

Santander Multi-Manager OEIC

Annual report for the year ended 1 December 2021

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* These items along with each Fund's Investment Objective & Policy, Risk & Reward Indicator, Statement of Material Portfolio Changes and Portfolio Statement collectively constitute the Authorised Corporate Director's Report in accordance with the Investment Management Association (IMA) SORP (2014) and the Collective Schemes Sourcebook.

Report of the Authorised Corporate Director

Santander Multi-Manager OEIC (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 non-UCITS retail scheme and a UK alternative investment Fund for the purposes of the UK AIFM Regime and structured as an umbrella company under the Regulations. Provision exists for an unlimited number of Funds and each Fund would be a non-UCITS retail 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. Its investment and borrowing powers are set out in the FCA Regulations, the Instrument of Incorporation and the Prospectus.

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 Funds consist predominantly of securities that are readily realisable and, accordingly, the Funds have 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 Funds in which shares are currently available are as follows:

Santander Atlas Portfolio 3

Santander Atlas Portfolio 4

Santander Atlas Portfolio 5

Santander Atlas Portfolio 7

International Multi-Index (formerly known as Balanced International Tracking)

In the future, the Company may launch other Funds.

Each Fund has a specific portfolio of assets and investments to which its assets and liabilities are attributable and potential investors should view each Fund as a separate investment entity.

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 will be 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.

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.

As at the year ended 1 December 2021 there were no Funds with holdings in a second Fund within the Santander Multi-Manager OEIC.

Financial details and the ACD's review of the individual Funds for the year ended 1 December 2021 are given in pages 15 to 144 of this report.

Report of the Authorised Corporate Director (continued)

Significant Information

Remuneration Disclosure

Santander Asset Management UK Limited ("SAM UK") is subject to the Remuneration Codes under IFPRU, AIFMD and UCITS V as set out in Chapters 19A, 19B and 19E of the FCA's Senior Management Arrangements, Systems and Controls (SYSC) Handbook (together "the Remuneration Codes").

The ACD became authorised as a Full Scope Alternative Investment Fund Manager (AIFM) on 22 July 2014. As a result, the Company is subject to the Alternative Investment Fund Managers Directive (AIFMD) Remuneration requirements on FUND 3.3.5R(6) from 1 January 2015 which is the start of the first full year performance period following the ACD's authorisation as an AIFM.

Under the AIFM Directive, acting as the AIFM, Santander Asset Management UK Limited are required to disclose how those whose actions have a material impact on the Company are remunerated.

The remuneration strategy across Santander Asset Management UK Limited is set by the SAM UK Board of Directors and governed by the SAM Global Remuneration Committee. The Remuneration Policy in place is designed to ensure that the AIFM Remuneration Code in the UK Financial Authority handbook is met proportionately for all AIFM Remuneration Code Staff.

Remuneration is based and calculated on a number of factors these include:

- Annual Pay review - Awards are based upon individual performance subject to affordability and with reference to market rates.
- Annual Bonus (Short-term Incentive Compensation) - Schemes are based upon a combination of Company and Personal Performance. Individual bonus targeted awards are informed and set by reference to market rates. Company results adjust the level of personal performance awards available based upon agreed business measures such as New Money, Assets, profit and loss, customer scope, expenses etc.

SAM UK promotes a sound and effective risk management and supports the companies business objectives, values and interests of the AIFS it manages and the investors therein. As such, variable remuneration of employees who have a material impact on the risk profile of the AIFS are subject to deferral and payment in non-cash instruments.

The ACD remains committed to reviewing the remuneration policy on an annual basis in line with best practice and the scope and complexity of its business, and will maintain full disclosure of any changes in future reports and financial statements.

For the year ended 31/12/2021 *	Fixed Remuneration	Variable Remuneration	Total Remuneration	No. of Beneficiaries
Total remuneration awarded by the AIFM during the financial year.	£12,094,619	£4,201,485	£16,296,104	91
Remuneration awarded to Code Staff.**	£3,568,887	£2,070,455	£5,639,342	12

* The remuneration disclosed above is in relation to the remuneration awarded by the AIFM during the financial year 1 January 2021 to 31 December 2021.

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

Report of the Authorised Corporate Director (continued)

Significant information (continued)

Assessment of Value

Under COLL 6.6.20R (1), Santander Asset Management UK limited, the ACD of the Company, 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.

Coronavirus

In early 2020 the rapid rise of Covid 19 and the lockdowns mandated in many countries resulted in an unprecedented fall in economic activity and sharp declines in asset prices of historic proportions. Policymakers announced unprecedented measures to overcome the outbreak and protect economies, which saw an improvement in market functioning in March and April 2020, whilst economic activity rebounded in the second half of 2020, albeit from a lower base. The successful vaccination programmes in a number of western countries in 2021 led to an increase in economic activity and a focus to improve vaccination rates in developing countries. Significant relaxation of social restrictions has taken place but future waves of the virus, such as the Omicron variant, cannot be ruled out.

Brexit

After officially leaving the European Union on 31 January 2020, the United Kingdom and the EU agreed and signed the Trade and Cooperation Agreement on 30 December 2020. This agreement sets out the post-transition phase arrangements in areas such as trade in goods and some services, transportation and fisheries, amongst others.

However, the Agreement omits details on the future relationship with respect to Financial Services, and there is ongoing uncertainty as to its implementation. Failure to find an agreed way forward could potentially result in higher volatility in the financial markets of the United Kingdom and more broadly across Europe, given the ongoing-lack of clarity. Increased currency volatility may mean that the returns of the Fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro. This may also make it more difficult, or more expensive for the Fund to execute prudent currency hedging policies.

It is difficult to forecast the mid to long term impact of Brexit on the UK economy generally and on cross-border investor flows, including demand for Sterling-denominated assets. The ability of the relevant Fund to execute their respective strategies may be adversely impacted, resulting in unattractive investment returns compared to historical standards, and may also result in increased costs to the relevant Fund.

Changes in the period

International Multi-Index

With effect from 7 July 2021, the Balanced International Tracking Fund changed its name to International Multi-Index to better reflect how the Fund is managed in practice, share class I Accumulation Shares closed and share class R Accumulation Shares changed its name to CTF (Child Trust Fund) Accumulation Shares to better reflect the investor base. On the same date, as part of a

Report of the Authorised Corporate Director (continued)

Changes in the period (continued)

International Multi-Index (continued)

project to enhance investor disclosures, the Fund's investment objective & policy was updated, including an expected level of average outperformance before deduction of fees and further information about the fund's investment policy and process. The fees and expenses of the Fund also changed to be taken from income rather than a combination of income and capital property, in line with the ACD's fund expense policy.

