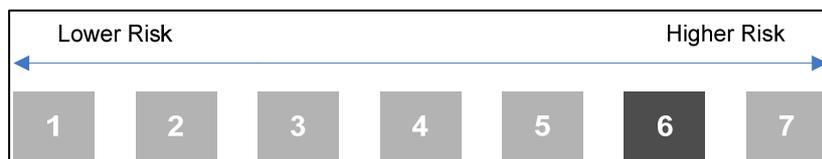
Holding	% of sub-fund as at 30/04/13	Holding	% of sub-fund as at 31/10/12
HSBC Holdings	6.12	Vodafone Group	5.47
Vodafone Group	5.48	HSBC Holdings	5.36
GlaxoSmithKline	5.08	GlaxoSmithKline	4.90
BlackRock UK Equity 'I'	4.69	BlackRock UK Equity 'I'	4.86
BP	4.60	BP	4.76
British American Tobacco	4.13	British American Tobacco	4.02
M&G Recovery A	3.74	Royal Dutch Shell B	4.00
Royal Dutch Shell B	3.68	M&G Recovery A	3.97
Standard Chartered	2.34	Rio Tinto	3.10
Rolls-Royce Holdings	2.30	BG Group	2.30

UK Equities

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 1 November 2012 to 30 April 2013	
Santander Premium UK Equities Fund	11.96%
FTSE All Share	14.03%
IMA UK All Companies	13.98%

Source Lipper - bid to bid, net of fees, net income 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 an overall positive return over the period under review.

Market Review

During the latter half of 2012, moves within and between asset classes continued (also known as 'risk on/risk off'), with equity markets lacking direction as investors deliberated over further policy action in the Eurozone and growing concerns over the US 'fiscal cliff'. Meanwhile, in the UK, worries over inflation emerged after the indicator rose further above the Bank of England's target rate of 2%. Yet despite this challenging environment, most equity markets delivered positive returns at the end of the year, due to an overall improvement in risk appetite following an implementation of various stimulus measures across the globe.

The New Year started with optimism for equity markets, driven mostly by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. This turnaround in sentiment led to significant flows into equities (shares).

In February, markets had to contend with a resurgence of the Eurozone crisis and in the UK, concerns about the economy emerged following the downgrading of the country's AAA status by Moody's credit ratings agency. Fears were fuelled further when the Chancellor of the Exchequer announced a cut to this year's growth forecast in the Budget, which was shortly followed by the news that the UK economy had contracted in the last quarter of 2012.

Towards the end of the period under review, events in Europe remained on the agenda, with a bailout dilemma in Cyprus causing volatility in markets, while weak manufacturing data, notably in Germany and the UK, reignited worries over growth prospects in the region as a whole. These factors triggered a 'risk off' environment at the end of the period under review, but despite this, most equity markets still delivered positive returns.

UK Equities

Fund Performance (continued)

Investment Outlook

Looking ahead, we expect 'risk on/risk off' (moves within and between asset classes to either increase or decrease risk exposure) to be a theme that continues throughout 2013. The medium term growth environment remains fragile due to a number of reasons, including weak economic data (particularly in the UK and Europe), the need for ongoing austerity measures and the risk of unpredictable politics, all of which could potentially cause volatility in markets. Yet despite the challenging backdrop, we do believe that equity markets can continue to make gains and remain optimistic due to the following factors: global macroeconomic momentum has improved, US economic indicators are showing resilience and monetary policy measures across the globe are likely to remain supportive.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
30 April / 31 October	30 June / 31 December

Distribution Statement

On 30 June 2013 an interim distribution of 2.8892p per share will be reinvested on behalf of Sterling Accumulation A 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 depositary, custody, publication, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	Period to 30/04/13	Year to 31/10/12
Sterling Accumulation A		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.01%	0.01%
Ongoing Charges Figures (OCF)	1.01%*	1.01%

*The current period OCF is annualised based on the fees suffered during the accounting period.

Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
31 October 2010	Sterling Accumulation A	195.8	321,250,012	629,036,427
31 October 2011	Sterling Accumulation A	198.4	299,364,788	594,003,377
31 October 2012	Sterling Accumulation A	212.2	267,957,666	568,704,695
30 April 2013	Sterling Accumulation A	237.9	252,838,781	601,465,292

UK Equities

Summary of Accounts

Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Sterling Accumulation A	205.2	121.6	5.0226
	Sterling Accumulation B	205.2	122.1	51.0699
2009	Sterling Accumulation A	178.9	118.1	4.2640
	Sterling Accumulation B	179.3	118.6	4.3810
2010	Sterling Accumulation A	209.3	166.3	3.6586
	Sterling Accumulation B *	195.0	168.1	2.0152
2011	Sterling Accumulation A	215.7	174.0	4.1861
2012	Sterling Accumulation A	216.6	191.7	5.6554
2013**	Sterling Accumulation A	239.2	214.7	2.8892

* Sterling Accumulation B share class closed on 22 June 2010.

