Santander Managed Investments OEIC 2

Annual report for the year ended 15 September 2024

Santander
Asset Management

Contents

* These items along with the Fund's Investment Objective & Policy and Risk & Reward Indicator collectively constitute the Authorised Corporate Director's Report in accordance with the Collective Schemes Sourcebook.

Report of the Authorised Corporate Director

for the year ended 15 September 2024

Santander Managed Investments OEIC 2 (the "Company") is an open-ended investment company with variable capital incorporated in England and Wales and authorised and regulated by the Financial Conduct Authority (FCA).

The Company is a UK UCITS and structured as an umbrella company under the Regulations. Provision exists for an unlimited number of Funds and each Fund would be a UK UCITS scheme if it were itself an investment company with variable capital in respect of which an authorisation order made by the FCA were in force.

The assets of the Fund are treated as separate from those of every other Fund and are invested in accordance with that Fund's own investment objective and policy. In addition, each Fund may have more than one class allocated to it. Where a new Fund or class is established, an updated prospectus will be prepared as soon as reasonably practical setting out the relevant information concerning the new Fund or class.

The Authorised Corporate Director (ACD) of the Company is Santander Asset Management UK Limited, which is a private company limited by shares incorporated in Scotland. The ultimate holding company of the ACD is Banco Santander, S.A., which is incorporated in Spain.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Fund consist predominantly of securities that are readily realisable and accordingly, the Fund has adequate financial resources to continue in operational existence for at least the next twelve months from the approval of the financial statements. Further, appropriate accounting policies, consistently applied and supported by appropriate judgements and estimates, have been used in the preparation of these financial statements and applicable accounting standards have been followed.

The Company has no directors other than the ACD.

The ACD is authorised and regulated by the FCA.

The Fund in which shares are currently available are as follows:

Santander Sterling Bond Income Portfolio

In the future, the Company may launch other Funds.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

The assets of each Fund are invested with the aim of achieving the investment objective and policy of that Fund. They must be invested so as to comply with the investment and borrowing powers and restrictions set out in the FCA regulations, the Instrument of Incorporation and the Prospectus.

Investment of the assets of each Fund must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund.

Shareholders are not liable for the debts of the Company nor to make any further payment to the Company after paying in full for the purchase of shares.

For further information please refer to the latest Prospectus which is available on www.santanderassetmanagement.co.uk.

Financial details and the ACD's review of the Fund for the year ended 15 September 2024 are given in pages 12 to 47 of this report.

Other information required for the ACD's report per COLL 4.5.9R are disclosed elsewhere in this report.

Significant Information

Remuneration Disclosure (unaudited)
Santander Asset Management UK Limited ("SAM UK") has a Remuneration Policy in place which is designed to support prudential soundness and risk management and ensure appropriate outcomes for customers and markets to reduce the likelihood of harm. The Remuneration Policy is aligned to Remuneration Codes under MiFIDPRU, AIFMD and UK UCITS as set out in Chapters 19G, 19B and 19E respectively of the FCA's Senior Management Arrangements, Systems and Controls (SYSC) Handbook (together "the Remuneration Codes"). The Remuneration Policy is subject to review on an at least annual basis and was last updated in June 2024.

As part of its 2024 annual review process, SAM UK created its own Board Remuneration Committee following Group changes which impacted its previous delegation arrangements to a SAM Global Remuneration Committee. No other material changes were made.

The SAM UK Board is responsible for approving the SAM UK Remuneration Policy and overseeing its application. The policy adopts a five pillar approach to Remuneration strategy:

Pillar 1 - Sound and Effective Risk Management
Pillar 2 - Long Term Sustainability
Pillar 3 - Competitiveness and Fairness
Pillar 4 - Adequate ratio between fixed and variable pay
Pillar 5 - Transparency

Significant Information (continued)

Remuneration Disclosure (unaudited) (continued)

Salary and Benefits Structure

Salaries are designed based on the roles and responsibilities of the job and the knowledge and expertise required to carry them out. Salaries are periodically reviewed taking into account employee performance, external market data, internal relativity, equity & fairness and budget. Benefits and remuneration in kind are assigned based on responsibilities and accountabilities and includes regular and non-discretionary pension contributions. SAM UK may also provide additional remuneration elements to complement an employee package.

Variable Remuneration

Performance assessment and risk adjustment in relation to variable pay will be assessed in relation to each performance period. All employees are eligible for an annual bonus and for non-investment employees is expressed as target bonus based on a percentage of salary and is subject to a fixed to variable ratio of 1:2 for employees (in relation to annual bonus pool), except employees performing a control function (where the salary to bonus ratio is 1:1). For investment professional employees, the annual target bonus is achieved based on a balanced scorecard taking into account individual and team investment performance, role specific objectives and individual KPIs, including risk, regulator and conduct and compliance with SAM UK behaviours and subject to the 1:2 salary to bonus ratio. Target bonuses are adjusted according to SAM UK financial performance and to ensure it is affordable and does not create short or long term risks.

SAM UK may from time to time provide non-standard variable remuneration on a case by case basis, including guaranteed variable remuneration such as retention, termination or severance payments. Such remuneration will be at all times aligned with the five pillar approach and subject to governance approvals.

Consistent with the 5 pillars approach, SAM UK promotes effective risk management in the long-term interests of SAM UK and its customers, ensures alignment between risk and individual reward, supports positive behaviours in accordance with its values and designs its Remuneration Policy in such a way to discourage behaviours that can lead to misconduct and/or poor customer outcomes. Where misconduct failings or poor performance are identified, collective and/or individual adjustments on variable remuneration are considered and applied as appropriate.

SAM UK is required to identify individuals whose professional activities have a material impact on the risk profiles of the UK UCITS it manages (defined as ""Remuneration Code Staff"") and the UK UCITS Remuneration Code requires SAM UK to disclose specific information about those individuals. SAM UK's Remuneration Policy applies deferral arrangements where a proportion of variable pay for its Remuneration Code Staff is deferred, varying from 40% to 60% depending on the level of role and total compensation paid, and a certain proportion of payment is made in non-cash instruments. The Remuneration Policy has mechanisms in place to make risk adjustments for known future losses which are not accounted for at the time bonus levels are set, and also at an individual level, where a member of the bonus scheme is found to have acted inappropriately, or taken excessive risk, in order to achieve greater levels of reward.

Further information with respect to the Policy is available at www.santanderassetmanagement.co.uk.

The remuneration disclosure has been provided by SAM UK in its capacity as authorised fund manager of UK UCITS as at 31 December 2023. Remuneration information at an individual UK AIF or UCITS level is not readily available. The remuneration information has been calculated based on the application of SAM UK's Remuneration Policy during the year ended 31 December

Report of the Authorised Corporate Director (continued)

for the year ended 15 September 2024

Significant Information (continued)

Remuneration Disclosure (unaudited) (continued)

2023 with respect to all UK AIFs and UK UCITs it manages. It excludes remuneration paid to Material Risk Takers under the MIFIDPRU Remuneration Code. No adjustments were made collectively or individually due to misconduct, failings or other irregularities.

For the year ended 31/12/2023 *	Fixed Remuneration	Variable Remuneration	Total Remuneration	No. of Beneficiaries
Total remuneration awarded by the SAM UK during the financial year.	£8,680,458	£4,413,653	£13,094,111	67
Remuneration awarded to the Code Staff. **	£1,667,249	£1,069,300	£2,736,549	7

* The remuneration disclosed above is in relation to the remuneration awarded by SAM UK during the financial year 1 January 2023 to 31 December 2023 and includes Remuneration Code Staff relating to SAM UK's Remuneration Code Staff identified under AIFMD and UK UCITS Remuneration Codes.

** Employees of the Manager who have a material impact on the risk profile of the Funds are Directors, Key Senior Management Roles and Investment Desk Heads, and are identified collectively as Remuneration Code Staff.

Assessment of Value

Under COLL 6.6.20R (1), Santander Asset Management UK limited, the ACD of the Scheme, must conduct an assessment at least annually for each UK authorised Fund it manages of whether the fees set out in the prospectus are justified in the context of overall value delivered to shareholders. This assessment of value must, as a minimum, consider the following seven criteria as set out by the regulator:

- Quality of Service
- Performance
- Authorised Fund Manager Costs
- Economies of Scale
- Comparable Market Rates
- Comparable Services
- Classes of Units

SAM UK have chosen to publish our statements of value across our full range of UK authorised Schemes in a separate composite report with a reference date of 31 December each year on our website at www.santanderassetmanagement.co.uk. Our composite reports will be available annually on 30 April.

Task Force on Climate-related Financial Disclosures (‘TCFD’)

In accordance with current Financial Conduct Authority rules, the ACD is required to publish its own TCFD report and that of each fund. The report can be found at TCFD Reporting (fundsolutions.net/tcfd-reporting) and the report of the sub-fund of the Company can be found at https://www.santanderassetmanagement.co.uk/tools#/fund-centre

Authorised Corporate Director's Statement

This report has been prepared in accordance with the requirements of the Collective Investment Scheme's Sourcebook as issued and amended by the Financial Conduct Authority.

Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is responsible for preparing the annual report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 (“the OEIC Regulations”), the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) and the Company's Instrument of Incorporation. The OEIC Regulations and COLL requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company, and each of its Funds, and of its net revenue and net capital gains/(losses) on the property of the Company and each of its Funds for the period, and to comply with the United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In preparing the financial statements the ACD is required to:

- select suitable accounting policies and apply them consistently;
- make appropriate judgements and best estimates;
- state whether applicable accounting standards and the IA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable IA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of an ACD's report which complies with the requirements of the Company's Instrument of Incorporation, Prospectus and COLL.

In accordance with COLL 4.5.8R, the Annual Report and the audited financial statements were approved by the Board of Directors of the ACD of the Company and authorised for issue on 9 January 2025.

Cassie Waller
Director
For and on behalf of Santander Asset Management UK Limited
Authorised Corporate Director of Santander Managed Investments OEIC 2
9 January 2025

Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of Santander Managed Investments OEIC 2

Statement of the Depositary's Responsibilities

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited
Edinburgh
January 2025

Independent auditors' Report to the Shareholders of Santander Managed Investments OEIC 2

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Santander Managed Investments OEIC 2 (the "Company"):

- give a true and fair view of the financial position of the Company and its sub-fund as at 15 September 2024 and of the net revenue and the net capital gains on the scheme property of the Company and its sub-fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Santander Managed Investments OEIC 2 is an Open Ended Investment Company ('OEIC') with a single sub-fund. The financial statements of the Company comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual report (the "Annual Report"), which comprise: the Balance sheet as at 15 September 2024; the Statement of total return, and the Statement of change in net assets attributable to shareholders for the year then ended; the Distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director’s Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company’s and its sub-fund’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or its sub-fund, or has no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' Report to the Shareholders of Santander Managed Investments OEIC 2

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report
This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Independent auditors' Report to the Shareholders of Santander Managed Investments OEIC 2

Other required reporting (continued)

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
9 January 2025

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary

Investment Objective
The Fund's objective is to provide an income.

The Fund aims to provide an annual income that is greater than the annual income of the following composite Target Benchmark: 90% Markit iBoxx Sterling Corporates Index TR, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, although no level of income is guaranteed.

Investment Policy
The Fund is actively managed (by the appointed Sub-Investment Manager) and aims to achieve its objective by investing at least 95% in bonds.

The Fund invests:

- a minimum of 70% in bonds issued by companies and other non-sovereign entities; and
- a maximum of 30% in bonds issued by governments.

The Fund may invest in developed markets globally but at least 70% of its investments in bonds must be denominated in Pounds Sterling, and at least 95% of its investments in bonds denominated in or Hedged to Pounds Sterling.

At least 90% of the Fund's investment in bonds will be in those which are, at the time of purchase, investment grade. Up to 10% can be in those which are at the time of purchase, sub-investment grade and up to 5% can be unrated (where the Sub-Investment Manager will determine whether the bonds have quality equivalent to investment grade or sub-investment grade).