Santander Atlas Portfolio 3 and Santander Atlas Portfolio 4

With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Fund's investment objective & policy was updated, including increased prominence of the risk profile classification and an additional objective that the Fund is managed with the aim of staying within this classification. We have also provided further information about the Fund's investment strategy and process. The fees and expenses of the Fund also changed to be taken from income rather than capital property to more align with the Fund's objective to provide capital growth.

Santander Atlas Portfolio 5 and Santander Atlas Portfolio 7

With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Fund's investment objective & policy was updated, including increased prominence of the risk profile classification and an additional objective that the Fund is managed with the aim of staying within this classification. We have also provided further information about the Fund's investment strategy and process.

We wrote out to shareholders advising them of these changes. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Change in Fund Administrator

Effective from 1 November 2021, Santander Asset Management UK Ltd ("SAM UK"), acting in its capacity as Authorised Corporate Director of the Company appointed The Bank of New York Mellon (International) Limited ("BNYMIL") to perform Fund valuation and pricing, and preparation of report and accounts, in relation to the Funds. BNYMIL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the conduct of its investment business.

There has been a small change to the basis on which SAM UK's annual management charge ("AMC") for Fund is calculated as a result of BNYMIL's appointment. Previously, as stated in each Fund's prospectus, "the daily calculation is based on the value of the scheme property of the relevant fund attributable to that Class valued as at 12noon UK time each day." Following BNYMIL's appointment this changed to being based for a given day on the valuation at 12pm the day before, adjusted to take account of instructions which have been received to buy or sell Shares in the relevant Fund. There is no change in the AMC rate for any Fund as a result of BNYMIL's appointment. Given the nature of this change to the basis of calculation, the AMC charged over time for each Fund will be consistent under both bases of calculation.

There is no material impact on shareholders in the any of the Funds as a result of BNYMIL's appointment.

Post Balance Sheet Events

Russia/Ukraine conflict

Following the year end, volatility has been observed in global capital markets due to the ongoing geopolitical situation in Europe. A number of multinational companies have ceased operations in Russia and this coupled with rising energy prices may adversely impact the global economy. It is difficult to quantify the longer term impacts of these events but the value of assets may be adversely impacted.

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 require 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" and the Statement of Recommended Practice (SORP) "Financial Statements of Authorised Funds" issued by the Investment Management Association (IMA) in May 2014.

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 UK accounting standards and the IMA 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 18 March 2022.

Mehdi Kadhim

Director

For and on behalf of Santander Asset Management UK Limited

Authorised Corporate Director of Santander Multi-Manager OEIC

18 March 2022

Report of the Depositary to the Shareholders of Santander Multi-Manager OEIC

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 in the Company is 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 Fund Manager ("the AFM") 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 AFM:

- (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

December 2021

Independent auditors' Report to the Shareholders of Santander Multi-Manager OEIC

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Santander Multi-Manager OEIC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 1 December 2021 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds 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 Multi-Manager OEIC is an Open Ended Investment Company ('OEIC') with 5 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual report (the "Annual Report"), which comprise: the balance sheets as at 1 December 2021; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies (in the Accounting and distribution policies section); and the notes to the financial statements.

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 or any sub-funds' 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 or any sub-funds' 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 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.

Independent auditors' Report to the Shareholders of Santander Multi-Manager OEIC

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

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 each of the sub-funds 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 individual 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.

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 or the sub-funds. Audit procedures performed included:

Independent auditors' Report to the Shareholders of Santander Multi-Manager OEIC

Report on the audit of the financial statements (continued)

Responsibilities for the financial statements and the audit (continued)

- 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.

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

Chartered Accountants and Statutory Auditors

Glasgow

18 March 2022

Accounting & distribution policies

for the year ended 1 December 2021

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 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 Funds consist predominantly of securities that are readily realisable and accordingly, the Funds have 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.

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 12 noon on 1 December 2021. 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.

Holdings in Collective Investment Schemes are valued using either the latest available bid price for dual priced funds or the latest available single price for single priced funds.

c. Foreign exchange

The base currency of the Company and its Funds 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.

Accounting & distribution policies (continued)

for the year ended 1 December 2021

Accounting policies (continued)

d. Realised and unrealised gains and losses

Realised gains or losses have been calculated as the proceeds from disposal less the book cost. Where realised gains or losses include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains/losses.

Unrealised gains/losses are calculated with reference to the original recorded value of the asset or liability, and only the element of gain/loss within the accounting period is recorded in the Financial Statements. All unrealised and realised gains are capital in nature and do not form part of the Fund's distributable income.

e. Revenue

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

Distributions from Collective Investment Schemes are recognised as revenue on the date the securities are quoted ex-dividend. Equalisation is deducted from the cost of the investment and does not form part of the Fund's distribution.

Excess income and accumulation dividends from Offshore Collective Investment Schemes are recognised as revenue when the excess income report has been published by the external fund house.

Interest on bank deposits is recognised on an earned basis.

Management fee rebates in respect of holdings in other Collective Investment Schemes are recognised on an accruals basis. Where it is the policy of the underlying scheme to charge its fees to capital, the rebate is recognised as capital. Otherwise the rebate is recognised as revenue. If information is not available to determine if the policy of the underlying scheme is to charge its fees to revenue or capital, the rebate is recognised as revenue. The percentage rebate is included in the calculation of the Ongoing Charges Figure (OCF).

Option premiums received by the Company are amortised to revenue over the period to maturity, where the option is out of the money at the time the contract is written. Option premiums are taken to capital for options which are in the money at the time of writing.

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

f. Expenses

All expenses, other than those relating to the purchase and sale of investments, are paid out of the scheme property of the Fund's 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 for the following Funds:

Santander Atlas Portfolio 3 (from 07/07/2021 - previously paid from capital)

Santander Atlas Portfolio 4 (from 07/07/2021 - previously paid from capital)

Santander Atlas Portfolio 5

Santander Atlas Portfolio 7

Expenses payable from the revenue of the Funds are included in the final distribution.

Accounting & distribution policies (continued)

for the year ended 1 December 2021

Accounting policies (continued)

f. Expenses (continued)

International Multi-Index Fund: Depositary, Audit, custody, tax services and FCA fees are borne by the ACD. Expenses payable from the revenue of the Fund are included in the final distribution.

If expenses should be deducted from revenue but in the opinion of the ACD, there is insufficient revenue property for this purpose, the payment may be made from the capital property of the relevant Fund.

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

g. 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.

Tax payable on net capital gains is recognised as an expense in the period in which gains arise.

h. 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.

The Funds write short dated covered call options on assets which are held in the portfolio of investments. This enables the Fund to enhance its revenue through the receipt of option premiums. Each call option provides the purchaser with any gain achieved on the underlying assets above an agreed price (strike price) at an agreed future date. This has the effect of limiting the potential return on the underlying equity portfolio as any gains above the strike price will be paid to the purchaser of the relevant option.

i. Cash flow statement

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

Accounting & distribution policies (continued)

for the year ended 1 December 2021

Accounting policies (continued)

j. 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. In particular, the dilution adjustment may be charged in the following circumstances: where the Company property is in continual decline; on a Fund experiencing large levels of net sales relative to its size; where a Fund is experiencing net sales or net redemptions on a day equivalent to 3% or more of the size of that Fund on that day; in any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution adjustment.