** To 30 April 2013.

Europe (excluding UK) Equities

Fund Facts

Investment Objective

The sub-fund's investment objective is to achieve a long term total return of capital appreciation and income receipts from investment primarily in Europe (excluding UK) equities, with the appointment of sub-fund advisers, and the selection of securities to achieve high risk-adjusted returns over the longer term.

Investment Policy and Strategy

Throughout the period the underlying assets of the sub-fund were managed by Santander Asset Management, SA, SGIIC and State Street Global Advisors. The portion of the assets under the management of each investment adviser is chosen by the Authorised Corporate Director (ACD) and varies at the ACD's discretion. The portfolio remained fully invested.

During the period under review the 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.

Derivatives were used during this review period for the purpose of securing efficient portfolio management. The sub-fund holds no derivatives which 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 Advisers

Santander Asset Management, SA, SGIIC
State Street Global Advisors Limited

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 30/04/13	% of total net assets as at 31/10/12
Austria	0.54	0.58
Belgium	1.03	1.04
Denmark	3.31	4.38
Finland	0.45	1.23
France	17.72	17.91
Germany	20.13	20.76
Greece	0.11	0.11
Ireland	0.65	0.30
Italy	4.59	4.08
Luxembourg	0.56	0.75
Netherlands	8.06	7.10
Norway	2.49	2.08
Portugal	0.06	0.21
Spain	6.11	6.53
Sweden	5.79	5.12
Switzerland	<u>17.35</u>	<u>16.71</u>
Total Equities	88.95	88.89
Collectives	8.58	8.53
Net other assets	<u>2.47</u>	<u>2.58</u>
Total net assets	<u>100.00</u>	<u>100.00</u>

Europe (excluding UK) Equities

Fund Profile (continued)

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 30/04/13	Holding	% of sub-fund as at 31/10/12
BlackRock European Dynamic Fund A	8.58	BlackRock European Dynamic Fund A	8.53
Roche Holding	4.91	Roche Holding	4.18
Bayer	2.77	Novo Nordisk	3.07
Total	2.67	Total	2.91
Nestle	2.54	Bayer	2.57
Novartis	2.42	SAP	2.52
Cie Financiere Richemont	2.09	Nestle	2.38
ING Groep	1.97	ING Groep	2.09
Novo Nordisk	1.92	Cie Financiere Richemont	1.97
Siemens	1.89	Novartis	1.93

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 1 November 2012 to 30 April 2013	
Santander Premium Europe (ex UK) Equities Fund	16.78%
FT World Europe ex UK	19.36%
IMA Europe Excluding UK	17.66%

Source Lipper - bid to bid, net of fees, net income 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 a positive return over the period under review.

Market Review

During the latter half of 2012, moves within and between asset classes continued (also known as 'risk on/risk off'), with equity markets lacking direction as investors deliberated over further policy action in the Eurozone and growing concerns over the US 'fiscal cliff'. In Europe, it was revealed that the region had slipped back into recession during the third quarter. Yet despite this challenging environment, most equity markets delivered positive returns at the end of the year, due to an overall improvement in risk appetite following an implementation of various stimulus measures across the globe. These included a number of extensions to Quantitative Easing programmes and a bond buying initiative in Europe (Outright Monetary Transactions).

Europe (excluding UK) Equities

Fund Performance (continued)

Market Review (continued)

The New Year started with optimism for equity markets, driven mostly by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. This turnaround in sentiment led to significant flows into equities (shares).

In February, markets had to contend with a resurgence of the Eurozone crisis, caused by Italy's electorate rejecting the austerity policies demanded by the European Central Bank and International Monetary Fund.

Towards the end of the period under review, events in Europe remained on the agenda, with a bailout dilemma in Cyprus causing volatility in markets, while weak manufacturing data, notably in Germany and the UK, reignited worries over growth prospects in the region as a whole. These factors triggered a 'risk off' environment at the end of the period under review, but despite this, most equity markets still delivered positive returns.

Investment Outlook

Looking ahead, we expect 'risk on/risk off' (moves within and between asset classes to either increase or decrease risk exposure) to be a theme that continues throughout 2013. The medium term growth environment remains fragile due to a number of reasons, including weak economic data (particularly in the UK and Europe), the need for ongoing austerity measures and the risk of unpredictable politics, all of which could potentially cause volatility in markets. Yet despite the challenging backdrop, we do believe that equity markets can continue to make gains and remain optimistic due to the following factors: global macroeconomic momentum has improved, US economic indicators are showing resilience and monetary policy measures across the globe are likely to remain supportive.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
30 April / 31 October	30 June / 31 December

Distribution Statement

On 30 June 2013 an interim distribution of 1.7382p per share will be reinvested on behalf of Sterling Accumulation A 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 depositary, custody, publication, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	Period to 30/04/13	Year to 31/10/12
Sterling Accumulation A		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.03%	0.06%
Ongoing Charges Figure (OCF)	1.03%*	1.06%

* The current period OCF is annualised based on the fees suffered during the accounting period.