The Fund's investment in bonds can include those which are "non-standard" (up to 30% of the Fund). These may, for example, be bonds which can make payments earlier than their target maturity date, or have terms where the principal amount of the bond can be paid back over the term of the bond, instead of being paid at the bond's maturity date, or asset backed or mortgage backed securities (investments whose return is generated from and backed by a basket of debt, for example mortgages). With regard to asset backed and mortgage backed securities, exposure will be limited to 5% of the Fund.

The Fund's investment in bonds can also include (up to 20% of the Fund) those which are "index linked" (bonds which have their coupon payments adjusted for inflation by linking the payments to an inflation indicator), although this is not a key part of the Fund's investment strategy.

The Fund invests directly in bonds, and not indirectly by purchasing units in Collective Investment Schemes.

The Fund may also invest up to 5% in cash, cash like and other money market instruments.

The Fund may use Derivatives for Efficient Portfolio Management (including hedging), where Derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Fund.

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary (continued)

Investment Strategy and Process

The ACD has appointed one Sub-Investment Manager, based on their expertise, to manage the entire Fund and has put in place the investment guidelines which the Sub-Investment Manager must follow.

The ACD has in place an internal analysis and due diligence process to monitor the Sub-Investment Manager's management of the Fund, and it can change the Sub-Investment Manager at its discretion if it believes that this is in the best interests of Shareholders in the Fund.

The Sub-Investment Manager actively manages the Fund. This means that, subject to the investment guidelines agreed with the ACD, it has discretion to select assets according to its investment views and opportunities identified as market and economic conditions change, and it will select investments that it believes will achieve the Fund's investment objectives. The Sub-Investment Manager will complete an assessment before any investment decisions are made.

The investment guidelines the ACD has put in place for the Sub-Investment Manager include an objective to aim to provide an annual income greater than the annual income of the Target Benchmark.

In addition the investment guidelines contain:

- an objective to outperform the Target Benchmark on average each year measured over rolling 3 year periods, with the aim of producing the annual income for distribution; and
- risk management measures, including a maximum Tracking Error, detailed below which reference the Target Benchmark. These will be commensurate to the outperformance objective noted above.

The primary way the Sub-Investment Manager intends to provide an annual income is by selecting bonds which will outperform the Target Benchmark.

When selecting bonds, the Sub-Investment Manager will consider risks including credit risk (the potential risk that issuers of bonds will be unable to honour their payment obligations), and how changing interest rates might impact the value of a bond in order to help determine which bonds to invest in. For example increasing interest rates will usually lower the value of an existing bond, and if the bond has a long time until maturity there could be more of an impact on its value. Therefore, the Sub-Investment Manager may choose to reduce the Fund's sensitivity to a change in interest rates if it expects them to rise or vice versa.

When selecting company bonds, the Sub-Investment Manager's will assess a company with respect to four key factors: industry attractiveness, competitive position, management quality and financial position. This will assign the company a score which the Sub-Investment Manager will consider as part of its overall selection process when determining which bonds to invest in.

When selecting government bonds it will use a number of tools to assess the impact of key economic and socio-political factors in order to determine a forward-looking view on the medium and long-term risk that the government may be unable to meet its payment obligations on the bonds. In doing so, it will consider factors such as the government's cash flow.

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary (continued)

Investment Strategy and Process (continued)
The Sub-Investment Manager will also factor in the value of a bond, by assessing the interest payments the bond will make, and look for opportunities where they believe bonds have been mispriced. In addition, as the ACD aims to allocate the Fund's annual income in equal amounts through the annual accounting period (as explained in the Fund's Further Information section below) the Sub- Investment Manager may also look to invest in bonds which provide regular interest payments.

Fees and expenses are charged to capital, which may reduce (but not exclude) the potential for capital growth opportunities.

The Fund's strategy is complemented by the use of Derivatives for Efficient Portfolio Management. It is expected that Derivatives will be used regularly in circumstances such as managing risk, for example to manage currency risk by hedging to Pounds Sterling or to manage interest rate risk, or responding quickly to developments in financial markets.

The Fund overall will typically be managed with a Tracking Error (against the Target Benchmark) of up to 1.5%. The Tracking Error of the Fund's portfolio may occasionally (for instance during volatile market conditions) be higher than 1.5% provided this is consistent with the investment strategy of the Fund. The Sub-Investment Manager is also subject to some investment restrictions which reference an index in the Target Benchmark, relating to the credit rating of bond issuers, and the Duration of bonds, as part of its investment process. These are risk management measures.

The risk management measures mean that although the Sub-Investment Manager has discretion to select investments, the degree to which the Fund's portfolio is permitted to deviate from the Target Benchmark will be restricted, which will limit the extent to which the Fund might outperform the Target Benchmark and therefore the level of annual income it can achieve. The Sub-Investment Manager does not have to invest in the same assets that make up the Target Benchmark or in the same amounts, and may hold significantly fewer assets than those which make up the Target Benchmark, but some of the Fund's investments will reflect the constituents of the Target Benchmark.

Further Information
Whilst Shareholders will always receive the income earned by the Fund, tax implications for a Shareholder may vary based on whether they subscribed or redeemed units in the Fund during a financial year, and on their individual tax situation.

The Target Benchmark for the Fund has been selected as it is representative of the Fund's investment in bonds and therefore broadly in line with the investment policy of the Fund.

The Target Benchmark is provided by IHS Markit Administration Limited and FTSE International Limited, respectively, which as at the date of this Prospectus are included in the public register of administrators and benchmarks established and maintained by the FCA.

If the ACD considers that the Fund's Target Benchmark should be amended as a result of changes to, or evolution of, external market conditions and provided there is no material change to the risk profile of the Fund, it may implement this change after providing Shareholders with reasonable notice in advance.

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary (continued)

Further Information (continued)

Variable remuneration of those individuals employed by the ACD who are responsible for the selection and ongoing oversight of the Sub-Investment Manager is determined by assessing a number of different factors. Insofar as these relate to investment performance, any assessment will be made by comparing Fund performance relative to the Target Benchmark.

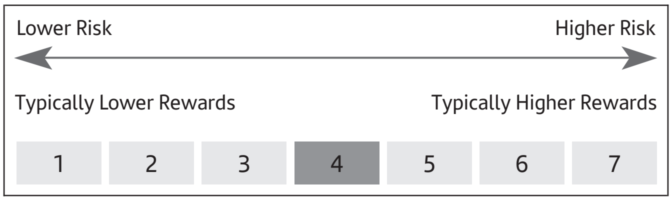
Sub-Investment Manager

BlackRock Investment Management (UK) Limited

Risk Profile

The main risk within the portfolio relates to changes in the prices of securities held. Other risks include: bond risk, capital erosion risk, counterparty risk, country risk, derivatives risk, income risk and liquidity risk. The Manager reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Scheme does not borrow in the normal course of business.

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.

Income

	1 Year
Santander Sterling Bond Income Portfolio R Income Shares	4.59%
Santander Sterling Bond Income Portfolio R Accumulation Shares	4.58%
90% Markit iBoxx GBP Corporates Index, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index	4.28%

Annual Income Delivered: The sum of all income payments made over the Fund's last accounting year. Each income payment is a percentage of the fund price as at the previous XD date.
Benchmark Income: Sum of the 12 monthly current yields during the accounting year. Each current yield is taken as at previous ex-dividend date.

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary (continued)

Market Review
The final months of 2023 saw central banks begin to hold their policy rates as signs of slower inflation and economic growth appeared. In the UK, the Bank of England (BoE) held its policy rate at 5.25%,[1] ending almost two years of interest-rate hikes. Weaker-than-expected economic data, particularly in the US,[2] led investors to expect significant rate cuts for 2024, which resulted in a sharp decrease in bond yields over the final months of 2023.[3] As bond prices and yields move in opposite directions, bond prices rose as a result.

However, January data releases surprised investors, leading to concerns about services inflation and tight labour markets (where job vacancies are plentiful and available workers are scarce). This suggested that central banks in developed markets would likely need to keep rates higher for longer. As a result, yields gradually increased over the first four months of 2024,[4] reaching the levels hit in September 2023.

Over the latter months of the reporting period, the economic data started to show signs of more sustained weakness. With central banks leaning towards a more data-driven approach, this trend towards lower inflation – alongside lower economic growth – resulted in the start of interest rate-cutting cycles across developed markets.[5] The European Central Bank (ECB) was the first major central bank to cut interest rates, by 25 basis points (bps), in June.[6] The BoE followed, cutting rates by 25bps in August.[7] Although the US Federal Reserve did not cut rates during the period, recent economic data shows significant weakening, leading to increasing expectations for sizeable interest-rate cuts by the end of the year.[8]

In contrast to the volatility seen in government bonds, corporate bond spreads (the difference in yield between a corporate bond and government bond with the same maturity) have followed a relatively consistent downward trend over the period.[9] This was partly due to high interest rates leading to low issuance of corporate bonds, while also supporting increased demand given the opportunities provided by higher yields.

Performance Review and Investment Activity (Reporting Period)
The Fund's objective is to provide an income. The Fund aims to provide an annual income that is greater than the annual income of the following composite Target Benchmark, consisting of 90% iBoxx GBP Corporates Index and 10% FTSE Actuaries UK Conventional Gilts All Stocks Index, although no level of income is guaranteed.

The Fund is actively managed by a Sub-Investment Manager and invests at least 95% in bonds. At least 70% will be in bonds issued by companies and other non-sovereign entities, and up to 30% can be in government bonds. The Fund invests globally in developed markets, but at least 70% of the bonds it invests in must be in pounds.

The Fund achieved its objective of providing an annual income higher than the Target Benchmark.

[1] *Bank of England, November 2023*
[2] *Reuters, December 2023*
[3] *Reuters, November 2023*
[4] *CNBC, 15 September 2024*
[5] *Reuters, September 2024*
[6] *BBC, June 2024*
[7] *BBC, August 2024*
[8] *Reuters, September 2024*
[9] *S&P Global, September 2024*

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary (continued)

Performance Review and Investment Activity (Reporting Period) (continued)
Over the 12 months to 15 September 2024, the R Income Share Class delivered an income of 4.59% and the R Accumulation Share Class delivered an income of 4.58%, achieving an income above that of the Target Benchmark, which provided an income of 4.28%.

The Fund's income generation was supported by the Sub-Investment Manager's position in longer maturity bonds and the tactical trading around the volatility in corporate and government bonds.

From a sector perspective, the Fund had a relatively lower exposure to industrials and a relatively higher exposure to financials (compared to the Target Benchmark). The Sub-Investment Manager believed the full effects of the 'higher-for-longer' interest-rate environment would begin to be felt by the economy. Therefore, the Sub-Investment Manager expected that this would lead to more difficult credit conditions for both issuers and consumers, and consequently increase potential recessionary risks.

As a result, the Fund had a relatively lower exposure to cyclicals (those sectors and companies more affected by changes in the wider economy) in favour of holding more non-cyclical companies within industrials. The Sub-Investment Manager saw potential negative impacts from supply-chain disruptions, higher costs and potential demand shocks. An example of this is in the automotive sector, where the Fund has a relatively lower position (compared to the Target Benchmark). The Sub-Investment Manager believes the low credit spreads do not compensate for either the cyclical nature or the potential negative effects from upcoming tariffs and weaker electric-vehicle demand.

In terms of the Fund's government bond exposure, over the period, the Sub-Investment Manager maintained a relatively large position in bonds with longer maturities compared to the Target Benchmark. This was due to the Sub-Investment Manager's belief that the high interest-rate environment would begin to take full effect, and therefore lead to a decrease in interest rates and government bond yields. This proved successful in November and December 2023 following the spike in recessionary expectations. The Fund tactically traded around this period, lowering the position in longer-maturity bonds towards being in line with the Target Benchmark as yields fell. Thereafter, the Sub-Investment Manager opportunistically built the longer-maturity bond exposure back up over the initial months of 2024 as investors lowered their expectations for a recession. Additionally, weaker economic data and the start of central bank interest rate-cutting cycles has supported this strategy.