Distribution policies

a. Basis of distribution

The distribution policy of each 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.

b. Revenue

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

c. Expenses

Expenses payable from the revenue of each Fund are included in the final distribution, with reference to the Accounting policies for expenses in note f.

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.

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021

Investment commentary

Prior to 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth and income over a 5+ year time horizon.

Investment Policy*

The Fund aims to achieve its objective by investing globally in a wide range of bonds issued by companies and governments and shares issued by listed companies. The Fund will generally be invested in bonds to a greater extent than shares.

To obtain exposure to these assets, the Fund will invest indirectly by purchasing units in Collective Investment Schemes managed by other companies and/or the ACD or other companies within the Santander Group. The Fund may also invest directly.

The ACD has the discretion to manage the Fund according to its investment views and opportunities identified as market and economic conditions change. It will select investments that it believes will best achieve the Fund's objective. An assessment will be completed on all investment opportunities before any investment decisions are made.

At least 70% of the Fund will at all times be invested in the asset classes described above, but it has the flexibility to invest in other assets globally, such as cash, near cash and other money market instruments, real estate and commodities.

The Fund aims to target a lower Volatility Risk Level of 3 over a 5+ year time horizon, which is measured by an independent third party risk rating company.

The Fund is managed to stay within a Lower Medium Risk category in accordance with Santander UK's Risk Categorisation Process.

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 0.99%. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and Fund any excess OCF costs over the OCF Cap.

Further Information

The Fund uses the IA Mixed Investment 0-35% Shares peer group as a Comparator Benchmark.

This Comparator Benchmark has been chosen because it provides investors with a comparison of performance against other multi asset Funds that have a similar level of risk. However this is a broad group of Funds therefore each Fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

The base currency of the Fund is UK Sterling.

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth (to grow the value of your investment) and income over a 5+ year time horizon.

The Fund is managed with the aim of staying within a risk profile classification (with volatility parameters) of 3 as set and monitored by an external third party risk rating company. It is not guaranteed that the Fund will stay within this risk profile classification at all times.

Investment Policy*

The Fund is part of the Santander Atlas Portfolio growth range. This range consists of five funds numbered 3-7 which are each risk target managed funds - i.e. managed with an investment objective of aiming to stay within a risk profile classification (with volatility parameters) as set and monitored by an external third party risk rating company. This company's risk profile classifications range from 1, the lowest risk profile classification and the least volatile (for example a fund focused on holding cash), to 10, the highest risk profile classification and the most volatile (for example a fund focused on investing in riskier equity regions and non-developed markets).

The number in the name of each fund in the Santander Atlas Portfolio growth range corresponds to its risk profile classification, ranging from 3 to 7 on the external third party risk rating company's scale. The lower the number in the fund's name and risk profile classification, typically the lower its volatility, the higher its exposure to less volatile assets (such as bonds) and the lower its exposure to more volatile assets (such as shares), and the lower its level of expected capital growth, compared to other funds within the range, and vice versa. More information on volatility and risk profile classifications is provided in the Prospectus.

This Fund is managed with the aim of staying within a risk profile classification of 3, which is different from the Synthetic Risk and Reward Indicator (SRRI) published in its NURS Key Investor Information. The Fund will not be managed to maintain the SRRI, which may change over time.

The Fund is actively managed. It aims to achieve its objectives by obtaining exposure globally to: bonds issued by companies, governments, government bodies and supranationals; and shares in companies. There are no set limits on the Fund's exposure to either bonds or shares, but it is expected that the Fund will typically have exposure of at least 70% to bonds and shares combined.

The Fund typically has: a lower level of volatility, a higher exposure to less volatile assets (such as bonds) and a lower exposure to more volatile assets (such as shares), compared to other funds within the Santander Atlas Portfolio growth range that are numbered 4-7.

Additionally the Fund may obtain exposure globally:

- up to 20% to alternative strategies, for example absolute return strategies (i.e. those which aim to deliver a positive return in all market conditions, although this is not guaranteed);
- up to 10% to commodities;
- up to 10% to real estate; and
- up to 10% to cash, cash like and other money market instruments.

The Fund may have exposure to non-developed markets through its investments.

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021(continued)

Investment Policy* (continued)

To obtain exposure to the permissible asset classes stated above, the Fund will invest indirectly by purchasing units in Collective Investment Schemes. The Fund may invest in both Actively Managed and Passively Managed Collective Investment Schemes as detailed in "Investment Strategy and Process" below. At least 85% of the Fund will be invested in Collective Investment Schemes but this figure may be higher (up to 100%) depending on the ACD's investment views.

The Fund will typically be invested between 45% and 60% in Passively Managed Collective Investment Schemes although this could be higher and the Fund is permitted to invest up to 100% in this way for a sustained period. Further information on the holding of Passively Managed Collective Investment Schemes is detailed in "Investment Strategy and Process" below.

The Collective Investment Schemes in which the Fund invests can be managed by the ACD or other companies (including within the Santander Group). They will give the Fund exposure to the permissible asset classes (and, where relevant, in the permitted amounts) stated above, but they may have different investment strategies and restrictions to the Fund. For example they may not be managed with the aim of staying within a volatility range, and may use Derivatives differently to the Fund (such as for Investment Purposes).

With the exception of alternative strategies, commodities (where exposure can also be sought through investment in exchange traded commodities) and real estate, the Fund may also invest directly in the above permissible asset classes. However this will not be a key part of its investment strategy because of the level of investment in Collective Investment Schemes described above.

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. This may include passive Derivatives, for example Derivatives which track the performance of an index such as index futures, which, if used, will increase the Fund's exposure to passive investments.

*With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Investment Objective & Investment Policies of the Fund changed. We wrote out to shareholders advising them of this change. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Investment Strategy and Process

The Fund is actively managed which means that the ACD uses its expertise and discretion, in accordance with its investment views and opportunities identified as market and economic conditions change, to select investments with the aim of achieving the Fund's investment objectives.

The ACD seeks exposure to asset or sub-asset classes, geographies and sectors which it believes will meet the investment objectives of the Fund.

The ACD will complete an assessment before any investment decisions are made. This ongoing process will generally consist of:

- Developing an investment strategy based on market and economic outlook and geopolitical considerations to determine which asset or sub-asset classes, geographies and sectors to invest in, both on a longer term (strategic) and shorter term (tactical) basis.
- The Fund can invest in a globally unconstrained manner in bonds and shares, and within above stated levels in other permissible asset classes. The ACD will however seek to maintain the Fund's risk profile classification (alongside aiming to achieve its capital growth and income objective) when implementing its investment strategy by considering the types of assets held and the Fund's allocation to different permitted asset classes.