Europe (excluding UK) Equities

Summary of Accounts

Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
31 October 2010	Sterling Accumulation A	206.8	59,868,407	123,791,705
31 October 2011	Sterling Accumulation A	190.9	57,425,124	109,626,112
31 October 2012	Sterling Accumulation A	198.1	52,338,143	103,677,326
30 April 2013**	Sterling Accumulation A	231.3	49,390,472	114,223,730

Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Sterling Accumulation A	227.1	132.3	4.7601
	Sterling Accumulation B	226.5	131.9	4.8013
2009	Sterling Accumulation A	211.8	126.0	4.2515
	Sterling Accumulation B	211.2	125.6	4.2308
2010	Sterling Accumulation A	215.3	175.2	3.5049
	Sterling Accumulation B *	211.0	174.7	1.3155
2011	Sterling Accumulation A	236.2	158.7	4.1602
2012	Sterling Accumulation A	212.1	165.6	3.7224
2013**	Sterling Accumulation A	240.3	209.7	1.7382

* Sterling Accumulation B share class closed on 22 June 2010.

** To 30 April 2013.

United States Equities

Fund Facts

Investment Objective

The sub-fund's investment objective is to achieve a long term total return of capital appreciation and income receipts from investment primarily in United States equities, with the appointment of sub-fund advisers, and the selection of securities to achieve high risk-adjusted returns over the longer term.

Investment Policy and Strategy

Throughout the period the underlying assets of the sub-fund were managed by two sub-advisers, Goldman Sachs Asset Management International and Deutsche Asset Management. The portion of the assets under the management of each investment adviser is chosen by the Authorised Corporate Director (ACD) and varies at the ACD's discretion. The portfolio remained fully invested.

During the period under review the 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.

Derivatives were used during this review period for the purpose of securing efficient portfolio management. The sub-fund holds no derivatives which 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 Advisers

Goldman Sachs Asset Management International
Deutsche Asset Management Limited

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 30/04/13	% of total net assets as at 31/10/12
Basic Materials	2.30	2.38
Consumer Goods	13.24	11.19
Consumer Services	10.79	12.49
Financials	14.67	13.89
Health Care	9.36	9.00
Industrials	9.76	9.01
Oil & Gas	9.83	9.84
Technology	14.63	16.63
Telecommunications	2.44	2.41
Utilities	<u>2.68</u>	<u>2.84</u>
Total Equities	89.70	89.68
Collective Investment Scheme	8.79	8.77
Futures	0.00	0.01
Net other assets	<u>1.51</u>	<u>1.54</u>
Total net assets	<u>100.00</u>	<u>100.00</u>

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 30/04/13	Holding	% of sub-fund as at 31/10/12
Robeco US Premium Equity Fund IE	8.79	Robeco US Premium Equity Fund IE	8.77
Exxon Mobil	3.17	Apple	4.61
Apple	3.14	Exxon Mobil	3.63
General Electric	2.52	General Electric	2.41
Google	2.19	Google	2.12
Johnson & Johnson	2.06	Johnson & Johnson	1.92
ConocoPhillips	1.70	JPMorgan Chase	1.60
CVS Caremark	1.52	Philip Morris International	1.58
Comcast	1.43	Oracle	1.56
Microsoft	1.38	Microsoft	1.54

United States Equities

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 1 November 2012 to 30 April 2013	
Santander Premium United States Equities Fund	18.21%
FTSE USA	18.69%
IMA North America	17.79%

Source Lipper - bid to bid, net of fees, net income 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 a positive return over the period under review.

Market Review

During the latter half of 2012, moves within and between asset classes continued (also known as 'risk on/risk off'), with equity markets lacking direction as investors deliberated over further policy action in the Eurozone and growing concerns over the US 'fiscal cliff'. Economic data was also mixed; in China, improvements were seen in industrial production, retail sales and the Manufacturing sector, while conversely, in Europe, it was revealed that the region had slipped back into recession during the third quarter. Yet despite this challenging environment, most equity markets delivered positive returns at the end of the year, due to an overall improvement in risk appetite following an implementation of various stimulus measures across the globe. These included a number of extensions to Quantitative Easing programmes.

The New Year started with optimism for equity markets, driven mostly by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. This turnaround in sentiment led to significant flows into equities (shares).

In February, markets had to contend with a resurgence of the Eurozone crisis, caused by Italy's electorate rejecting the austerity policies demanded by the European Central Bank and International Monetary Fund.

Towards the end of the period under review, events in Europe remained on the agenda, with a bailout dilemma in Cyprus causing volatility in markets, while weak manufacturing data, notably in Germany and the UK, reignited worries over growth prospects in the region as a whole. These factors triggered a 'risk off' environment at the end of the period under review, but despite this, most equity markets still delivered positive returns. US equities were the standout performers, with two major indices (the Dow Jones Industrial Average Index and the S&P 500 Index) ending at record highs.