Market Outlook
During the reporting period, the Fund's corporate bond position was changed to be roughly in line with the Target Benchmark. The Sub-Investment Manager believes there are potential market risks from lower growth and higher interest rates. Furthermore, there are signs of weakening profit margins and lower demand in the more cyclical sectors. However, the Sub-Investment Manager expects the fixed income markets to be supported by yield focused investors and anticipates the market to absorb the supply of corporate bonds over 2024.

In terms of the Fund's government bond exposure, the Sub-Investment Manager continues to hold a larger position in bonds with a longer maturity. Although economies initially proved more resilient than expected, data over recent months has shown a

Santander Sterling Bond Income Portfolio
Final Report and Financial Statements for the year ended 15 September 2024

Investment commentary (continued)

Market Outlook (continued)

sustained and continued economic weakness throughout developed market economies. The Sub-Investment Manager favours European and UK government bonds as they believe both the ECB and BoE will continue to cut interest rates as growth and inflation are expected to trend lower over the coming months.

James Ind
Chief Investment Officer
For and on behalf of Santander Asset Management UK Limited
October 2024

Summary of material portfolio changes

for the year ended 15 September 2024

Purchases	Cost £	Note
United Kingdom Gilt 6% 2028	17,275,302	
United Kingdom Gilt 4.5% 2028	11,501,805	
United Kingdom Gilt 0.125% 2028	10,875,455	
United Kingdom Gilt 4.25% 2040	6,327,956	
United Kingdom Gilt 4.375% 2054	6,048,066	
US Treasury 2.125% 2029	5,812,409	
United Kingdom Gilt 4.625% 2034	5,737,300	
United Kingdom Gilt 3.25% 2044	5,358,045	
United Kingdom Gilt 0.125% 2026	5,253,689	
United Kingdom Gilt 1.25% 2027	4,223,905	
United Kingdom Gilt 4% 2063	4,185,702	
United Kingdom Gilt 5% 2025	3,983,472	
Cooperatieve Rabobank UA 4.625% 2029	3,850,026	
United Kingdom Gilt 3.5% 2025	3,749,901	
United Kingdom Gilt 4.125% 2029	3,738,421	
United Kingdom Gilt 4.75% 2030	3,681,858	
United Kingdom Gilt 4.25% 2027	3,668,135	
Eurogrid 3.279% 2031	3,648,493	
United Kingdom Gilt 3.75% 2053	3,068,275	
United Kingdom Gilt 0.375% 2030	2,824,152	
Total cost of purchases for the year	289,632,768	16

Sales	Proceeds £	Note
United Kingdom Gilt 0.125% 2028	13,387,527	
United Kingdom Gilt 4.5% 2028	11,427,334	
United Kingdom Gilt 6% 2028	10,026,380	
United Kingdom Gilt 4.75% 2030	8,969,712	
United Kingdom Gilt 0.125% 2026	5,271,345	
United Kingdom Gilt 4.25% 2040	5,104,777	
United Kingdom Gilt 4.625% 2034	5,074,528	
United Kingdom Gilt 1.25% 2041	4,802,447	
United Kingdom Gilt 3.5% 2045	4,666,763	
United Kingdom Gilt 1.25% 2027	4,313,086	
United Kingdom Gilt 5% 2025	3,979,603	
United Kingdom Gilt 4.375% 2054	3,813,058	
United Kingdom Gilt 4.125% 2029	3,762,017	
United Kingdom Gilt 3.75% 2038	3,761,197	
United Kingdom Gilt 3.5% 2025	3,760,730	
United Kingdom Gilt 4.25% 2027	3,674,239	
United Kingdom Gilt 4.5% 2034	3,653,603	
AXA SA 5.453% 2172	3,076,150	
United Kingdom Gilt 3.75% 2053	3,016,741	
United Kingdom Gilt 4.25% 2055	2,834,623	
Total proceeds from sales for the year	312,822,262	16

Portfolio statement

as at 15 September 2024

Investment	Holding or nominal value of positions at 15 September	Market value £	Percentage of total net assets %
Fixed interest securities 96.68% (96.88%)			
AAA to AA 6.22% (0.73%)			
European Bank for Reconstruction & Development 3.875% 2029	£2,000,000	2,008,060	0.79
European Investment Bank 3.875% 2028	£1,200,000	1,204,651	0.48
European Investment Bank 4% 2029	£1,300,000	1,311,492	0.52
Kreditanstalt fuer Wiederaufbau 4.125% 2026	£2,600,000	2,597,649	1.03
New York Life Global Funding 4.95% 2029	£960,000	989,731	0.39
Roche Finance Europe 3.564% 2044	€800,000	680,082	0.27
Telereal Securitisation 5.3887% 2033	£108,270	109,769	0.04
US Treasury 2.125% 2029	$7,366,000	5,854,574	2.31
Wellcome Trust 2.517% 2118	£1,010,000	550,442	0.22
Wellcome Trust 4% 2059	£500,000	439,194	0.17
		15,745,644	6.22
AA- to A+ 17.07% (20.62%)			
Banco Santander 4.75% 2028*	£2,300,000	2,308,625	0.91
Banque Federative du Credit Mutuel 1.875% 2028	£1,100,000	995,159	0.39
Banque Federative du Credit Mutuel 5% 2029	£1,200,000	1,223,904	0.48
BNP Paribas 6% 2029	£2,100,000	2,202,375	0.87
Coca-Cola 3.75% 2053	€709,000	591,575	0.23
East Japan Railway 5.562% 2054	£835,000	858,196	0.34
Metropolitan Life Global Funding I 5% 2030	£1,035,000	1,061,465	0.42
MSD Netherlands Capital 3.75% 2054	€355,000	295,591	0.12
Nationwide Building Society 6.125% 2028	£1,165,000	1,230,322	0.49
Unite Usaf 3.921% 2030	£2,680,000	2,643,284	1.04
United Kingdom Gilt 1.625% 2071	£210	102	0.00
United Kingdom Gilt 3.25% 2044	£5,026,000	4,357,416	1.72
United Kingdom Gilt 4% 2063	£4,158,000	3,900,932	1.54
United Kingdom Gilt 4.25% 2032	£680,000	709,373	0.28
United Kingdom Gilt 4.25% 2039	£1,320,000	1,346,631	0.53
United Kingdom Gilt 4.25% 2040	£5,155,000	5,223,433	2.06
United Kingdom Gilt 4.25% 2055	£1,052,000	1,033,564	0.41
United Kingdom Gilt 4.375% 2054	£2,291,000	2,293,005	0.91
United Kingdom Gilt 4.625% 2034	£773,000	825,815	0.33
United Kingdom Gilt 4.75% 2043	£1,022,000	1,088,098	0.43
United Kingdom Gilt 6% 2028	£6,558,000	7,195,601	2.84
Zurich Finance Ireland Designated Activity 5.125% 2052	£1,897,000	1,859,534	0.73
		43,244,000	17.07
A to A- 19.21% (19.14%)			
Anglian Water Services Financing 6.25% 2044	£1,015,000	1,024,815	0.40

Portfolio statement (continued)

as at 15 September 2024

Investment	Holding or nominal value of positions at 15 September	Market value £	Percentage of total net assets %
A to A- (continued)			
Aviva 6.875% 2053	£430,000	455,129	0.18
Banco Santander 5.5% 2029*	£1,500,000	1,530,900	0.60
Bank of America 1.667% 2029	£2,220,000	2,000,264	0.79
BUPA Finance 5% 2030	€1,930,000	1,739,530	0.69
Cooperatieve Rabobank UA 1.875% 2028	£1,500,000	1,396,875	0.55
Credit Agricole 5.375% 2029	£600,000	609,750	0.24
DWR Cymru Financing UK 2.5% 2036	£555,000	424,840	0.17
Eastern Power Networks 5.375% 2042	£1,385,000	1,400,581	0.55
EnBW International Finance 4.3% 2034	€400,000	354,067	0.14
GlaxoSmithKline Capital 1.625% 2035	£1,615,000	1,211,501	0.48
GlaxoSmithKline Capital 5.25% 2033	£1,146,000	1,223,958	0.48
HSBC 1.75% 2027	£5,380,000	5,086,981	2.01
HSBC 6.8% 2031	£965,000	1,053,317	0.42
ING Groep 3.75% 2035	€2,800,000	2,360,578	0.93
ING Groep 5% 2026	£900,000	900,000	0.36
JPMorgan Chase 0.991% 2026	£3,230,000	3,149,024	1.24
Kering 5.125% 2026	£1,700,000	1,719,550	0.68
Legal & General Finance 5.875% 2031	£635,000	688,886	0.27
London Power Networks 5.875% 2040	£415,000	443,739	0.18
Medtronic 4.15% 2053	€1,160,000	1,013,102	0.40
Morgan Stanley 2.95% 2032	€1,820,000	1,491,598	0.59
Morgan Stanley 5.148% 2034	€650,000	609,205	0.24
Motability Operations 2.125% 2042	£160,000	107,992	0.04
Motability Operations 4.25% 2035	€600,000	527,994	0.21
Motability Operations 5.625% 2035	£1,400,000	1,504,146	0.59
Motability Operations 5.625% 2054	£965,000	1,000,107	0.39
NatWest Markets 6.375% 2027	£1,125,000	1,184,664	0.47
Northern Powergrid Northeast 1.875% 2062	£1,365,000	654,275	0.26
Northern Powergrid Yorkshire 2.25% 2059	£354,000	186,444	0.07
Pfizer 2.735% 2043	£300,000	219,213	0.09
Realty Income 1.125% 2027	£1,497,000	1,355,324	0.54
Realty Income 1.875% 2027	£482,000	449,735	0.18
Society of Lloyd's 4.875% 2047	£1,875,000	1,847,239	0.73
South Eastern Power Networks 5.625% 2030	£257,000	271,898	0.11
South Eastern Power Networks 6.375% 2031	£710,000	785,143	0.31
UBS 0.625% 2033	€930,000	617,730	0.24
UBS 1.875% 2029	£510,000	455,063	0.18
UBS 2.25% 2028	£2,290,000	2,135,149	0.84
UBS 2.875% 2032	€1,350,000	1,090,095	0.43

Portfolio statement (continued)

as at 15 September 2024

Investment	Holding or nominal value of positions at 15 September	Market value £	Percentage of total net assets %
A to A- (continued)			
UBS 7.75% 2029	€782,000	750,658	0.30
Yorkshire Water Finance 6.6011% 2031	£1,600,000	1,627,643	0.64
		48,658,702	19.21
BBB+ to BBB 47.07% (46.01%)			
Aegon 6.125% 2031	£1,150,000	1,243,333	0.49
Aegon 6.625% 2039	£250,000	288,385	0.11
Amgen 4% 2029	£1,095,000	1,073,349	0.42
Annington Funding 3.685% 2034	£2,660,000	2,271,738	0.90
APA Infrastructure 3.5% 2030	£1,400,000	1,295,292	0.51
AT&T 2.9% 2026	£300,000	289,626	0.11
AT&T 4.875% 2044	£600,000	545,543	0.22
AT&T 5.2% 2033	£950,000	963,102	0.38
AT&T 5.5% 2027	£450,000	457,764	0.18
AT&T 7% 2040	£1,150,000	1,326,804	0.52
Aviva 5.125% 2050	£1,500,000	1,460,408	0.58
Aviva 6.125% 2036	£1,100,000	1,127,847	0.45
Aviva 6.875% 2058	£1,228,000	1,294,956	0.51
Barclays 3% 2026	£3,520,000	3,418,203	1.35
Barclays 6.369% 2031	£1,160,000	1,226,027	0.48
Barclays 7.09% 2029	£1,575,000	1,697,031	0.67
BAT International Finance 4.125% 2032	€1,525,000	1,297,629	0.51
BAT International Finance 6% 2034	£1,272,000	1,328,733	0.52
BP Capital Markets 3.625%	€800,000	652,423	0.26
BPCE 5.25% 2029	£2,800,000	2,792,065	1.10
BPCE 5.375% 2031	£600,000	608,322	0.24
British Telecommunications 3.125% 2031	£2,460,000	2,213,691	0.87
BUPA Finance 5% 2026	£2,350,000	2,345,065	0.93
Cadent Finance 2.25% 2035	£1,600,000	1,191,494	0.47
Cadent Finance 2.625% 2038	£2,060,000	1,489,360	0.59
Cadent Finance 2.75% 2046	£200,000	126,272	0.05
Centrica 4.375% 2029	£800,000	790,166	0.31
Centrica 7% 2033	£281,000	319,799	0.13
Channel Link Enterprises Finance 3.043% 2050	£915,000	826,190	0.33
Citigroup 7.375% 2039	£1,283,000	1,578,327	0.62
Cooperatieve Rabobank UA 4.625% 2029	£1,930,000	1,897,482	0.75
Cooperatieve Rabobank UA 5.25% 2027	£655,000	660,271	0.26
Deutsche Bank 4% 2026	£400,000	396,000	0.16
Deutsche Bank 6.125% 2030	£1,100,000	1,141,734	0.45
Digital Stout 3.75% 2030	£1,200,000	1,116,540	0.44
E.ON 3.875% 2038	€1,645,000	1,392,318	0.55