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021(continued)

Investment Strategy and Process (continued)

- Observing an internally approved list of both Actively Managed and Passively Managed Collective Investment Schemes available for investment when implementing the asset or sub-asset class, geographical and sector led investment strategy.
- Performing investment and operational due diligence on both Actively Managed and Passively Managed Collective Investment Schemes, by either the ACD and/or other companies within the Santander Group, to inform the approved list.
- Selecting Collective Investment Schemes from the approved list for investment which, although they may have different overall investment strategies and restrictions than the Fund, have an investment policy and strategy that is consistent with the asset or sub-asset class, geographical and sector investment strategy decision.

The Fund can invest in both Actively Managed and Passively Managed Collective Investment Schemes. The ACD will favour Collective Investment Schemes which offer attractive returns relative to other Collective Investment Schemes on the approved list. Investments will be selected with the aim of achieving capital growth, but some will also provide income for the Fund.

When seeking exposure to bonds the ACD will tend to favour Actively Managed Collective Investment Schemes (but the ACD may also select Passively Managed Collective Investment Schemes for exposure to bonds).

When seeking exposure to shares, the ACD will tend to favour those Collective Investment Schemes with lower costs and higher liquidity (i.e. the ease with which units in these Collective Investment Schemes can be sold and returned as cash) relative to others on the approved list. Lower cost Collective Investment Schemes tend to be Passively Managed Collective Investment Schemes (but the ACD may also select Actively Managed Collective Investment Schemes for exposure to shares).

In addition, the ACD will operate limits to ensure that the Fund does not have excessive exposure to any single: operator of Collective Investment Schemes; individual Collective Investment Scheme; or Derivative counterparty.

Where investments are made in instruments other than units in Collective Investment Schemes, these are also subject to investment due diligence.

The Fund's strategy is complemented by the use of Derivatives for Efficient Portfolio Management. It is expected that Derivatives (including passive Derivatives such as futures) will be used regularly, for example to manage risk or to respond quickly to developments in financial markets.

Further Information

The ACD uses the IA Mixed Investment 0-35% Shares peer group as a Comparator Benchmark for the Fund.

As there is no suitable standardised global performance benchmark for risk target managed multi asset investment funds, this Comparator Benchmark has been chosen because it provides shareholders with a comparison of performance against a sector that largely consists of other multi asset funds which have the ability to invest globally, and which the ACD considers is a reasonable proxy for the likely asset mix ranges of the Fund. However this is a broad group of funds, therefore each fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

*Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in each sector and investors can use this to compare the Fund's performance.

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021(continued)

Further Information (continued)

The risk profile classification which the Fund is managed to stay within is set and monitored by Distribution Technology. The ACD may change the risk profiling service provider to another independent company in the future, which will be communicated in any future publications of the Prospectus.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below a predetermined level. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and fund any excess OCF costs over the OCF Cap.

The Fund has a Risk Category of Lower Medium in accordance with Santander UK plc's Risk Categorisation Process. An explanation of what this means can be found in the Prospectus

Variable remuneration of individual fund managers employed by the ACD who are responsible for managing the Fund 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 a commercial peer group of competitor funds with similar investment objectives and policies.

The base currency of the Fund is UK Sterling.

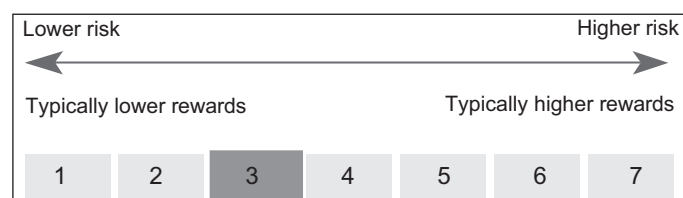
Investment Manager

Santander Asset Management UK Limited

Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks include risks of adverse effects from changes in interest rates, foreign exchange and stock market fluctuations. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Fund does not borrow in the normal course of business.

Risk and Reward Indicator



The lowest Risk and Reward Indicator (RRI) does not mean risk free. The Fund is rated at 3 due to the nature of the assets it invests in and the extent to which they are affected by the below risks. The value of your investment is not guaranteed and you may get back less than the original amount you invested. The RRI is different from the RPC (Risk Profile Classification). Whilst the Fund is managed with the aim to stay within an RPC (set and monitored by Distribution Technology), it is not managed to maintain its RRI, which may change over time.

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Performance

Percentage price change from 1 December 2020 to 1 December 2021	
Santander Atlas Portfolio 3 I Accumulation Shares	2.99%
Santander Atlas Portfolio 3 I Income Shares*	2.97%
Percentage price change from 1 December 2016 to 1 December 2021	
Santander Atlas Portfolio 3 I Accumulation Shares	18.66%
Santander Atlas Portfolio 3 I Income Shares*	18.22%

*Source Lipper - NAV at noon, bid to bid, net of fees, revenue reinvested.

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

Santander Atlas Portfolio 3

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Market Review

Over the 12 months to 1 December 2021, global markets have seen volatility due to uncertainty around the COVID-19 pandemic, a potential rising inflation, and the Chinese Government's crackdown on large technology companies. Developed economies have successfully rolled out vaccination programmes, allowing their economies to somewhat reopen and fuelling expectations of higher economic growth, as evidenced by positive market returns in the UK, Europe and US¹. However, emerging markets have lagged on the vaccination front as some regions are experiencing spikes in cases and hospitalisation rates.² The emerging market region has been the worst performing areas and provided negative returns as China's stock market was rattled.³ The Chinese Government continued to suppress technology, education and gaming companies, whilst the potential default of a major Chinese property developer impacted global markets. Note that Chinese companies make up over 30.00% of major emerging market indices.⁴

Inflation expectations increased in anticipation of global economies reopening from national lockdowns, causing longer-term government bonds to increase in yield. This meant that their prices fell, and these bonds underperformed.⁵ Global credit markets have been supported by significant fiscal and monetary packages, as businesses have come under pressure to survive during the pandemic. This coupled with the underperforming government bonds had maintained the demand for corporate bonds.⁶ High yield bonds (typically bonds with higher interest rates than investment grade bonds due to a higher risk of default) have outperformed investment grade bonds as fixed income investors looked for positive returns to offset poor government bond performance.⁷

Performance Review and Investment Activity (Reporting Period)

Over the 12 months to 1 December 2021, the I Accumulation Share Class delivered a 2.99% return* and the I Income Share Class delivered a 2.97% return*. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares (average exposure 23%) than we would normally hold if we expected a neutral market (expectation that investments have an equal chance of going up or down - exposure 20%). This extra allocation to shares had come from fixed income assets as we anticipated a challenging period for bonds ahead. Within fixed income, we had reduced the Fund's duration (price sensitivity to interest rate changes) by significantly lowering the Fund's allocation to government bonds given their heightened sensitivity to interest rate changes.