United States Equities

Fund Performance

Investment Outlook

Looking ahead, we expect 'risk on/risk off' (moves within and between asset classes to either increase or decrease risk exposure) to be a theme that continues throughout 2013. The medium term growth environment remains fragile due to a number of reasons, including weak economic data (particularly in the UK and Europe), the need for ongoing austerity measures and the risk of unpredictable politics, all of which could potentially cause volatility in markets. Yet despite the challenging backdrop, we do believe that equity markets can continue to make gains and remain optimistic due to the following factors: global macroeconomic momentum has improved, US economic indicators are showing resilience and monetary policy measures across the globe are likely to remain supportive.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
30 April / 31 October	30 June / 31 December

Distribution Statement

On 30 June 2013 an interim distribution of 1.4342p per share will be reinvested on behalf of Sterling Accumulation A 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 depositary, custody, publication, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	Period to 30/04/13	Year to 31/10/12
Sterling Accumulation A		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.02%	0.04%
Ongoing Charges Figures (OCF)	1.02%*	1.04%

*The current period OCF is annualised based on the fees suffered during the accounting period.

Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
31 October 2010	Sterling Accumulation A	129.8	91,218,000	118,383,481
31 October 2011	Sterling Accumulation A	144.7	86,277,129	124,833,108
31 October 2012	Sterling Accumulation A	160.7	76,184,888	122,426,255
30 April 2013	Sterling Accumulation A	189.9	71,273,734	135,326,058

United States Equities

Summary of Accounts (continued)

Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Sterling Accumulation A	130.1	87.38	0.9203
	Sterling Accumulation B	130.2	87.44	0.9364
2009	Sterling Accumulation A	124.9	84.90	1.2125
	Sterling Accumulation B	125.0	84.97	1.1708
2010	Sterling Accumulation A	144.9	118.0	0.8597
	Sterling Accumulation B *	140.3	118.5	0.3876
2011	Sterling Accumulation A	153.2	122.9	0.9356
2012	Sterling Accumulation A	166.4	145.3	1.1081
2013**	Sterling Accumulation A	192.9	159.2	1.4342

* Sterling Accumulation B share class closed on 22 June 2010.

** To 30 April 2013.

Japan Equities

Fund Facts

Investment Objective

The sub-fund's investment objective is to achieve a long term total return of capital appreciation and income receipts from investment primarily in Japanese equities, with the appointment of sub-fund advisers, and the selection of securities to achieve high risk-adjusted returns over the longer term.

Investment Policy and Strategy

Throughout the period the underlying assets of the sub-fund were managed by CPR Asset Management. The portion of the assets under the management of each investment adviser is chosen by the Authorised Corporate Director (ACD) and varies at the ACD's discretion. The portfolio remained fully invested.

During the period under review the 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.

Derivatives were used during this review period in order to secure efficient portfolio management. The sub-fund holds no derivatives which 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 Advisers

CPR Asset Management S.A.

DIAM International Limited (resigned 21 December 2012)

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 30/04/13	% of total net assets as at 31/10/12
Basic Materials	4.30	4.86
Consumer Goods	19.41	14.27
Consumer Services	13.25	14.66
Financials	19.15	15.32
Health Care	5.21	4.87
Industrials	17.98	22.51
Oil & Gas	1.52	1.33
Technology	2.16	5.43
Telecommunications	4.01	3.19
Utilities	<u>2.19</u>	<u>1.27</u>
Total Equities	89.18	87.71
Collective Investment Scheme	8.59	8.59
Future contracts	0.00	0.01
Net other assets	<u>2.23</u>	<u>3.69</u>
Total net assets	<u>100.00</u>	<u>100.00</u>

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 30/04/13	Holding	% of sub-fund as at 31/10/12
Jupiter Japan Income Fund	8.59	Jupiter Japan Income Fund	8.59
Toyota Motor	4.34	Toyota Motor	3.11
Mitsubishi UFJ Financial	4.12	Mitsubishi UFJ Financial Group	2.82
Sumitomo Mitsui Financial	2.67	Sumitomo Mitsui Financial Group	2.32
Honda Motor	2.22	Hondo Motor	1.74
Softbank	2.07	Hitachi	1.73
Mitsubishi Estate	1.97	Softbank	1.51
Hitachi	1.93	Mizuho Financial Group	1.51
Nomura Holdings	1.81	Komatsu	1.49
Canon	1.59	Mitsui	1.45

Japan Equities

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 1 November 2012 to 30 April 2013	
Santander Premium Japan Equities Fund	33.02%
FTSE Japan	35.22%
IMA Japan	35.47%

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

Over the period under review, the sub-fund delivered a total positive performance.

Market Review

During the latter half of the year, moves within and between asset classes continued (also known as 'risk on/risk off'), with equity markets lacking direction as investors deliberated over further policy action in the Eurozone and growing concerns over the US 'fiscal cliff'. Economic data was also mixed; in China, improvements were seen in industrial production, retail sales and the Manufacturing sector, while conversely, in Europe, it was revealed that the region had slipped back into recession during the third quarter. Meanwhile, in the UK, worries over inflation emerged after the indicator rose further above the Bank of England's target rate of 2%. Yet despite this challenging environment, most equity markets delivered positive returns at the end of the year, due to an overall improvement in risk appetite following an implementation of various stimulus measures across the globe. These included a number of extensions to Quantitative Easing programmes in the US and Japan, interest rate cuts in China and a bond buying initiative in Europe (Outright Monetary Transactions).