Portfolio statement (continued)

as at 15 September 2024

Investment	Holding or nominal value of positions at 15 September	Market value £	Percentage of total net assets %
BBB+ to BBB (continued)			
E.ON International Finance 4.75% 2034	£1,000,000	980,495	0.39
E.ON International Finance 6.25% 2030	£4,335,000	4,659,800	1.84
E.ON International Finance 6.375% 2032	£218,000	238,399	0.09
Electricite de France 4.75% 2044	€800,000	699,878	0.28
Electricite de France 5.125% 2050	£1,250,000	1,095,118	0.43
Electricite de France 5.625% 2053	£1,700,000	1,586,559	0.63
Electricite de France 6% 2114	£400,000	380,508	0.15
Engie 4.25% 2043	€200,000	170,698	0.07
Engie 5% 2060	£750,000	684,657	0.27
Engie 7% 2028	£1,950,000	2,126,543	0.84
Eurogrid 3.279% 2031	€1,200,000	1,001,944	0.40
Gatwick Funding 6.5% 2043	£168,000	186,942	0.07
Goldman Sachs 3.625% 2029	£245,000	235,827	0.09
Goldman Sachs 7.25% 2028	£3,710,000	4,027,917	1.59
Greene King Finance 3.593% 2035	£1,697,470	1,560,807	0.62
Heathrow Funding 4.625% 2048	£683,000	605,045	0.24
Heathrow Funding 6.45% 2033	£2,910,000	3,159,161	1.25
HSBC 6% 2040	£70,000	70,440	0.03
HSBC 8.201% 2034	£1,955,000	2,166,119	0.85
HSBC Bank 4.75% 2046	£695,000	618,058	0.24
HSBC Bank 6.25% 2041	£250,000	258,838	0.10
ING Groep 6.25% 2033	£1,100,000	1,130,250	0.45
Legal & General 3.75% 2049	£1,900,000	1,744,502	0.69
Legal & General 4.5% 2050	£410,000	383,981	0.15
Legal & General 5.375% 2045	£1,140,000	1,136,682	0.45
Lloyds Banking 1.875% 2026	£1,740,000	1,720,355	0.68
London & Quadrant Housing Trust 2.25% 2029	£1,400,000	1,251,612	0.49
M&G 5.56% 2055	£764,000	715,237	0.28
M&G 5.625% 2051	£2,300,000	2,239,648	0.88
Mitchells & Butlers Finance 5.574% 2030	£162,912	164,000	0.06
National Gas Transmission 1.375% 2031	£1,230,000	988,994	0.39
National Grid Electricity Distribution West Midlands 5.75% 2032	£2,998,000	3,133,015	1.24
National Grid Electricity Transmission 2% 2040	£709,000	455,359	0.18
NatWest 2.057% 2028	£520,000	480,319	0.19
NatWest 3.619% 2029	£1,045,000	1,005,812	0.40
NIE Finance 5.875% 2032	£490,000	523,942	0.21
Northumbrian Water Finance 6.375% 2034	£499,000	522,199	0.21
Orange 8.125% 2028	£4,562,000	5,182,930	2.05
Orsted 5.375% 2042	£1,030,000	1,023,459	0.40
Orsted 5.75% 2040	£165,000	170,928	0.07
Prudential Funding Asia 6.125% 2031	£685,000	717,825	0.28

Portfolio statement (continued)

as at 15 September 2024

Investment	Holding or nominal value of positions at 15 September	Market value £	Percentage of total net assets %
BBB+ to BBB (continued)			
Rl Finance Bonds No 3 6.125% 2028	£195,000	200,747	0.08
Santander UK 2.92% 2026*	£2,965,000	2,920,525	1.15
Santander UK 7.098% 2027*	£730,000	761,025	0.30
Santander UK 7.482% 2029*	£220,000	238,923	0.09
Scottish Hydro Electric Transmission 2.125% 2036	£600,000	450,802	0.18
Scottish Hydro Electric Transmission 5.5% 2044	£550,000	554,042	0.22
Severn Trent Utilities Finance 5.875% 2038	£500,000	519,150	0.20
Severn Trent Utilities Finance 6.25% 2029	£1,100,000	1,150,338	0.45
Societe Generale 5.75% 2032	£1,500,000	1,519,755	0.60
Southern Gas Networks 1.25% 2031	£800,000	627,784	0.25
Southern Water Services Finance 6.64% 2026	£725,000	632,476	0.25
SP Manweb 4.875% 2027	£970,000	980,233	0.39
SSE 8.375% 2028	£1,376,000	1,569,294	0.62
SW Finance I 7% 2040	£890,000	756,589	0.30
Swedbank 7.272% 2032	£705,000	740,770	0.29
Traton Finance Luxembourg 5.625% 2029	£300,000	303,569	0.12
Tritax Big Box REIT 1.5% 2033	£632,000	468,893	0.18
United Utilities Water Finance 0.875% 2029	£1,050,000	866,603	0.34
United Utilities Water Finance 2% 2033	£825,000	648,351	0.26
United Utilities Water Finance 5.75% 2051	£1,300,000	1,279,967	0.51
Verizon Communications 1.875% 2030	£275,000	235,334	0.09
Verizon Communications 2.5% 2031	£1,300,000	1,138,557	0.45
Verizon Communications 3.375% 2036	£265,000	224,486	0.09
Vodafone 3% 2056	£1,000,000	611,724	0.24
Vodafone 5.125% 2052	£600,000	553,836	0.22
Volkswagen Financial Services 6.5% 2027	£1,900,000	1,976,266	0.78
Wells Fargo 3.473% 2028	£1,210,000	1,171,728	0.46
Welltower 4.8% 2028	£800,000	799,615	0.32
		119,249,473	47.07
Below BBB to unrated 7.11% (10.38%)			
Co-Operative Bank 5.579% 2028	£500,000	501,750	0.20
Electricite de France 5.875% 2172	£400,000	386,340	0.15
Electricite de France 6% 2172	£1,200,000	1,192,116	0.47
Heathrow Funding 2.625% 2028	£1,430,000	1,319,590	0.52
Mitchells & Butlers Finance 6.013% 2030	£716,799	704,293	0.28
NatWest 2.105% 2031	£1,114,000	1,043,430	0.41
NatWest 3.622% 2030	£504,000	497,282	0.20
NatWest 7.416% 2033	£625,000	660,750	0.26
NGG Finance 5.625% 2073	£2,456,000	2,447,355	0.96
Telefonica Emisiones 5.445% 2029	£300,000	310,148	0.12

Portfolio statement (continued)

as at 15 September 2024

Investment	Holding or nominal value of positions at 15 September	Market value £	Percentage of total net assets %
Below BBB to unrated (continued)			
Tesco Corporate Treasury Services 2.75% 2030	£800,000	725,525	0.29
Tesco Property Finance 1 7.6227% 2039	£106,120	122,130	0.05
Tesco Property Finance 3 5.744% 2040	£1,105,525	1,133,543	0.45
Tesco Property Finance 4 5.8006% 2040	£413,405	424,574	0.17
Tesco Property Finance 6 5.4111% 2044	£448,281	446,044	0.17
Teva Pharmaceutical Finance Netherlands II 4.375% 2030	€695,000	574,884	0.23
Thames Water Utilities Finance 4.375% 2034	£400,000	304,684	0.12
Thames Water Utilities Finance 4.625% 2046	£370,000	276,346	0.11
Thames Water Utilities Finance 5.5% 2041	£260,000	200,798	0.08
Time Warner Cable 5.75% 2031	£3,167,000	3,086,329	1.22
United Utilities Water Finance 1.75% 2038	£700,000	466,949	0.18
Virgin Money UK 4% 2028	€645,000	552,487	0.22
Worldline 0.875% 2027	€400,000	308,784	0.12
Worldline 4.125% 2028	€400,000	334,360	0.13
		18,020,491	7.11
Total Fixed interest securities		244,918,310	96.68
Money Market Securities 0.96% (nil)			
Lloyds Bank 7.625% 2025	£1,454,000	1,472,990	0.58
Ford Motor Credit 4.535% 2025	£965,000	958,544	0.38
		2,431,534	0.96
Futures 0.11% (0.14%)			
Euro-Bobl Dec '24	(47)	(14,182)	0.00
Euro-Bund Dec '24	(79)	(57,269)	(0.02)
Euro-Buxl Dec '24	(24)	(24,078)	(0.01)
Long Gilt Dec '24	194	381,405	0.15
US 5 Year Note (CBT) Dec '24	(74)	(21,830)	(0.01)
		264,046	0.11

	Settlement	Buy Amount	Sell Amount	Unrealised Gains/(losses) £	
Forward currency trades -0.01% (-0.06%)					
Buy EUR : Sell GBP	17/10/2024	€3,580,000	£(3,030,803)	(9,075)	0.00
Buy EUR : Sell GBP	17/10/2024	€5,095,000	£(4,330,624)	(30,148)	(0.01)
Buy EUR : Sell GBP	17/10/2024	€2,220,000	£(1,873,480)	329	0.00
Buy EUR : Sell GBP	17/10/2024	€390,000	£(329,514)	(331)	0.00
Buy EUR : Sell GBP	17/10/2024	€2,600,000	£(2,196,772)	(2,220)	0.00

Portfolio statement (continued)

as at 15 September 2024

Investment	Settlement	Buy Amount	Sell Amount	Unrealised Gains/(losses) £	Percentage of total net assets %
Forward currency trades (continued)					
Buy GBP : Sell EUR	17/10/2024	£23,266,791	€(27,580,000)	(12,332)	(0.01)
Buy GBP : Sell EUR	17/10/2024	£410,535	€(480,000)	5,387	0.00
Buy GBP : Sell EUR	17/10/2024	£799,519	€(930,000)	14,545	0.00
Buy GBP : Sell EUR	17/10/2024	£1,049,922	€(1,220,000)	20,171	0.01
Buy GBP : Sell EUR	17/10/2024	£179,293	€(210,000)	2,041	0.00
Buy GBP : Sell EUR	17/10/2024	£732,809	€(860,000)	6,919	0.00
Buy GBP : Sell EUR	17/10/2024	£42,772	€(50,000)	569	0.00
Buy GBP : Sell EUR	17/10/2024	£1,885,498	€(2,240,000)	(5,193)	0.00
Buy GBP : Sell EUR	17/10/2024	£2,387,924	€(2,830,000)	(761)	0.00
Buy GBP : Sell USD	17/10/2024	£993,387	$(1,280,000)	20,407	0.01
Buy GBP : Sell USD	17/10/2024	£6,823,198	$(8,940,000)	27,546	0.01
Buy GBP : Sell USD	17/10/2024	£30,538	$(40,000)	132	0.00
Buy USD : Sell GBP	17/10/2024	$1,390,000	£(1,085,504)	(28,910)	(0.01)
Buy USD : Sell GBP	17/10/2024	$1,290,000	£(1,004,413)	(23,832)	(0.01)
				(14,756)	(0.01)
Portfolio of investments				**247,599,134**	**97.74**
Net other assets				**5,730,502**	**2.26**
Total net assets				**253,329,636**	**100.00**

Figures in brackets represent sector distribution at 15 September 2023.