Tactical views were also implemented throughout the year, most of which added value and delivered positive returns. As we entered 2021, the Fund held a clear preference to value-oriented shares (companies considered undervalued by the market) than growth-style shares (companies perceived to outperform the market for a period of time) within its US and European allocation. This positioning was closed and a preference to growth-style shares reinstalled in July, with this providing a positive contribution to the Fund. The Fund also didn't hold any emerging market assets in September and October due to the volatility caused by the Chinese Government's actions. A thematic position was held in clean energy as this theme gathered support, with major governments focusing their fiscal spending plans on green energy investments. However, an increase in its volatility and deterioration on its short-term outlook triggered the sale of this position.

¹Refinitiv Datastream, Equity Index Performance

²Our World in Data, Coronavirus (COVID-19) Cases [website], <https://ourworldindata.org/covid-cases>

³Refinitiv Datastream, Equity Index Performance

⁴MSCI Emerging Markets Index, MSCI Emerging Markets Index (USD), 2021, p. 2, <https://www.msci.com/documents/10199/c0db0a48-01f2-4ba9-ad01-226fd5678111>

⁵Refinitiv Datastream, Bond Index Performance

⁶Refinitiv Datastream, Bond Index Performance

⁷Refinitiv Datastream, Bond Index Performance

*See performance table for source and calculation

Santander Atlas Portfolio 3**Final Report and Financial Statements for the year ended 1 December 2021 (continued)****Investment commentary (continued)****Performance Review and Investment Activity (Last 5 years)**

Over the last 5 years to 1 December 2021 the I Accumulation Share Class delivered a 18.66% cumulative return and the I Income Share Class delivered a 18.22% cumulative return. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares than we would normally hold if we expected a neutral market through bullish market environments, however the Fund's tactical allocations remained dynamic as we managed portfolio risk through episodes of increased volatility and other significant markets events, such as the US Presidential Elections, Brexit and the COVID-19 outbreak.

The Fund has also implemented long-standing thematic views such as a preference for US technology shares over 2019 to 2020, and tactical allocations to gold and cyber security. All investment views are taken on a measured basis to ensure the Fund remains within its target risk profile.

Market Outlook

The global economic reopening was a key theme for 2021. The rollout of vaccines around the world helped economies to reopen and shares performed well particularly in the developed regions where vaccination numbers are high. However, the combination of loose government policy, pent up demand over lockdowns, and post-COVID-19 optimism passing, will require the reassessment of interest rates and inflation expectations.

We have seen this to some extent already with longer-term government bonds and are wary of further market volatility on the back of any central bank action. The recent outbreak of the Omicron variant has also caused instability amidst a third wave of cases and potential lockdowns, however we believe that countries are better positioned to react given prior experiences and successful vaccine programmes. Therefore, we are bullish on shares in the medium-term, however are closely monitoring markets and will swiftly adapt the Fund as the environment changes.

Multi Asset Solutions Team

For and on behalf of Santander Asset Management UK Limited

January 2022

Summary of material portfolio changes

for the year ended 1 December 2021

Purchases	Cost £	Note	Sales	Proceeds £	Note
Xtrackers S&P 500 Swap UCITS ETF 1C USD	7,124,421		Xtrackers S&P 500 Swap UCITS ETF 1C USD	5,124,617	
iShares Core £ Corporate Bond UCITS ETF	7,122,396		iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	3,226,239	
Invesco S&P 500 UCITS ETF	6,087,240		iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	3,043,562	
iShares MSCI Europe ex-UK UCITS ETF EUR	3,795,836		Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	2,995,103	
iShares UK Gilts All Stocks Index Fund L Acc	3,511,785		Invesco EQQQ NASDAQ-100 UCITS ETF	2,917,488	
Xtrackers MSCI Emerging Markets UCITS ETF	3,062,283		iShares MSCI Europe ex-UK UCITS ETF EUR	2,755,823	
Nordea 1 – Low Duration European Covered Bond Fund HAI	2,500,375		Amundi MSCI Em Asia UCITS ETF USD	2,744,825	
Amundi Japan TOPIX UCITS ETF A JPY	2,154,951		Xtrackers MSCI Emerging Markets UCITS ETF 1C USD	2,572,073	
UBS ETF - MSCI Japan UCITS ETF A JPY	1,892,439		iShares MSCI AC Far East ex-Japan UCITS ETF USD	2,251,402	
iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	1,850,540		Invesco S&P 500 UCITS ETF	2,055,999	
iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	1,829,972		UBS ETF - MSCI Japan UCITS ETF A JPY	1,876,338	
iShares Global Clean Energy UCITS ETF Inc USD	1,747,635		iShares £ Ultrashort Bond UCITS ETF	1,810,824	
iShares Core FTSE 100 UCITS ETF	1,619,582		Lyxor Japan Topix UCITS ETF D EUR	1,532,214	
Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	147,814		iShares Global Clean Energy UCITS ETF Inc USD	1,355,581	
HSBC Sterling Corporate Bond Index Fund S Acc	143,391		Amundi Japan TOPIX UCITS ETF A JPY	1,291,188	
Vanguard Euro Investment Grade Bond Index GBP (hedged)	67,466		JOHCM UK Dynamic Y Acc	1,285,663	
BlueBay Investment Grade European Government Bond Fund Q Acc	54,178		Amundi Cash Corporate IC	1,275,684	
Xtrackers MSCI Emerging Markets UCITS ETF	37,894		HSBC Corporate Bond Fund R Acc	1,193,941	
JOHCM UK Dynamic Y Acc	29,276		Vanguard FTSE Developed Europe ex-UK Equity Index Fund A Acc	870,551	
Vanguard UK Government Bond Index Fund Sterling Acc	29,077				
Total cost of purchases for the period	<u>44,846,236</u>	14	Total proceeds from sales for the period	<u>42,179,115</u>	14