The New Year started with optimism for equity markets, driven mostly by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. This turnaround in sentiment led to significant flows into equities (shares).

In February, markets had to contend with a resurgence of the Eurozone crisis, caused by Italy's electorate rejecting the austerity policies demanded by the European Central Bank and International Monetary Fund. Meanwhile, in the UK, concerns over the economy emerged following the downgrading of the country's AAA status by Moody's credit ratings agency. Fears were fuelled further when the Chancellor of the Exchequer announced a cut to this year's growth forecast in the Budget, which was shortly followed by the news that the UK economy had contracted in the last quarter of 2012.

Japan Equities

Fund Performance (continued)

Market Review (continued)

Towards the end of the period under review, events in Europe remained on the agenda, with a bailout dilemma in Cyprus causing volatility in markets, while weak manufacturing data, notably in Germany and the UK, reignited worries over growth prospects in the region as a whole. These factors triggered a 'risk off' environment at the end of the period under review, but despite this, most equity markets still delivered positive returns. US equities were the standout performers, with two major indices (the Dow Jones Industrial Average Index and the S&P 500 Index) ending March at record highs, while Japanese equities also produced a strong performance, finding support from the nation's highly accommodative policy environment.

Investment Outlook

Looking ahead, we expect 'risk on/risk off' (moves within and between asset classes to either increase or decrease risk exposure) to be a theme that continues throughout 2013. The medium term growth environment remains fragile due to a number of reasons, including weak economic data (particularly in the UK and Europe), the need for ongoing austerity measures and the risk of unpredictable politics, all of which could potentially cause volatility in markets. Yet despite the challenging backdrop, we do believe that equity markets can continue to make gains and remain optimistic due to the following factors: global macroeconomic momentum has improved, US economic indicators are showing resilience and monetary policy measures across the globe are likely to remain supportive.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
30 April / 31 October	30 June / 31 December

Distribution Statement

On 30 June 2013 an interim distribution of 0.3342p per share will be reinvested on behalf of Sterling Accumulation A shareholders. There will be no interim distribution reinvested on behalf of Sterling Accumulation D 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 depositary, custody, publication, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	Period to 30/04/13	Year to 31/10/12
Sterling Accumulation A		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing Charges Figure (OCF)	1.04%*	1.04%
Sterling Accumulation D		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.02%	0.04%
Ongoing Charges Figure (OCF)	0.77%*	0.79%

* The current period OCF is annualised based on the fees suffered during the accounting period.

Japan Equities

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 October 2010	Sterling Accumulation A	114.8	49,076,971	56,330,618
	Sterling Accumulation D	119.4	47,443,431	56,665,192
31 October 2011	Sterling Accumulation A	114.6	47,707,526	54,668,362
	Sterling Accumulation D	118.1	65,247,431	77,052,743
31 October 2012	Sterling Accumulation A	105.9	43,456,106	46,009,811
	Sterling Accumulation D	109.4	57,605,392	63,015,651
30 April 2013	Sterling Accumulation A	140.8	41,133,392	57,911,544
	Sterling Accumulation D	156.8	5,000	7,839

Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Sterling Accumulation A	133.2	87.60	0.9948
	Sterling Accumulation B	133.5	87.70	2.1146
	Sterling Accumulation D	136.0	89.60	1.6198
2009	Sterling Accumulation A	114.5	88.30	0.6414
	Sterling Accumulation B	114.7	88.50	0.6664
	Sterling Accumulation D	117.5	90.50	0.8369
2010	Sterling Accumulation A	132.5	110.2	0.7628
	Sterling Accumulation B *	127.6	110.6	0.4099
	Sterling Accumulation D	136.3	113.3	1.0798
2011	Sterling Accumulation A	135.0	108.9	1.0621
	Sterling Accumulation D	139.0	112.1	1.3416
2012	Sterling Accumulation A	122.3	104.3	1.3460
	Sterling Accumulation D	191.7	107.7	1.6863
2013**	Sterling Accumulation A	141.0	111.9	0.3342
	Sterling Accumulation D	157.0	124.5	0.0000

* Sterling Accumulation B share class closed on 22 June 2010.

** To 30 April 2013.

Pacific Basin (excluding Japan) Equities

Fund Facts

Investment Objective

The sub-fund's investment objective is to achieve a long term total return of capital appreciation and income receipts from investment primarily in Pacific Basin (excluding Japan) equities, with the appointment of sub-fund advisers, and the selection of securities to achieve high risk-adjusted returns over the longer term.

Investment Policy and Strategy

Throughout the period the underlying assets of the sub-fund were managed by RCM (UK) Limited as chosen by the Authorised Corporate Director (ACD) and varies at the ACD's discretion. The portfolio remained fully invested.

During the period under review the ACD 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.