Fixed interest securities are not listed and are valued using publicly available market data unless otherwise stated.

Futures securities are derivative instruments listed on recognised exchanges.

All other securities are unlisted and are valued using publicly available market data.

* Related party to the Fund.

Comparative tables

Change in net asset value per share	R Income Shares			R Accumulation Shares		
	2024	2023	2022	2024	2023	2022
	p	p	p	p	p	p
Opening net asset value per share	133.22	138.54	176.40	129.54	129.03	159.82
Return before operating charges	15.54	1.39	(32.35)	15.37	1.32	(29.86)
Operating charges	(0.89)	(0.86)	(1.01)	(0.88)	(0.81)	(0.93)
Return after operating charges	14.65	0.53	(33.36)	14.49	0.51	(30.79)
Distributions	(6.32)	(5.85)	(4.50)	(6.28)	(5.54)	(4.12)
Retained distributions on accumulation shares	-	-	-	6.28	5.54	4.12
Closing net asset value per share	141.55	133.22	138.54	144.03	129.54	129.03
*after direct transaction costs of	0.00	0.00	0.00	0.00	0.00	0.00
Performance	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
Return after operating charges**	11.00%	0.38%	(18.91)%	11.19%	0.40%	(19.27)%
Closing net asset value (£'s)	250,545,402	260,568,443	320,987,945	2,784,234	2,800,721	3,162,916
Closing number of shares	177,002,447	195,592,324	231,697,972	1,933,029	2,162,074	2,451,235
Operating charges	0.64%	0.63%	0.63%	0.64%	0.63%	0.63%
Direct transaction costs*	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	p	p	p	p	p	p
Highest share price	143.3	145.7	176.4	144.3	137.2	160.7
Lowest share price	130.0	123.0	138.5	126.9	114.6	129.0

*Direct transaction costs include broker commissions and taxes paid by the Fund on each purchase or sale transaction, some of the direct transaction costs for the year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

**The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figures quoted in the Investment commentary. The Investment commentary performance figure is calculated using the last available published price for the given share class in the year compared to the equivalent for the prior year. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis.

Financial Statements - Santander Sterling Bond Income Portfolio

Statement of total return

for the year ended 15 September 2024

	Note	2024 £	2024 £	2023 £	2023 £
Income					
Net capital gains/(losses)	3		17,122,321		(9,942,856)
Revenue	4	11,815,549		11,483,741	
Expenses	5	(1,614,410)		(1,788,799)	
Interest payable and similar charges	6	(15,973)		(29,248)	
Net revenue before taxation		10,185,166		9,665,694	
Taxation	7	202		1,867	
Net revenue after taxation			10,185,368		9,667,561
Total return before distributions			27,307,689		(275,295)
Distributions	8		(11,800,037)		(12,285,009)
Change in net assets attributable to shareholders from investment activities			15,507,652		(12,560,304)

Statement of change in net assets attributable to shareholders

for the year ended 15 September 2024

	2024 £	2024 £	2023 £	2023 £
Opening net assets attributable to shareholders		263,369,164		324,150,861
Amounts receivable on issue of shares	1,628,268		378,267	
Amounts payable on cancellation of shares	(27,371,424)		(48,870,523)	
		(25,743,156)		(48,492,256)
Dilution adjustment		68,467		146,478
Change in net assets attributable to shareholders from investment activities		15,507,652		(12,560,304)
Retained distribution on accumulation shares		127,509		124,385
Closing net assets attributable to shareholders		253,329,636		263,369,164

Balance sheet

as at 15 September 2024

	Note	2024 £	2023 £
Assets:			
Fixed assets:			
Investments		247,829,295	255,601,274
Current assets:			
Debtors	9	9,791,640	17,587,330
Cash and bank balances	10	7,755,612	8,566,620
Total assets		265,376,547	281,755,224
Liabilities:			
Investment liabilities		(230,161)	(225,828)
Creditors			
Bank overdrafts	10	(5,302,329)	(5,292,263)
Distributions payable	8	(957,427)	(1,003,925)
Other creditors	11	(5,556,994)	(11,864,044)
Total liabilities		(12,046,911)	(18,386,060)
Net assets attributable to shareholders		253,329,636	263,369,164

Notes to the financial statements

for the year ended 15 September 2024

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice ("SORP") for the Financial Statements of UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014.

The ACD continues to adopt the going concern basis in preparation of the financial statements.

b) Valuation of investments

Fair Value Hierarchy - Valuation techniques

Level 1 - Quoted prices for identical assets and liabilities in active markets that the entity can access at measurement date. This includes equities, government bonds, options, futures and exchange traded funds.

Level 2 - Observable inputs, such as publicly available market data about actual events and transactions. This includes Collective Investment Scheme securities, fixed interest securities excluding government bonds and forward foreign exchange trades.

Level 3 - Unobservable Inputs where relevant observable market data is not available. This includes suspended or de-listed assets.

All investments are valued at market value at close of business on 13 September 2024. Market value is defined by the SORP as fair value, which generally is the bid value of each security.

Open future contracts and forward currency trades are valued at their fair market value using an independent pricing source.

c) Foreign exchange

The base currency of the Company and its Fund is Sterling, which is taken to be the Company's and its Funds functional currency, due to this being the principal economic environment.

All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the dates of such transactions.

The resulting exchange differences are disclosed in the Statement of total return. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rate ruling on that date.

d) Revenue

Revenue is recognised in the Statement of total return on the following basis:

Interest on debt securities, bank deposits and short-term deposits is recognised on an earned basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part

Notes to the financial statements (continued)

for the year ended 15 September 2024

1. Accounting policies (continued)

d) **Revenue** (continued)

of the revenue of the Fund. Debt securities are accounted for on an effective yield basis irrespective of the level of discount or premium. The amortised amount is accounted for as revenue and forms part of the distributable revenue of the Fund.

Revenue is allocated to the share class on a daily basis in line with the apportionment factor which is calculated daily.

e) Expenses

All expenses, other than those relating to the purchase and sale of investments, are paid out of the scheme property of the Fund as they are incurred, as detailed in the Prospectus. These can be paid from revenue or capital dependent on the specific investment objective of the Fund. Expenses payable from the revenue of the Fund are included in the final distribution. Expenses payable from capital property of the Fund may constrain the capital growth of the Fund.

Expenses are charged to the relevant share class against revenue and are then reallocated to capital.
Expenses payable from capital property of the Fund may constrain the capital growth of the Fund.

Audit fees relate to statutory audit of the Fund financial statements.

f) Taxation

Tax payable on revenue is recognised as an expense in the period in which revenue arises. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Overseas revenue received is predominately exempt from UK Corporation tax. The exempt overseas revenue and the tax implication is included within the Notes to the financial statements.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates or substantively enacted tax rates by the balance sheet date are used in the determination of deferred taxation.

Tax payable on revenue is calculated based on the revenue allocated to the specific share class.

g) Efficient portfolio management

Where appropriate, certain permitted instruments such as derivatives or forward currency contracts are used for efficient portfolio management purposes. Where such instruments are used to protect or enhance revenue and the circumstances support it, the revenue or expenses derived there from are included in the Statement of total return as revenue related items. Where such instruments are used to protect or enhance capital and the circumstances support it, the gains and losses derived there from are included in the Statement of total return as capital related items.

h) Cash flow statement

The Fund is not required to produce a cash flow statement as it meets the exemption criteria set out in FRS 102 7.1A as the Fund’s investments are highly liquid and carried at market value and a Statement of change in net assets is provided for the Fund.

Notes to the financial statements (continued)

for the year ended 15 September 2024

1. Accounting policies (continued)

i) Dilution Adjustment

The ACD may require a dilution adjustment on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. A dilution adjustment will be applied where a Fund is experiencing issues and redemptions of Shares on an aggregated basis.

2. Distribution policies

a) Basis of distribution

The distribution policy of the Fund is to distribute all available revenue after deduction of expenses and taxation payable from revenue. Distributions attributable to income shares are paid to shareholders. Distributions attributable to accumulation shares are re-invested in the Fund on behalf of the shareholders.

The Fund is known as a 'bond Fund' and therefore pays interest distributions.

b) Revenue

All revenue is included in the final distribution of the Fund with reference to the Accounting policies for revenue disclosed in note 1d.

c) Expenses

Expenses payable from the revenue of the Fund is included in the final distribution, with reference to the Accounting policies for expenses in note 1e.

d) Allocation of revenue and expenses to multiple share classes

All revenue and expenses which are directly attributable to a particular share class are allocated to that share class. All revenue and expenses which are attributable to each Fund are allocated to the Fund and are normally allocated across the share classes pro rata to the net asset value of each class on a daily basis.

3. Net capital gains/(losses)

	2024	2023
	£	£
Non-derivative securities	15,402,289	(10,643,924)
Derivative contracts	861,918	60,645
Currency gains/(losses)	44,809	(563,081)
Forward currency contracts	842,952	1,230,184
Transaction charges	(29,647)	(26,680)
Net capital gains/(losses)	17,122,321	(9,942,856)

4. Revenue

	2024	2023
	£	£
Interest on debt securities	11,718,135	11,355,341
Bank interest	44,346	46,705
Margin interest	53,068	81,695
Total revenue	11,815,549	11,483,741

Notes to the financial statements (continued)

for the year ended 15 September 2024

5. Expenses

	2024	2023
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	1,550,198	1,722,119
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	30,752	33,331
Other expenses:		
Audit fees	16,545	12,695
Safe custody fees	14,791	19,151
FCA fee	59	115
Tax service fees	2,065	1,388
	33,460	33,349
Total expenses	1,614,410	1,788,799

6. Interest payable and similar charges

	2024	2023
	£	£
Overdraft interest	1,057	261
Margin interest	14,916	28,987
Total interest payable and similar charges	15,973	29,248

7. Taxation

	2024	2023
	£	£
a) Analysis of the tax charge for the year		
Overseas withholding tax	(202)	(1,867)
Total tax credit(note 7b)	(202)	(1,867)

Notes to the financial statements (continued)

for the year ended 15 September 2024

7. Taxation (continued)

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2023 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2023 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2024	2023
	£	£
Net revenue before taxation	10,185,166	9,665,694
Corporation tax @ 20% (2023 - 20%)	2,037,033	1,933,139
Effects of:		
Indexation allowance	(211)	(2,047)
Overseas withholding tax	(202)	(1,867)
Revenue exempt from UK corporation tax	52	18
Tax deductible interest distributions	(2,036,874)	(1,931,110)
Total tax credit (note 7a)	(202)	(1,867)

8. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	2024	2023
	£	£
Interim income distribution paid	10,664,187	11,008,138
Interim accumulation distributions paid	116,911	113,637
Final income distribution payable	957,427	1,003,925
Final accumulation distributions payable	10,598	10,748
	11,749,123	12,136,448
Equalisation:		
Amounts deducted on cancellation of shares	54,055	150,584
Amounts added on issue of shares	(3,141)	(2,023)
Distributions	11,800,037	12,285,009

Reconciliation between net revenue and distributions:	2024	2023
	£	£
Net revenue after taxation per Statement of total return	10,185,368	9,667,561
Add:		
Undistributed revenue brought forward	259	259
Expenses paid from capital	1,614,410	1,788,800
Amortisation due to capital	-	828,648
Deduct:		
Undistributed revenue carried forward	-	(259)
Distributions	11,800,037	12,285,009

Details of the distribution per share are disclosed in the distribution table on pages 46 and 47.

Notes to the financial statements (continued)

for the year ended 15 September 2024

9. Debtors

	2024	2023
	£	£
Amounts receivable on issue of shares	57,136	-
Sales awaiting settlement	2,719,245	8,168,093
Accrued revenue	4,821,193	4,882,793
Currency sales awaiting settlement	2,194,066	4,536,444
Total debtors	9,791,640	17,587,330

10. Cash and bank balances

	2024	2023
	£	£
Amount held at futures clearing houses and brokers	961,880	1,279,526
Cash and bank balances	6,793,732	7,287,094
Total cash and bank balances	7,755,612	8,566,620
Bank overdraft*	5,302,329	5,292,263

As at 15 September 2024, the weighted average of the floating interest rate on bank balances was 0.65% (2023 - 0.64%).