Portfolio statement

as at 1 December 2021

Investment	Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Collective Investment Schemes 91.24% (93.79%)			
Allianz Gilt Yield Fund Share I Inc	2,787,178	5,715,109	5.79
Amundi Japan TOPIX UCITS ETF A JPY*	24,798	1,966,405	1.99
BlueBay Investment Grade European Government Bond Fund Q Acc	73,763	7,326,166	7.42
Fidelity MoneyBuilder Income Fund A Inc	5,817,872	2,207,882	2.24
Gold Bullion Securities Limited*	17,399	2,168,611	2.20
HSBC Sterling Corporate Bond Index Fund S Acc	5,956,254	7,076,030	7.16
HSBC UK Gilt Index Fund S Inc	3,556,663	4,232,429	4.29
Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	2,388,154	5,945,788	6.02
Invesco S&P 500 UCITS ETF*	7,051	4,612,337	4.67
iShares Core £ Corporate Bond UCITS ETF*	67,237	10,314,156	10.44
iShares Core FTSE 100 UCITS ETF*	326,913	2,298,525	2.33
iShares MSCI Europe ex-UK UCITS ETF EUR*	94,264	3,262,477	3.30
iShares UK Gilts All Stocks Index Fund L Acc	2,330,530	4,414,024	4.47
Nordea 1 - European Covered Bond Fund BI EUR	174,219	2,236,959	2.27
Nordea 1 - Low Duration European Covered Bond Fund HAI	46,500	4,217,075	4.27
Pictet - Security Inc USD	3,589	1,237,037	1.25
Vanguard Euro Investment Grade Bond Index GBP (hedged)	61,422	7,707,484	7.80
Vanguard UK Government Bond Index Fund Sterling Acc	15,867	2,970,135	3.01
Xtrackers MSCI Emerging Markets UCITS ETF 1C USD*	66,781	3,012,990	3.05
Xtrackers S&P 500 Swap UCITS ETF 1C USD*	108,673	7,182,875	7.27
		90,104,494	91.24
Futures -0.10% (0.00%)			
GBP/USD Dec '21	80	(183,142)	(0.19)
Long Gilt Mar '22	(101)	7,070	0.01
S&P 500 Mini Dec '21	12	78,721	0.08
		(97,351)	(0.10)
Options 0.03% (0.02%)			
S&P 500 Index Put Option £40.50 Dec '21	(11)	(18,412)	(0.02)
S&P 500 Index Put Option £44.00 Dec '21	11	50,364	0.05
		31,952	0.03

Portfolio statement (continued)*as at 1 December 2021*

			Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Investment					
Forward currency trades -0.05% (-0.95%)				Unrealised Gains/(losses)	
	Settlement	Buy Amount	Sell Amount		
Buy AUD : Sell JPY	14/01/2022	793,373	(826,899)	(33,526)	(0.03)
Buy GBP : Sell EUR	14/01/2022	10,570,621	(10,629,213)	(58,592)	(0.06)
Buy JPY : Sell AUD	14/01/2022	826,899	(787,401)	39,498	0.04
				(52,620)	(0.05)
Portfolio of investments				89,986,475	91.12
Net other assets				8,772,066	8.88
Total net assets				98,758,541	100.00

Figures in brackets represent sector distribution at 1 December 2020.

All Collective Investment Scheme securities are not listed and are valued using publicly available market data unless otherwise stated.

*Collective Investment Scheme securities which are exchange traded funds listed on recognised exchanges.

Futures and option securities are derivative instruments listed on recognised exchanges.

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

Comparative tables

Change in net asset value per share	I Income Shares*			I Accumulation Shares*		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Opening net asset value per share	112.74	109.43	104.66	197.64	188.63	177.15
Return before operating charges	3.96	5.92	7.58	6.98	10.30	12.90
Operating charges	(0.76)	(0.74)	(0.83)	(1.34)	(1.29)	(1.42)
Return after operating charges	3.20	5.18	6.75	5.64	9.01	11.48
Distributions	(1.14)	(1.87)	(1.98)	(2.00)	(3.25)	(3.38)
Retained distributions on accumulation shares	–	–	–	2.00	3.25	3.38
Closing net asset value per share	114.80	112.74	109.43	203.28	197.64	188.63
***after direct transaction costs of	0.00	0.05	0.06	0.00	0.10	0.11
Performance	2021	2020	2019	2021	2020	2019
Return after charges**	2.84%	4.73%	6.45%	2.85%	4.78%	6.48%
Closing net asset value (£'s)	2,208,933	2,059,916	2,612,005	96,549,608	90,372,396	53,150,330
Closing number of shares	1,924,133	1,827,166	2,386,827	47,495,821	45,726,445	28,177,097
Operating charges	0.66%	0.68%	0.77%	0.66%	0.68%	0.77%
Direct transaction costs***	0.00%	0.05%	0.06%	0.00%	0.05%	0.06%
	p	p	p	p	p	p
Highest share price	115.7	113.2	112.5	204.4	197.8	192.4
Lowest share price	111.0	101.2	103.5	194.6	175.6	175.2

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Retail Income share class changed its name to I Income Shares and the Institutional Accumulation share class changed its name to I Accumulation Shares.

** 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 period compared to the equivalent for the prior period. 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.

*** 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 period 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.

Comparative tables (continued)

Change in net asset value per share	Retail Accumulation Shares*		
	2021 p	2020 p	2019 p
Opening net asset value per share	n/a	n/a	160.25
Return before operating charges	n/a	n/a	11.66
Operating charges	n/a	n/a	(1.28)
Return after operating charges	n/a	n/a	10.38
Distributions	n/a	n/a	(3.06)
Retained distributions on accumulation shares	n/a	n/a	3.06
Closing net asset value per share	n/a	n/a	170.63
***after direct transaction costs of	n/a	n/a	0.10
Performance	2021	2020	2019
Return after charges**	n/a	n/a	6.48%
Closing net asset value (£'s)	n/a	n/a	36,327,929
Closing number of shares	n/a	n/a	21,290,923
Operating charges	n/a	n/a	0.77%
Direct transaction costs***	n/a	n/a	0.06%
	p	p	p
Highest share price	n/a	n/a	174.0
Lowest share price	n/a	n/a	158.5

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Retail Income share class changed its name to I Income Shares and the Institutional Accumulation share class changed its name to I Accumulation Shares.

** 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 period compared to the equivalent for the prior period. 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.

*** 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 period 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.

Financial Statements - Santander Atlas Portfolio 3

Statement of total return

for the year ended 1 December 2021

	Note	2021		2020	
		£	£	£	£
Income					
Net capital gains	1		2,009,456		3,052,020
Revenue	2	1,113,036		1,545,490	
Expenses	3	(409,296)		(393,314)	
Interest payable and similar charges	4	(5,075)		(161)	
Net revenue before taxation		698,665		1,152,015	
Taxation	5	—		—	
Net revenue after taxation			698,665		1,152,015
Total return before distributions			2,708,121		4,204,035
Distributions	6		(937,478)		(1,545,314)
Change in net assets attributable to shareholders from investment activities			1,770,643		2,658,721

Statement of change in net assets attributable to shareholders

for the year ended 1 December 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		92,432,312		92,090,264
Amounts receivable on issue of shares	10,534,908		5,406,881	
Amounts payable on cancellation of shares	(6,903,113)		(9,219,346)	
		3,631,795		(3,812,465)
Dilution adjustment		3,535		(1,623)
Change in net assets attributable to shareholders from investment activities		1,770,643		2,658,721
Retained distributions on accumulation shares		920,256		1,497,415
Closing net assets attributable to shareholders		98,758,541		92,432,312