Investment Adviser

RCM (UK) Limited

Fund Profile

Portfolio of Investments

Spread of investments	% of total net assets as at 30/04/13	% of total net assets as at 31/10/12
Australia	21.93	17.72
China	5.32	8.67
Hong Kong	22.37	22.64
India	9.53	7.55
Indonesia	3.29	2.57
Malaysia	3.71	2.52
Singapore	3.27	4.02
South Korea	8.84	13.69
Taiwan	8.92	8.67
Thailand	2.88	2.32
Total Equities	90.06	90.37
Collectives	9.05	8.85
Net other assets	0.89	0.78
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 sub-fund as at 30/04/13	Holding	% of sub-fund as at 31/10/12
Aberdeen Global Asia Pacific Equity Fund	9.05	Aberdeen Global Asia Pacific Equity Fund	8.85
Australia & New Zealand Banking	5.80	Samsung Electronics	5.61
Samsung Electronics	4.48	Australia & New Zealand Banking	4.58
China Construction Bank	3.40	BHP Billiton	3.92
Taiwan Semiconductor Manufacturing	3.30	CNOOC	2.71
BHP Billiton	3.21	Taiwan Semiconductor Manufacturing	2.67
Sun Group	2.94	Telstra	2.45
Commonwealth Bank of Australia	2.77	AIA Group	2.34
AIA Group	2.71	China Construction Bank	2.29
Sun Hung Kai Properties	2.29	China Mobile	2.21

Pacific Basin (excluding Japan) Equities

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 1 November 2012 to 30 April 2013	
Santander Premium Pacific Basin (ex Japan) Equities Fund	13.93%
FTSE AW Asia Pacific ex Japan	13.93%
IMA Asia Pacific Excluding Japan	14.78%

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

Over the period under review, the sub-fund delivered a positive return over the period under review, in line with its benchmark.

Market Review

During the latter half of the year, moves within and between asset classes continued (also known as 'risk on/risk off'), with equity markets lacking direction as investors deliberated over further policy action in the Eurozone and growing concerns over the US 'fiscal cliff'. Economic data was also mixed; in China, improvements were seen in industrial production, retail sales and the Manufacturing sector, while conversely, in Europe, it was revealed that the region had slipped back into recession during the third quarter. Meanwhile, in the UK, worries over inflation emerged after the indicator rose further above the Bank of England's target rate of 2%. Yet despite this challenging environment, most equity markets delivered positive returns at the end of the year, due to an overall improvement in risk appetite following an implementation of various stimulus measures across the globe. These included a number of extensions to Quantitative Easing programmes in the US and Japan, interest rate cuts in China and a bond buying initiative in Europe (Outright Monetary Transactions).

The New Year started with optimism for equity markets, driven mostly by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop. This turnaround in sentiment led to significant flows into equities (shares).

In February, markets had to contend with a resurgence of the Eurozone crisis, caused by Italy's electorate rejecting the austerity policies demanded by the European Central Bank and International Monetary Fund. Meanwhile, in the UK, concerns over the economy emerged following the downgrading of the country's AAA status by Moody's credit ratings agency. Fears were fuelled further when the Chancellor of the Exchequer announced a cut to this year's growth forecast in the Budget, which was shortly followed by the news that the UK economy had contracted in the last quarter of 2012.

Pacific Basin (excluding Japan) Equities

Fund Performance (continued)

Market Review (continued)

Towards the end of the period under review, events in Europe remained on the agenda, with a bailout dilemma in Cyprus causing volatility in markets, while weak manufacturing data, notably in Germany and the UK, reignited worries over growth prospects in the region as a whole. These factors triggered a 'risk off' environment at the end of the period under review, but despite this, most equity markets still delivered positive returns. US equities were the standout performers, with two major indices (the Dow Jones Industrial Average Index and the S&P 500 Index) ending March at record highs, while Japanese equities also produced a strong performance, finding support from the nation's highly accommodative policy environment.

Investment Outlook

Looking ahead, we expect 'risk on/risk off' (moves within and between asset classes to either increase or decrease risk exposure) to be a theme that continues throughout 2013. The medium term growth environment remains fragile due to a number of reasons, including weak economic data (particularly in the UK and Europe), the need for ongoing austerity measures and the risk of unpredictable politics, all of which could potentially cause volatility in markets. Yet despite the challenging backdrop, we do believe that equity markets can continue to make gains and remain optimistic due to the following factors: global macroeconomic momentum has improved, US economic indicators are showing resilience and monetary policy measures across the globe are likely to remain supportive.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
30 April / 31 October	30 June / 31 December

Distribution Statement

On 30 June 2013 an interim distribution of 0.9203p per share will be reinvested on behalf of Sterling Accumulation A shareholders, 0.8788p per share on behalf of Sterling Accumulation B shareholders. There will be no reinvestment on behalf of Sterling Accumulation D 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 depositary, custody, publication, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	Period to 30/04/13	Year to 31/10/12
Sterling Accumulation A		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.08%	0.07%
Ongoing Charges Figures (OCF)	1.08%*	1.07%
Sterling Accumulation B		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.08%	0.07%
Ongoing Charges Figures (OCF)	1.08%*	1.07%
Sterling Accumulation D		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.03%	0.07%
Ongoing Charges Figures (OCF)	0.78%*	0.82%

* The current period OCF is annualised based on the fees suffered during the accounting period.