*The bank overdrafts only incur interest on a net overdraft position as a compensated interest grouping agreement is in place.

11. Other creditors

	2024	2023
	£	£
Amounts payable on cancellation of shares	438,777	228,427
Purchases awaiting settlement	2,815,643	6,841,416
Accrued expenses	110,608	242,285
Currency purchases awaiting settlement	2,191,966	4,551,916
Total other creditors	5,556,994	11,864,044

12. Risk disclosures

The main risks from the Fund’s holding of financial instruments, together with the Authorised Corporate Director's (ACD’s) policy for managing these risks, are disclosed below:

a) Market price risk

The Fund invests at least 95% in a wide range of bonds issued by the UK government denominated in or Hedged to UK Pounds Sterling; but may also invest in a wide range of other fixed interest investments which may include other government stocks, sovereign and sub-sovereign bonds, investment grade corporate bonds and Collective Investment Funds. The main risk arising from the Fund’s financial instruments is market price. The value of securities is not fixed and may go down as well as up. This may be the result of specific factors affecting the value of individual securities held or maybe due to general market factors (such as government policy or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Funds Sourcebook (COLL) mitigates the risk of excessive risk exposures.

By diversifying the portfolio, where this is appropriate and consistent with the Fund’s objectives, the market risk of a particular investment is reduced. Market risk is monitored by the Manager and appropriate Sub-Investment Manager by understanding the risk and return characteristics of the underlying investments as well as a regular performance review. The overall portfolio is stress tested to capture market specific risks of the Fund. The use of the derivatives is monitored using the commitment approach. The Fund is authorised to use derivatives to manage the duration of the Fund or the currency risk of the Fund.

Notes to the financial statements (continued)

for the year ended 15 September 2024

12. Risk disclosures (continued)

a) Market price risk (continued)
A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £24,759,913 (2023 - £25,537,545). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

b) Interest rate risk
Interest rate risk is the risk that the value of investments will fluctuate as a result of changes in interest rates. Cash balances and investments in fixed interest securities will be subject to such risk.

Interest rate risk in fixed income investments is monitored by the Manager and appropriate Sub-Investment Manager by analysing the investment characteristics of the underlying securities and issuers. The Manager and appropriate Sub-Investment Manager manages such risk by taking into account interest rate and duration, credit rating profile and other parameters such as the geographical and currency exposure of the underlying holdings. If interest rates rise, the revenue potential of the Scheme will also rise, but the capital value of fixed interest investments will decline. A decline in interest rates will generally have the opposite effect. Interest receivable on bank deposits and payable on bank overdrafts could also be affected by fluctuations in interest rates.

As at 15 September 2024, 98.61% of the Fund's assets were interest bearing (2023 - 99.75%).

As at the balance sheet date, a decrease in interest rates by 100 basis points (2023 - 100 basis points), with all other variables remaining constant, the investment portfolio would decrease in value by £14,638,428 (2023 - £16,918,340). An increase in interest rates would have an equal but opposite effect. It is expected that a change in interest rates of similar magnitude would not have a material impact on the portfolio's income stream generated from fixed income assets. In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Numerical disclosure of the interest rate risk profile is made in note 17.

c) Currency risk
The Fund is permitted to invest in fixed income securities denominated in foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the fixed income securities can therefore be affected by currency movements.

By diversifying the portfolio of the Scheme, where this is appropriate and consistent with the Fund's objectives, the foreign currency risk of a particular investment is reduced. The Manager and appropriate Sub-Investment Manager monitors the Currency exposure of the portfolio on an ongoing basis to make sure the actual exposure is consistent with his understanding of future currency movements.

However, note that the currency risk can be hedged to limit the currency risk or to protect the value of the assets converted in the base currency of the Fund.

The Fund does not hold any significant currency balances as at the balance sheet date consequently no sensitivity analysis has been presented.

Notes to the financial statements (continued)

for the year ended 15 September 2024

12. Risk disclosures (continued)

d) Credit risk

Credit risk is the risk that a counterparty to or an issuer of a financial instrument will fail to meet its obligations or commitment that it has entered into with the Company. The risk also applies when the Fund invests in the units of Collective Investment Schemes that themselves are exposed to credit risk from underlying issuers or counterparties. The main contributor to credit risk is the risk of default from underlying issuers of fixed income securities.

The ACD and appropriate Sub-Investment Manager will ensure that, where applicable, underlying fixed-income securities have an exposure to credit risk that is consistent with the overall objectives of the Fund. Please see credit rate ratings analysis below:

Credit Ratings

2024	**Market value**	**Percentage of total net assets**
Investments	**£**	**%**
Investment grade (AAA - BBB)	226,897,819	89.57
Below investment grade (Below BBB to unrated)	18,020,491	7.11
Total fixed interest securities	244,918,310	96.68

2023	**Market value**	**Percentage of total net assets**
Investments	**£**	**%**
Investment grade (AAA - BBB)	227,823,361	86.50
Below investment grade (Below BBB to unrated)	27,332,084	10.38
Total fixed interest securities	255,155,445	96.88

e) Liquidity risk

Liquidity risk may result in the inability of the Fund to meet redemptions of units that investors may wish to sell. The Fund is required to meet daily redemption and therefore may face liquidity risk in an adverse event, such as during periods of elevated market stress levels.

The Fund may invest in fixed income securities that tend to have relatively modest traded volumes, and the market in such securities can, at times, prove illiquid. The Manager and appropriate Sub-Investment Manager seeks to limit liquidity risk of the Fund by selecting a diversified range of fixed income issues.

f) Counterparty risk

In some instances, transactions in securities entered into by the Fund give rise to exposure to the risk that the counterparties may not be able to fulfil their responsibility by completing their side of the transaction.

Counterparties selected by the Manager and appropriate Sub-Investment Manager are subject to a strict selection process as well as an on-going monitoring to ensure that counterparty risk is minimised.

For numerical disclosure see note 18.

Notes to the financial statements (continued)

for the year ended 15 September 2024

12. Risk disclosures (continued)

g) Bond Risk

Funds investing partly or wholly in bonds will tend to be less volatile than pure equity funds. However, the capital value of a bond fund and the level of its income may fluctuate.

Bonds are a type of fixed income security. Generally, they tend to be less volatile than pure equity. However, the can be exposed to other risks. Fixed income securities carry the risk that the issuer may be unable to meet principal and interest payments on the obligation and may also be subject to price volatility, which may be due to interest rate sensitivity, market perception of the creditworthiness of the issuer or general market liquidity. It might not be possible to realise the expected market value of a fixed income security in a timely manner if that security becomes illiquid or if markets become illiquid. Fixed income securities are interest rate sensitive and their value may be reduced where interest rates increase, or may be increased where interest rates decrease. If interest rates change there is a risk that the reinvestment by a Scheme of interest payments it receives from a fixed income security will be subject to a different market rate of return compared to that at the time of purchase of the fixed income security. The performance of a Scheme investing in such securities will depend on the ability to anticipate and respond to changes in market interest rates and creditworthiness, and to utilise appropriate strategies to maximise returns, whilst attempting to reduce associated risks to capital investment.

Sub-investment grade & emerging markets bonds

Sub-investment grade fixed income and emerging market fixed income often generate a higher yield but carry an increased risk of the issuer being unable to meet principal and interest payments on the obligation, which may affect the capital value of a Scheme investing in them. Investment in higher yielding bonds with lower credit ratings may result in a greater risk of default and have a detrimental impact on income and capital value.

Asset-backed (“ABS”) and Mortgage-backed (“MBS”) Securities

MBS are a type of bond issued in the United States backed by a pool of mortgages, whereas ABS are backed by loans other than mortgages. In addition to the general risks associated with investing in bonds described above, investment in ABS or MBS carries a prepayment risk, whereby the borrowers of the underlying loans make larger than anticipated repayments, which may lead to a lower amount of interest being payable on these loans and therefore a lower interest payment being received by the ABS or MBS, and the value of the ABS or MBS reducing.

h) Capital Erosion Risk

Where the investment objective of a Fund is to treat the generation of income as a higher or equal (in the long term) priority to capital growth, all or part of the ACD’s fees and expenses and / or other fees and expenses, may be charged against capital instead of against income and may constrain the capital growth of the Fund. This may result in capital erosion or constrain the capital growth of the Fund. See Section 21.8 of the main body of the Prospectus for further details.

i) Country Risk

Investing all or significant proportions of a Fund's assets into a single country is generally considered higher risk than investing more globally as the Fund will be exposed to the fluctuations of a single market and, in most cases, a single currency. Furthermore, shares of companies in a single country may become less liquid in certain market conditions which only apply to the single country, and bonds in a single country will be sensitive to that country’s interest rate environment. As a result, shares and bond price fluctuations may be greater.

Notes to the financial statements (continued)

for the year ended 15 September 2024

12. Risk disclosures (continued)

j) Derivatives Risk

The Fund may use derivatives for efficient portfolio management (including for hedging) to reduce risk, reduce cost, or to generate additional capital or income if consistent with the risk profile of the Fund. The use of derivatives is not intended to significantly alter the overall risk profile of the Fund.

However, the use of derivatives may expose a Fund to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Fund trades, the risk of settlement default, lack of liquidity of the derivative, sensitivity to price movements in the underlying asset, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the Fund is seeking to track and greater transaction costs than investing in the underlying assets directly.

In accordance with standard industry practice when using derivatives, a Fund may be required to secure its obligations to its counterparty. For non-fully funded derivatives, this may involve the placing of initial and / or variation margin assets with the counterparty. For derivatives that require a Fund to place initial margin assets with a counterparty, such assets might not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the relevant Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, the Fund may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions are geared. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities.

k) Income Risk

Certain Funds may have a target income yield although this rate of income is not guaranteed. These Funds will make income distributions to Shareholders on the Distribution Dates listed for each Fund in Appendix 1. During periods of market uncertainty there is an increased risk that a Fund's target yield will not be achieved due to factors such as dividends issued by companies in which the Fund invests being reduced or investment by the Fund in fixed income assets yielding less income than expected.

Whilst Shareholders in each of these Funds will always receive the income earned by the relevant Fund, tax implications for a Shareholder may vary based on whether they subscribed or redeemed units in the Fund during a financial year, and on their individual tax situation.

l) Leverage Risk

A Fund may contain leveraged positions which increase the exposure of the Fund through cash borrowing or use of derivatives. Such positions may lead to an increased risk of loss due to greater sensitivity to movements in market levels of underlying asset values. Global exposure is calculated using the commitment approach or the Value at Risk ("VaR") approach.

Notes to the financial statements (continued)

for the year ended 15 September 2024

13. Related party transactions

The following are considered by the Directors of the Authorised Corporate Director (ACD) to be related parties:

The ACD

The fees received by the ACD are set out in note 5. The ACD is related to the company as defined by Financial Reporting Standard 102, Section 33 'Related Party Disclosures' and is named on page 2. Monies received through creations and cancellations are disclosed in the Statement of change in net assets attributable to shareholders. Amounts outstanding at the year end date are disclosed in notes 9 & 11. £448,088 (2023 - £428,637) was due to the ACD at the year end date.

Material shareholders

As at 15 September 2024, 99.80% (2023 - 99.82%) of the shares in issue in the Santander Sterling Bond Income Portfolio were held by Allfunds Nominee Limited which is a separate nominee company but deemed as a related party due to being a material shareholder.

As at 15 September 2024, the Fund held assets which are related to the ultimate holding company, Banco Santander S.A. The holdings and the associated transactions in the period and the comparative period are as follows:

Banco Santander 2.25% 2032

a) The value of purchase transactions was nil (2023 - nil) and sales transactions was nil (2023 - £1,397,412).

b) Revenue receivable for the year was nil (2023 - £42,750) and the outstanding amount was nil (2023 - nil).

c) The aggregate value of investments held at the year end was nil (2023 - nil).