Balance sheet*as at 1 December 2021*

	Note	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		90,280,147	86,047,259
Current assets:			
Debtors	7	128,731	1,943,121
Cash and bank balances	8	10,202,877	7,375,255
Total assets		<u>100,611,755</u>	<u>95,365,635</u>
Liabilities:			
Investment liabilities		(293,672)	(157,828)
Creditors			
Bank overdrafts	8	(1,495,711)	(744,333)
Distribution payable	6	(5,575)	(7,053)
Other creditors	9	(58,256)	(2,024,109)
Total liabilities		<u>(1,853,214)</u>	<u>(2,933,323)</u>
Net assets attributable to shareholders		<u><u>98,758,541</u></u>	<u><u>92,432,312</u></u>

Notes to the financial statements

for the year ended 1 December 2021

1. Net capital gains	2021	2020
	£	£
Realised gains on non-derivative securities	2,298,372	521,778
Unrealised (losses)/gains on non-derivative securities	(913,439)	2,705,526
Realised gains on derivative securities	684,892	368,562
Unrealised (losses)/gains on derivative securities	(464,029)	22,734
Currency (losses)/gains	(242,771)	60,430
Unrealised gains/(losses) on forward currency contracts	707,608	(78,296)
Realised losses on forward currency contracts	(46,331)	(539,357)
Transaction charges	(14,846)	(9,357)
Net capital gains	<u>2,009,456</u>	<u>3,052,020</u>
2. Revenue	2021	2020
	£	£
UK dividends	23,478	157,596
Overseas UK tax exempt revenue	194,488	213,218
Overseas UK taxable revenue	273,333	408,332
Unfranked revenue	549,710	575,532
Option premium revenue	–	149,195
Bank interest	29,658	2,318
Margin interest	8,431	–
Rebates from holdings in Collective Investment Schemes	33,938	39,299
Total revenue	<u>1,113,036</u>	<u>1,545,490</u>
3. Expenses	2021	2020
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>373,567</u>	<u>360,367</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>11,207</u>	<u>10,811</u>
Other expenses:		
Audit fees*	17,206	12,296
Safe custody fees	5,990	5,905
FCA fee	107	110
Tax service fees	1,219	3,825
	<u>24,522</u>	<u>22,136</u>
Total expenses	<u>409,296</u>	<u>393,314</u>

* The audit fees include a non-recurring element of £4,500 relating to the change of administrator during the period.

Notes to the financial statements (continued)

for the year ended 1 December 2021

4. Interest payable and similar charges	2021	2020
	£	£
Overdraft interest	4,709	161
Margin interest	366	–
Total interest payable and similar charges	5,075	161

5. Taxation	2021	2020
	£	£
a. Analysis of the tax charge for the year	–	–
Total tax charge (note 5b)	–	–

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2020 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2021	2020
	£	£
Net revenue before taxation	698,665	1,152,015
Corporation tax @ 20%	139,733	230,403
Effects of:		
Revenue exempt from UK Corporation tax	(43,593)	(74,163)
Non-trade loan relationship debits brought forward utilised in the period	–	(26,936)
Utilisation of excess management expenses	(96,140)	(129,304)
Total tax charge (note 5a)	–	–

At the year end there is a potential deferred tax asset of £823,492 (2020 - £919,632) in relation to surplus management expenses and non-trade loan relationship deficits. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

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

	2021	2020
	£	£
Interim income distribution paid	16,280	31,358
Interim accumulation distributions paid	676,103	1,189,585
Final income distribution payable	5,575	7,053
Final accumulation distributions payable	244,153	307,830
	942,111	1,535,826
Equalisation:		
Amounts deducted on cancellation of shares	6,894	22,163
Amounts added on issue of shares	(11,527)	(12,675)
Distributions	937,478	1,545,314

Notes to the financial statements (continued)

for the year ended 1 December 2021

6. Distributions (continued)

Reconciliation between net revenue and distributions:

	2021	2020
	£	£
Net revenue after taxation per Statement of total return	698,665	1,152,015
Add:		
Undistributed revenue brought forward	44	29
Expenses paid from capital	238,769	393,314
Deduct:		
Undistributed revenue carried forward	–	(44)
Distributions	<u>937,478</u>	<u>1,545,314</u>

Details of the distribution per share are disclosed in the distribution table on page 41.

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	91,711	22,161
Sales awaiting settlement	–	1,878,159
Accrued revenue	24,825	26,688
Prepaid expenses	38	37
Rebates from holdings in Collective Investment Schemes	11,874	15,685
Income tax debtor	283	283
Sundry debtors	–	108
Total debtors	<u>128,731</u>	<u>1,943,121</u>

8. Cash and bank balances

	2021	2020
	£	£
Amounts held at futures clearing houses and brokers	590,605	2,270,013
Cash and bank balances	9,612,272	5,105,242
Total cash and bank balances	<u>10,202,877</u>	<u>7,375,255</u>
Bank overdraft*	<u>1,495,711</u>	<u>744,333</u>

As at 1 December 2021, the weighted average of the floating interest rate on bank balances was 0.01% (2020 - 0.01%).

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

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	–	97,879
Purchases awaiting settlement	–	1,875,613
Accrued expenses	58,256	50,617
Total other creditors	<u>58,256</u>	<u>2,024,109</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. 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 globally in a wide range of bonds issued by companies, governments, government bodies and supranationals, and in shares of listed companies. To obtain exposure to these assets, at least 85% of the Fund's investments will be accessed indirectly by purchasing units in Collective Investment Schemes. The Fund will generally be invested in bonds to a greater extent than shares. The main risk arising from each 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 within the underlying collectives or may be due to general market factors (such as specific government policies or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers as set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Funds Sourcebook (COLL) mitigates the risk of excessive exposure to any particular type of security or issuer.

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 in holdings in Collective Investment Funds is monitored by the Manager by understanding the investment objectives of each underlying Fund as well as a regular risk and performance review. The overall portfolio is stress tested on an on-going basis to identify and measure market specific risks of the Fund. The Fund is authorised to use derivatives but the usage of such is not expected to alter the overall risk profile of the Fund.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £4,499,324 (2020 - £4,294,472). A 5% 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. Collectives which hold cash balances and invest in fixed interest securities will be subject to such risk.

Interest risk in holdings of Collective Investment Schemes is monitored by the Manager by understanding the investment objectives of the underlying Funds as well as a regular risk and performance review with external managers. The Manager manages such risk by maintaining a diversified portfolio taking into account interest rate and duration, credit rating profile and other parameters such as the geographical and currency exposure of the underlying collectives. If interest rates rise, the revenue potential of the Funds will also rise, but the capital value of fixed rate 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 1 December 2021, 8.82% of the Fund's assets were interest bearing (2020 - 7.97%).