Pacific Basin (excluding Japan) Equities

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 October 2010	Sterling Accumulation A	449.4	11,137,121	50,055,352
	Sterling Accumulation B	448.8	100,000	448,848
	Sterling Accumulation D	460.5	20,998,933	96,705,571
31 October 2011	Sterling Accumulation A	426.0	10,242,399	43,632,624
	Sterling Accumulation B	425.4	95,539	406,456
	Sterling Accumulation D	437.6	23,856,439	104,386,027
31 October 2012	Sterling Accumulation A	433.8	9,082,730	39,396,733
	Sterling Accumulation B	433.2	91,974	398,405
	Sterling Accumulation D	446.7	21,657,618	96,736,824
30 April 2013	Sterling Accumulation A	494.3	8,529,679	42,158,202
	Sterling Accumulation B	493.6	91,974	453,971
	Sterling Accumulation D	673.2	5,000	33,660

Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Sterling Accumulation A	407.8	208.6	4.6171
	Sterling Accumulation B	408.1	208.7	5.4905
	Sterling Accumulation D	415.7	213.4	7.4438
2009	Sterling Accumulation A	390.8	236.6	6.2449
	Sterling Accumulation B	391.1	236.7	6.0876
	Sterling Accumulation D	400.8	242.2	6.6334
2010	Sterling Accumulation A	485.4	356.4	6.2192
	Sterling Accumulation B	484.8	356.6	6.2267
	Sterling Accumulation D	497.6	365.6	5.4420
2011	Sterling Accumulation A	490.5	372.3	6.6374
	Sterling Accumulation B	489.9	371.8	6.5756
	Sterling Accumulation D	502.9	382.4	7.2459
2012	Sterling Accumulation A	457.9	391.7	6.3707
	Sterling Accumulation B	457.3	391.2	6.3361
	Sterling Accumulation D	471.8	403.0	8.0428
2013*	Sterling Accumulation A	502.5	456.0	0.9203
	Sterling Accumulation B	501.8	455.4	0.8788
	Sterling Accumulation D	674.0	469.8	0.0000

* To 30 April 2013.

Sterling Bond

Fund Facts

Investment Objective

The sub-fund's investment objective is to achieve a long term total return of capital appreciation and income receipts from investment primarily in Sterling fixed interest securities, with the appointment of sub-fund advisers, and the selection of securities to achieve high risk-adjusted returns over the longer term.

Investment Policy and Strategy

Throughout the period the underlying assets of the fund were managed by Santander Asset Management alongside BlackRock Investment Managers and Western Asset Management. The portion of the assets under the management of each investment adviser is chosen by the Authorised Corporate Director (ACD) and varies at the ACD's discretion. The portfolio remained fully invested.

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

Derivatives were used during this review period for the purpose of securing efficient portfolio management. The sub-fund holds no derivatives which 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 Advisers

BlackRock Investment Management (UK) Limited
Santander Asset Management, SA, SGIC
Santander Asset Management UK Limited
Western Asset Management Company Limited

Fund Profile

Portfolio of Investments

Spread of investments Fixed interest securities grouped by ratings *	% of total net assets as at 30/04/13	% of total net assets as at 31/10/12
AAA to AA	34.50	34.29
AA- to A+	7.75	7.74
A to A-	20.99	21.58
BBB+ to BBB	19.77	17.61
below BBB to unrated	<u>5.02</u>	<u>4.12</u>
Total fixed interest securities	88.03	85.34
Collectives	8.74	8.58
Future contracts	0.01	0.00
Forward currency trades	0.03	0.00
Net other assets	<u>3.19</u>	<u>6.08</u>
Total net assets	100.00	100.00

* source: S&P / Moody's / Fitch

Major Holdings

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

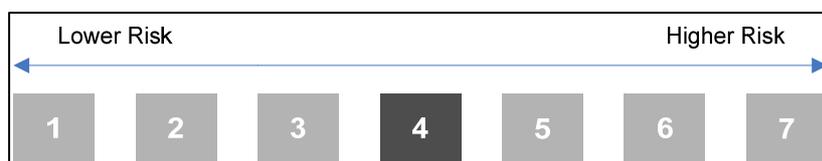
Holding	% of sub-fund as at 30/04/13	Holding	% of sub-fund as at 31/10/12
M&G Strategic Corporate Bond Fund	4.87	M&G Strategic Corporate Bond Fund	4.74
Jupiter Strategic Bond Fund	3.87	Jupiter Strategic Bond Fund	3.84
Treasury 1.75% 2017	2.93	Treasury 4.5% 2013	1.95
Treasury 2.25% 2014	1.75	Treasury 3.75% 2019	1.71
Treasury 3.75% 2019	1.70	Treasury 1.75% 2017	1.64
KFW 5.75% 2032	1.62	Treasury 4.25% 2040	1.38
Treasury 5% 2025	1.38	Treasury 5% 2025	1.35
Treasury 4.25% 2040	1.23	Treasury 4.25% 2032	1.16
Treasury 4.25% 2032	1.20	Treasury 4.75% 2015	0.94
Treasury 4.75% 2015	1.17	Treasury 3.75% 2020	0.92

Sterling Bond

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 1 November 2012 to 30 April 2013	
Santander Premium Sterling Bond Fund	4.37%
20% FT All Stocks / 80% iBoxx £ Non Gilt	5.06%
IMA £ Strategic Bond	5.31%

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

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 a total positive return and outperformed the benchmark over the period under review.