Banco Santander 3.125% 2026

a) The value of purchase transactions was nil (2023 - nil) and sales transactions was nil (2023 - £1,690,380).

b) Revenue receivable for the year was nil (2023 - £28,202) and the outstanding amount was nil (2023 - nil).

c) The aggregate value of investments held at the year end was nil (2023 - nil).

Banco Santander 4.75% 2028

a) The value of purchase transactions was £784,364 (2023 - nil) and sales transactions was nil (2023 - £580,158).

b) Revenue receivable for the year was £109,250 (2023 - £71,250) and the outstanding amount was £4,789 (2023 - £3,115).

c) The aggregate value of investments held at the year end was £2,308,625 (2023 - £1,428,750).

Santander UK 2.92% 2026

a) The value of purchase transactions was nil (2023- nil) and sales transactions was nil (2023 - £673,567).

b) Revenue receivable for the year was £86,578 (2023 - £86,578) and the outstanding amount was £30,836 (2023 - £37,058).

c) The aggregate value of investments held at the year end was £2,920,525 (2023 - £2,779,688).

Santander UK Group Holdings 2.421% 2029

a) The value of purchase transactions was nil (2023- nil) and sales transactions was nil (2023 - £2,734,286).

b) Revenue receivable for the year was nil (2023 - £76,988) and the outstanding amount was nil (2023 - nil).

c) The aggregate value of investments held at the year end was nil (2023 - nil).

Notes to the financial statements (continued)

for the year ended 15 September 2024

13. Related party transactions (continued)

Santander UK 7.098% 2027

a) The value of purchase transactions was nil (2023- £730,000) and sales transactions was nil (2023 - nil).

b) Revenue receivable for the year was £51,815 (2023 - £43,014) and the outstanding amount was £43,038 (2023 - nil).

c) The aggregate value of investments held at the year end was £761,025 (2023 - £735,475).

Santander UK 7.482% 2029

a) The value of purchase transactions was £1,215,217 (2023- nil) and sales transactions was £992,478 (2023 - nil).

b) Revenue receivable for the year was £85,295 (2023 - nil) and the outstanding amount was £767 (2023 - nil).

c) The aggregate value of investments held at the year end was £238,923 (2023 - nil).

Banco Santander 5.5% 2029

a) The value of purchase transactions was £1,517,925 (2023- nil) and sales transactions was nil (2023 - nil).

b) Revenue receivable for the year was nil (2023 - nil) and the outstanding amount was £21,699 (2023 - nil).

c) The aggregate value of investments held at the year end was £1,530,900 (2023 - nil).

14. Shareholders' funds

The Fund currently has two share classes; R Accumulation Shares and R Income Shares. The following is a reconciliation of the opening shares in issue to the closing shares in issue for each share class during the year:

	2024	**2023**
R Income Shares	**No of shares**	**No of shares**
Opening shares in issue	195,592,324	231,697,972
Shares issued in the year	1,165,723	273,090
Shares cancelled in the year	(19,755,600)	(36,378,738)
Closing shares in issue	177,002,447	195,592,324

	2024	**2023**
R Accumulation Shares	**No of shares**	**No of shares**
Opening shares in issue	2,162,074	2,451,235
Shares issued in the year	7,813	573
Shares cancelled in the year	(236,858)	(289,734)
Closing shares in issue	1,933,029	2,162,074

15. Fair value disclosure

	2024	
	Investment Assets	**Investment Liabilities**
	£	**£**
Quoted prices for identical instruments in active markets*	34,209,949	117,359
Observable inputs using market data*	213,619,346	112,802
	247,829,295	230,161

Notes to the financial statements (continued)

for the year ended 15 September 2024

15. Fair value disclosure (continued)

	2023 Investment Assets	2023 Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	40,091,001	51,426
Observable inputs using market data*	215,510,273	174,402
	255,601,274	225,828

* Details of the securities included within the fair value hierarchy are detailed on page 30 accounting policy (b) valuation of investments. Debt securities included in the highest fair value hierarchy level relating to government bonds, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £33,828,543 for assets as at 15 September 2024 (2023 - £40,394,185).

16. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as % of Purchases
2024	**£**	**£**	**£**	**£**	**%**	**%**
Bonds	289,632,768	-	-	289,632,768	-	-
Total purchases	289,632,768	-	-	289,632,768		
2023	**£**	**£**	**£**	**£**	**%**	**%**
Bonds	249,712,780	-	-	249,712,780	-	-
Total purchases	249,712,780	-	-	249,712,780		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as % of Sales
2024	**£**	**£**	**£**	**£**	**%**	**%**
Bonds	312,822,262	-	-	312,822,262	-	-
Total sales	312,822,262	-	-	312,822,262		
2023	**£**	**£**	**£**	**£**	**%**	**%**
Bonds	291,999,731	-	-	291,999,731	-	-
Total sales	291,999,731	-	-	291,999,731		

Notes to the financial statements (continued)

for the year ended 15 September 2024

16. Purchases, sales and transaction costs (continued)

	Broker Commission	Transfer Taxes
2024	**£**	**£**
Total costs from purchases & sales	-	-
Total costs as % of Average NAV	-	-
2023	**£**	**£**
Total costs from purchases & sales	-	-
Total costs as % of Average NAV	-	-

There were direct transaction costs associated with derivatives in the year of £nil (2023 - nil) which is 0.00% of the Average NAV of the Fund (2023 - 0.00%).

Unlike shares, other types of securities such as bonds and Collective Investment Schemes have no separately identifiable transaction costs; these costs form part of the dealing spread. The only broker commissions paid were in relation to the purchase and sale of exchange traded funds. The estimated average dealing spread including the effects of foreign exchange for this Fund is 0.41%(2023 - 0.54%) of the transaction value.

17. Interest rate risk profile of financial assets and liabilities

The analysis and tables provided below refer to the narrative disclosure on Interest rate risk disclosure in Note 12.

The interest rate risk profile of the Fund's financial assets and liabilities at 15 September 2024 was:

Currency	Floating Rate financial assets £	Fixed Rate financial assets £	Financial assets not carrying interest £	Total £
2024				
Australian Dollar	1,801	-	-	1,801
Euro	215,320	19,107,212	14,058,838	33,381,370
UK Sterling	2,210,556	222,388,058	46,385,582	270,984,196
US Dollar	25,605	5,854,574	2,087,734	7,967,913
2023				
Australian Dollar	1,833	-	-	1,833
Euro	5,729	17,856,151	16,417,168	34,279,048
UK Sterling	3,015,194	236,623,697	42,090,739	281,729,630
US Dollar	398,707	675,597	714,484	1,788,788

Notes to the financial statements (continued)

for the year ended 15 September 2024

17. Interest rate risk profile of financial assets and liabilities (continued)

Currency	Financial liabilities not carrying interest £	Total £
2024		
Euro	33,321,551	33,321,551
UK Sterling	17,863,226	17,863,226
US Dollar	7,820,867	7,820,867
2023		
Euro	34,048,360	34,048,360
UK Sterling	18,509,523	18,509,523
US Dollar	1,872,252	1,872,252

18. Derivatives and Counterparty Exposure

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 12.

The types of derivatives held at the balance sheet date were forward currency contracts. Details of individual contracts are disclosed separately in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	Forward currency contracts £	Total Gross Exposure £	Counterparty Exposure £
2024			
Barclays Bank	21,108	21,108	21,108
HSBC Investment	2,041	2,041	2,041
Merrill Lynch	32,933	32,933	32,933
Royal Bank of Canada	20,171	20,171	20,171
Societe Generale Paris	7,248	7,248	7,248
Standard Chartered Bank	14,545	14,545	14,545
2023			
Goldman Sachs	607	607	607
HSBC Bank	12,434	12,434	12,434
Royal Bank of Canada	8,064	8,064	8,064
Standard Chartered Bank	6,752	6,752	6,752

At the balance sheet date no collateral was either held by the Fund or had been paid out to counterparties in respect of the above.

Notes to the financial statements (continued)

for the year ended 15 September 2024

19. Post balance sheet events

Subsequent to the year end, the net asset value per share of the R Income share class has decreased from 141.55p to 137.90p and the R Accumulation share class has decreased from 144.03p to 141.93p as at 3 January 2025. This movement takes into account routine transactions but also reflects the market movements of recent months.

Distribution tables

for the year ended 15 September 2024

Gross interest distributions on R Income Shares in pence per share

	Payment date	Payment type	Gross revenue	Equalisation	Distribution paid/payable 2023/2024	Distribution paid 2022/2023
Group 1						
	15.11.23	monthly	0.4955	-	0.4955	0.3703
	15.12.23	monthly	0.5110	-	0.5110	0.3703
	15.01.24	monthly	0.4920	-	0.4920	0.3703
	15.02.24	monthly	0.5349	-	0.5349	0.3703
	15.03.24	monthly	0.5451	-	0.5451	0.3703
	15.04.24	interim	0.5040	-	0.5040	0.4689
	15.05.24	monthly	0.5421	-	0.5421	0.4689
	15.06.24	monthly	0.5284	-	0.5284	0.4689
	15.07.24	monthly	0.5471	-	0.5471	0.4689
	15.08.24	monthly	0.5293	-	0.5293	1.0921
	15.09.24	monthly	0.5496	-	0.5496	0.5160
	15.10.24	final	0.5409	-	0.5409	0.5133
Group 2						
	15.11.23	monthly	0.2611	0.2344	0.4955	0.3703
	15.12.23	monthly	0.3599	0.1511	0.5110	0.3703
	15.01.24	monthly	0.2972	0.1948	0.4920	0.3703
	15.02.24	monthly	0.2538	0.2811	0.5349	0.3703
	15.03.24	monthly	0.2896	0.2555	0.5451	0.3703
	15.04.24	interim	0.3237	0.1803	0.5040	0.4689
	15.05.24	monthly	0.1352	0.4069	0.5421	0.4689
	15.06.24	monthly	0.2833	0.2451	0.5284	0.4689
	15.07.24	monthly	0.3321	0.2150	0.5471	0.4689
	15.08.24	monthly	0.2283	0.3010	0.5293	1.0921
	15.09.24	monthly	0.3010	0.2486	0.5496	0.5160
	15.10.24	final	0.2013	0.3396	0.5409	0.5133

Distribution tables (continued)

for the year ended 15 September 2024

Gross interest distributions on R Accumulation Shares in pence per share

	Payment date	Payment type	Gross revenue	Equalisation	Distribution paid/payable 2023/2024	Distribution paid 2022/2023
Group 1						
	15.11.23	monthly	0.4816	-	0.4816	0.3449
	15.12.23	monthly	0.4987	-	0.4987	0.3449
	15.01.24	monthly	0.4819	-	0.4819	0.3449
	15.02.24	monthly	0.5257	-	0.5257	0.3449
	15.03.24	monthly	0.5378	-	0.5378	0.3449
	15.04.24	interim	0.4993	-	0.4993	0.4399
	15.05.24	monthly	0.5389	-	0.5389	0.4399
	15.06.24	monthly	0.5274	-	0.5274	0.4399
	15.07.24	monthly	0.5482	-	0.5482	0.4399
	15.08.24	monthly	0.5323	-	0.5323	1.0650
	15.09.24	monthly	0.5549	-	0.5549	0.4976
	15.10.24	final	0.5483	-	0.5483	0.4971
Group 2						
	15.11.23	monthly	0.0896	0.3920	0.4816	0.3449
	15.12.23	monthly	0.2110	0.2877	0.4987	0.3449
	15.01.24	monthly	0.2472	0.2347	0.4819	0.3449
	15.02.24	monthly	0.2346	0.2911	0.5257	0.3449
	15.03.24	monthly	0.3271	0.2107	0.5378	0.3449
	15.04.24	interim	0.2848	0.2145	0.4993	0.4399
	15.05.24	monthly	0.3318	0.2071	0.5389	0.4399
	15.06.24	monthly	0.2367	0.2907	0.5274	0.4399
	15.07.24	monthly	0.2585	0.2897	0.5482	0.4399
	15.08.24	monthly	0.2494	0.2829	0.5323	1.0650
	15.09.24	monthly	0.2894	0.2655	0.5549	0.4976
	15.10.24	final	0.2413	0.3070	0.5483	0.4971

Equalisation

Equalisation applies only to Group 2 shares. It is the average amount of revenue included in the purchase price of Group 2 shares and is refunded to holders of these shares as a return of capital. Being capital it is not liable to income tax in the hands of the shareholders but must be deducted from the cost of shares for capital gains tax purposes.