Market Review

During the latter half of 2012, moves within and between asset classes continued (also known as 'risk on/risk off'), with bond markets struggling to establish a trend as investors deliberated over mixed economic data, further policy action in the Eurozone and growing concerns over the US 'fiscal cliff'. Meanwhile, in the UK, worries over inflation emerged after the indicator rose further above the Bank of England's target rate of 2%. Nevertheless, despite this challenging environment, at the end of the year, corporate bonds continued to rally and outperform gilts due to the health of Corporate sector balance sheets and strong supply/demand dynamics within the asset class.

Bond markets experienced a weak start to the New Year as an improvement in risk appetite, driven mostly by the progression made by US policy makers on tackling the 'fiscal cliff' and a more stable economic backdrop, led to investors moving into other asset classes, such as equities (shares).

In February, bonds issued by the UK Government came under some pressure due to concerns over the 'safe haven' status of the asset class following Moody's credit rating downgrade of the UK's AAA status. This prompted a rise in yields as investors continued to gravitate towards equities. However, towards the end of the period under review, a resurgence of the Eurozone crisis, started by Italy's electorate rejecting the austerity policies demanded by the European Central Bank and International Monetary Fund, and followed by a bailout dilemma in Cyprus, caused volatility in markets. These factors 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, with both corporate and government bonds delivering positive returns at the end of the quarter.

Sterling Bond

Fund Performance (continued)

Investment Outlook

Looking ahead, the combination of fragile economic growth and the maintenance of low interest rates are likely to lead to the continuation of the current low yield levels within bond markets for the foreseeable future. Nevertheless, we do expect that corporate credit spreads (the extra premium required to hold corporate bonds over government bonds) will remain stable, which should potentially lead to corporate bonds delivering excess returns in relation to government bonds, although this outperformance is likely to be less pronounced than in comparison to the past couple of years.

Summary of Accounts

Accounting Dates	Distribution Payment Dates
30 April / 31 October	30 June / 31 December

Distribution Statement

On 30 June 2013 an interim distribution of 2.6208p per share will be reinvested on behalf of Sterling Accumulation A 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 depositary, custody, publication, FCA, audit fees and transaction charges. Collectively these fees are known as other expenses.

Expense Type	Period to 30/04/13	Year to 31/10/12
Sterling Accumulation A shares		
ACD's periodic charge	1.00%	1.00%
Other expenses (excluding transaction charges)	0.01%	0.02%
Ongoing Charges Figure (OCF)	1.01%*	1.02%

* The current period OCF is annualised based on the fees suffered during the accounting period.

Net Asset Values

Accounting Date	Share Description	Net Value Per Share (pence)	Number of Shares in Issue	Net Asset Value
31 October 2010	Sterling Accumulation A	211.0	235,300,035	496,506,954
31 October 2011	Sterling Accumulation A	216.6	224,813,621	486,951,427
31 October 2012	Sterling Accumulation A	239.5	212,767,151	509,524,525
30 April 2013	Sterling Accumulation A	250.2	205,397,328	513,956,993

Sterling Bond

Summary of Accounts (continued)

Share Price & Distribution

Calendar Year	Share Description	Highest Share Price (pence)	Lowest Share Price (pence)	Distribution per Share (pence)
2008	Sterling Accumulation A	199.7	171.1	8.4671
	Sterling Income D *	153.3	149.5	n/a
2009	Sterling Accumulation A	197.6	156.3	7.2581
	Sterling Income D	167.3	135.5	7.5118
2010	Sterling Accumulation A	214.8	194.8	5.8039
	Sterling Income D **	168.7	162.2	3.3927
2011	Sterling Accumulation A	220.7	204.2	5.9982
2012	Sterling Accumulation A	243.3	220.2	5.2207
2013***	Sterling Accumulation A	250.9	238.7	2.6208

* Sterling Income D share class commenced on 9 December 2008.

** Sterling Income D share class closed on 18 May 2010.

*** To 30 April 2013.

Authorised Corporate Director (ACD) 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
Alan Mathewson (resigned 11 September 2012)
Juan Alcaraz Lopez
Javier Marin Romano
Rami Aboukhair Hurtado
Robert David Askham
David William Stewart (appointed 15 June 2012)

Investment Advisers

BlackRock Investment Management (UK) Limited
33 King William Street
London EC4R 9AS, United Kingdom
Authorised and regulated by the Financial Conduct Authority

CPR Asset Management S.A.
10 Place des Martyrs du Lycee Buffon
75015
Paris

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Santander Asset Management S.A., SGIC
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Appointments (continued)

Investment advisers (continued)

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Regent's Place
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Authorised and regulated by the Financial Conduct Authority

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

Western Asset Management Company Limited
10 Exchange Square
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Trustee & Depositary Service
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