Accumulation distributions

Holders of accumulation shares should add the distributions received thereon to the cost of the shares for capital gains tax purposes.

Further information

Report and Accounts
Copies of annual and half-yearly long reports may be requested from the ACD or inspected at FNZ TA Services Ltd, Level 7, 2 Redman Place, Stratford, London E20 1JQ, United Kingdom.

The annual accounting period for the Company ends each year on 15 September, and the interim reporting period ends on 15 March.

The annual reports of the Company are published on or before 15 January and half yearly reports by 15 May each year.

Share Classes

Share Classes	ACD's annual management charge
R Accumulation Shares	0.60%
R Income Shares	0.60%

Income attributable to accumulation Shares is automatically added to (and retained as part of) the capital assets of the relevant Fund at the end of each applicable interim and/or annual accounting period and is reflected in the relevant Share price. Income attributable to income Shares is distributed to Shareholders in respect of each accounting period and will be paid on the distribution dates specified in the prospectus.

Each Class may attract different charges and expenses and so monies may be deducted from the scheme property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Fund will be adjusted accordingly.

Further Classes may be established from time to time by the ACD with the agreement of the Depositary, and where relevant the approval of the FCA, and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Class, a revised prospectus will be prepared as soon as reasonably practical, setting out the details of such new Fund or Class.

Minimum Investment
The minimum initial investment that can be made is £500 for all Share Classes.

The minimum subsequent investment that can be made is £1.50 for all Share Classes.

The minimum withdrawal that can be made is £1.50 for all Share Classes.

The minimum holding that must remain in all Share Classes is £500.

Voting Rights
Every Shareholder who (being an individual) is present in person, or (being a corporation) by its properly authorised representative, shall have one vote on a show of hands. A Shareholder may vote in person or by proxy on a poll vote, and any Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Further information (continued)

Voting Rights (continued)
For some resolutions, for example to approve certain amendments to the Instrument of Incorporation, an extraordinary resolution is required. For an extraordinary resolution to be passed, at least 75% of the votes cast at the meeting must be in favour of it.

For other resolutions, an ordinary resolution is required. For an ordinary resolution to be passed, more than 50% of the votes cast at the meeting must be in favour of it.

The rights attached to a Class may only be varied in accordance with the FCA Regulations.

The ACD will not be counted in the quorum for a meeting. The ACD and its associates are not entitled to vote at any meeting, except in respect of Shares which the ACD or an associate holds on behalf of or jointly with a person who, if itself the registered Shareholder, would be entitled to vote and from whom the ACD or its associate has received voting instructions.

Shareholders for the purposes of attending and voting at a meeting means those on the date seven days before the notice of the relevant meeting was sent out, but excludes holders those who are known to the ACD not to be Shareholders at the time of the meeting.

Any joint Shareholders may vote provided that if more than one joint holder of a Share votes, the most senior joint Shareholder in the Register who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholder.

Winding Up of the Company or Terminating a Fund
The Company may not be wound up except:

- by the court, as an unregistered company under Part V of the Insolvency Act 1986; or
- if the Company is solvent, under the provisions of the FCA Regulations.

To wind up the Company under the FCA Regulations, the ACD has to notify the FCA of the proposal, confirming that the Company will be able to meet all its liabilities within the following 12 months.

Under the FCA Regulations the Company must be wound up or a Fund terminated:

(a) if an extraordinary resolution is passed to that effect;

(b) if the FCA agrees to a request by the ACD for revocation of the order in respect of the winding up of the Company or termination of a Fund (provided no material change in any relevant factor occurs prior to the date of the relevant revocation);

(c) on the occurrence of an event specified in the Instrument of Incorporation as triggering a winding up of the Company or termination of a Fund;

(d) when the period (if any) fixed for duration of the Company or a particular Fund by the Instrument of Incorporation expires or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Fund terminated (for example if the Net Asset Value of a Fund is less than £5,000,000 at any time more than one year after the first issue of Shares in that Fund);

Further information (continued)

Winding Up of the Company or Terminating a Fund (continued)

(e) in the case of the Company, on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any scheme property;

(f) in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold scheme property; or

(g) on the date when all Funds fall within (f) above or have otherwise ceased to hold any scheme property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- FCA Regulations relating to dealing, valuation, pricing, investment and borrowing will cease to apply to the Company or the Fund;
- the Company will cease to issue and cancel Shares in the Company or the Fund;
- the ACD will cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the Fund;
- no transfer of Shares will be registered and no change to the Register will be made without the sanction of the ACD.
- where the Company is to be wound up, it will cease to carry on its business except as is required for its beneficial winding up; and
- the corporate status and corporate powers of the Company and (subject to the provisions above) the powers of the ACD continue until the Company is dissolved.

The ACD will, as soon as practicable after the Company or the Fund falls to be wound up or terminated (as appropriate) realise the assets and meet the liabilities of the Company or the Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund.

If the ACD has not previously notified Shareholders of the proposals to wind up the Company or to terminate the Fund, it will, as soon as practicable after the commencement of the winding up of the Company or termination of the Fund, give written notice of this commencement to Shareholders. When the ACD has caused all of the relevant property and all of the liabilities of the Company or the particular Fund to be realised, it will arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or a particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the termination of a particular Fund, the Depositary will notify the FCA that the winding up or termination has been completed.

Following the completion of a winding up of the Company or termination of a Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the property was distributed. The Auditors will make a report in respect of the final account stating their opinions as to whether it has been properly prepared. This final account and the Auditors' report on it must be sent to the FCA and to each affected Shareholder (or the first named of joint Shareholders) within four months of the completion of the winding up or termination.

Further information (continued)

Winding Up of the Company or Terminating a Fund (continued)
As the Company is an umbrella company, each Fund has a specific segregated portfolio of assets and any liabilities attributable or allocated to a particular Fund shall be met out of the property attributable, or allocated to, that particular Fund. Accordingly, the assets of each Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other Fund, and shall not be available for any such purpose. Any liabilities, expenses, costs or charges which are not attributable to one Fund only and allocated in accordance with the FCA Regulations, may be re-allocated by the ACD provided that such re-allocation shall be done in a manner which is fair to Shareholders generally.

Dealing
The Fund is intended for both retail and institutional investors. Retail investors may only invest in a Fund through authorised intermediaries such as fund platforms, nominees or a financial advisor.

The ACD's delegate, FNZ TA Services Limited, is available to deal with requests from institutional investors to buy, redeem (sell) or switch Shares between 9am and 5pm on each Business Day.

Such applications and instructions may be made by post or electronic means where available. The Shares are bought, sold or switched at a forward price, being the price determined at the next valuation of the property of the relevant Fund after the receipt by FNZ TA Services Limited of the investor's instructions.

Subject to the ACD's internal approvals for new investors including the anti-money laundering measures:

- valid requests received prior to the 12noon Valuation Point are dealt that day;
- if valid requests are received after the Valuation Point, they are marked at the price at the next Valuation Point; and
- valid requests are processed at the next applicable Valuation Point following receipt of the request except in the case where dealing in a Fund has been deferred or suspended.

Please refer to the Prospectus for further information.

Pricing and dilution adjustment
Shares are priced on a single mid-market pricing basis in accordance with the FCA Regulations.

The price of a Share is the Net Asset Value attributable to the relevant Class divided by the number of Shares of that Class in issue.

The Net Asset Values attributable to each Class of each Scheme will normally be calculated at 12 noon UK time on each Business Day.

The ACD reserves the right to revalue a Class or Scheme at any time at its discretion.

For the purpose of calculating the price at which Shares in a Scheme are to be issued or sold, the values of investments are calculated by using mid-market prices. The actual cost of buying or selling a Scheme's investments maybe higher or lower than the mid-market values used in calculating the Share price, for example due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances this will have an adverse effect on the continuing Shareholders in a Scheme. This effect is called "dilution".

Further information (continued)

Pricing and dilution adjustment (continued)

For the purpose of reducing dilution in a Scheme, the ACD may make a dilution adjustment to the price of a Share so that it is above or below that which would have resulted from a mid-market valuation of the Scheme's investments. This will give a more accurate value of the actual price paid or received.

A dilution adjustment will be applied where a Scheme is experiencing issues and redemptions of Share on an aggregated basis. The dilution adjustment is calculated by reference to the costs of dealing in the underlying investments of the relevant Scheme, including any dealing spreads, commissions and transfer taxes.

As dilution is directly related to the issues and sales of Shares in a Scheme, it is not possible to predict accurately whether dilution will occur at a future point in time or how frequently however, based on historical data, the ACD expects to make a dilution adjustment on most occasions when Shares are issued or redeemed. A typical adjustment, based on historical data, is expected to be between 0% and 2% for the issue and redemption of Shares.

Please refer to the Prospectus for further information.

OCF Cap

A Fund may operate with an "OCF cap" in respect of one or more of its Share Classes. This means that the ongoing charges figure ("OCF") the Share Class is subject to is set at a fixed maximum amount.

Where a Share Class has an OCF cap, if the costs which are included in the OCF calculation exceed the amount of the cap then the ACD will pay any excess out of its own resources. Where the OCF calculation is equal to or below the OCF cap, the Share Class will pay this amount.

There is no OCF cap for Santander Sterling Bond Income Portfolio.

Taxation

The Fund pay corporation tax at 20% on their taxable income less expenses and are generally exempt from capital gains tax.

Where a Fund pays dividend distributions, these are paid without any deduction of tax. The first £1,000 of dividends, including dividend distributions from a Fund, paid to an individual (or, in the case of accumulation Shares, retained in a Fund and reinvested) in any tax year are tax-free (the dividend allowance). Where an individual's total dividends from all sources paid or treated as paid to an individual are more than the dividend allowance in a tax year, then the amount over the allowance is taxable at dividend tax rates which depend on the individual's circumstance.

A Fund which is over 60% invested in interest paying investments for the whole of its distribution period can pay interest distributions, these are generally known as 'bond funds'. The only Fund which is currently a bond fund is Santander Sterling Bond Income Portfolio. Individuals are entitled to a personal savings allowance each tax year, if an individual utilises their annual allowance they could be liable to pay additional tax on the gross distribution.

A distribution received by a Shareholder liable to corporation tax is received as franked revenue to the extent that the revenue of the Fund consists of franked revenue. The balance of the distribution is received as an annual payment from which tax has been deducted at the basis rate.

Your tax voucher will indicate the appropriate rate of tax depending on whether interest or dividend distributions apply.

Further information (continued)

Taxation (continued)

Please refer to the Prospectus for further information.

Risk Warnings

Please note that past performance is not necessarily a guide to the future. The price of Units 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 Scheme should generally be viewed as a long-term investment. **Please refer to the Key Investor Information Document for a fuller explanation of the risk warnings.** The most recent Key Investor Information Document may be obtained by visiting www.santanderassetmanagement.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.

Appointments

Authorised Corporate Director (ACD), Registrar and Investment Manager
Santander Asset Management UK Limited
287 St Vincent Street
Glasgow G2 5NB, United Kingdom
Authorised and regulated by the Financial Conduct Authority

Directors
Richard Royds
Dr Jocelyn Dehnert
Lazaro de Lazaro Torres
Pak Chan (resigned 10 June 2024)
Jacqueline Hughes (resigned 19 November 2024)
Miguel Angel Sanchez Lozano
Cassie Waller (appointed 15 May 2024)
Brian Odendaal (appointed 20 November 2024 subject to FCA approval)

Sub-Investment Manager
BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL, United Kingdom
Authorised and regulated by the Financial Conduct Authority

Depositary
NatWest Trustee and Depositary Services Limited
House A, Floor 0
Gogarburn
175 Glasgow Road
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Authorised and regulated by the Financial Conduct Authority

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell St,
Glasgow, G2 7EQ, United Kingdom