As the only interest bearing assets held by the Fund are bank balances and no significant interest was received for the bank balances in note 8, changes in interest rates would have no material impact on assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

c) Currency Risk

The Fund invests in Collective Investment Schemes which may have exposure to foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the collectives can therefore be significantly affected by currency movements.

The ACD assesses the risk and control processes and procedures of the management company of each collective. This ensures the collective is consistent with the risk profile of the Fund.

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

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £848,826 (2020 - £1,061,717). A 5% weakening in GBP would increase the value by £938,176 (2020 - £1,173,477).

For numerical disclosure see note 15.

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 Fund seeks to minimise counterparty credit risk by investing in a diversified portfolio of regulated Collective Investment Schemes. In addition, the Manager will ensure that underlying schemes have an exposure to credit risk that is consistent with the overall objectives of the Fund.

e) Liquidity risk

Liquidity risk may result in the inability of the Fund to meet redemptions of shares 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 Manager seeks to limit liquidity risk of the Funds by selecting collectives with daily liquidity. In addition, the Manager will invest in a diversified portfolio of collectives with different liquidity profiles.

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 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 16.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

g) Brexit risk

After officially leaving the European Union on 31 January 2020, the United Kingdom and the EU agreed and signed the Trade and Cooperation Agreement on 30 December 2020. This agreement sets out the post-transition phase arrangements in areas such as trade in goods and some services, transportation and fisheries, amongst others.

However, the Agreement omits details on the future relationship with respect to Financial Services, and there is ongoing uncertainty as to its implementation. Failure to find an agreed way forward could potentially result in higher volatility in the financial markets of the United Kingdom and more broadly across Europe, given the ongoing-lack of clarity. Increased currency volatility may mean that the returns of the Fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro. This may also make it more difficult, or more expensive for the Fund to execute prudent currency hedging policies.

It is difficult to forecast the mid to long term impact of Brexit on the UK economy generally and on cross-border investor flows, including demand for Sterling-denominated assets. The ability of the relevant Fund to execute their respective strategies may be adversely impacted, resulting in unattractive investment returns compared to historical standards, and may also result in increased costs to the relevant Fund.

h) COVID 19 risk

In early 2020 the Covid 19 pandemic caused a significant financial market downturn that affected many areas of investments in the UK and globally as most government authorities implemented restrictions on movement, causing substantial reduction in economic activity. The successful vaccination programmes in a number of western countries has led to an increase in economic activity and there is a focus to improve vaccination rates in developing countries. However future mutations of the virus and the ability of vaccines to provide protection pose a risk to the continuing improvement in economic activity. This may impact financial markets via higher levels of market and currency volatility, reduced dividends, and greater credit risk.

i) Investment style and investment management risk

Shareholders in the Fund face a risk that the investment choices made by the ACD and/or Sub-Investment Manager(s) on their behalf deliver returns that are inferior to alternative choices. Depending on market and economic conditions and investor sentiment, specific types of instruments or investment styles may shift in and out of favour. A Fund with one investment style may outperform or underperform other funds that employ different investment styles.

Further, each Fund is subject to the risk that the ACD and/or any Sub-Investment Manager(s) appointed for that Fund may not select instruments which optimally achieve the implementation of an investment style for that Fund.

11. 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 3. 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 period end date are disclosed in notes 7 & 9. £56,011 (2020 - £107,773) was due from the ACD at the period end date.

Notes to the financial statements (continued)

for the year ended 1 December 2021

11. Related party transactions (continued)

Material shareholders

As at 1 December 2021, 82.58% (2020 - 78.02%) of the shares in issue in the Santander Atlas Portfolio 3 Fund were held by Allfunds Nominees Ltd which is a separate nominee company but deemed as a related party due to being a material shareholder.

12. Shareholders' funds

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

	2021	2020
	No of Shares	No of Shares
I Income Shares*		
Opening shares in issue	1,827,166	2,386,827
Shares issued in the period	206,713	62,180
Shares cancelled in the period	(109,746)	(621,841)
Closing shares in issue	1,924,133	1,827,166
	2021	2020
	No of Shares	No of Shares
I Accumulation Shares*		
Opening shares in issue	45,726,445	28,177,097
Shares issued in the period	5,172,206	2,793,765
Shares merged in the period	–	19,258,875
Shares cancelled in the period	(3,402,830)	(4,503,292)
Closing shares in issue	47,495,821	45,726,445
	2021	2020
	No of Shares	No of Shares
Retail Accumulation Shares*		
Opening shares in issue	–	21,290,923
Shares issued in the period	–	–
Shares merged in the period	–	(21,290,923)
Shares cancelled in the period	–	–
Closing shares in issue	–	–

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Retail Income share class changed its name to I Income Shares and the Institutional Accumulation share class changed its name to I Accumulation Shares.

Notes to the financial statements (continued)

for the year ended 1 December 2021

13. Fair value disclosure

	2021	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	34,954,531	201,554
Observable inputs using market data*	55,325,616	92,118
	<u>90,280,147</u>	<u>293,672</u>
	2020	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	28,531,294	79,532
Observable inputs using market data*	57,515,965	78,296
	<u>86,047,259</u>	<u>157,828</u>

* Details of the securities included within the fair value hierarchy are detailed on page 11, accounting policy (b) valuation of investments.

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Purchases after transaction costs	Commission as % of Purchases
2021	£	£	£	%
Collective Investment Schemes	44,846,236	–	44,846,236	–
Total purchases	44,846,236	–	44,846,236	
2020	£	£	£	%
Collective Investment Schemes	61,292,039	20,907	61,312,946	0.03
Total purchases	61,292,039	20,907	61,312,946	

Asset Class	Sales before transaction costs	Broker Commission	Sales after transaction costs	Commission as % of Purchases
2021	£	£	£	%
Collective Investment Schemes	42,179,115	–	42,179,115	–
Total sales	42,179,115	–	42,179,115	
2020	£	£	£	%
Collective Investment Schemes	66,713,175	(21,010)	66,692,165	0.03
Total sales	66,713,175	(21,010)	66,692,165	

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs (continued)

	Broker Commission
2021	£
Total costs from purchases & sales	–
Total costs as % of Average NAV	–
2020	£
Total costs from purchases & sales	41,917
Total costs as % of Average NAV	0.05%

There were direct transaction costs associated with derivatives in the year of £3,113 (2020 - £3,957) which is 0.00% of the Average NAV of the Fund (2020 - 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 0.06% (2020 - 0.04%) of the transaction value.

15. Currency risk

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

Currency	Net foreign currency assets		Total £
	Monetary exposures £	Non-monetary exposures £	
2021			
UK Sterling	18,836,754	62,529,725	81,366,479
Euro	(10,627,896)	9,563,125	(1,064,771)
Japanese Yen	–	1,966,405	1,966,405
US Dollar	433,491	16,045,239	16,478,730
Australian Dollar	11,698	–	11,698
2020			
UK Sterling	20,433,626	49,714,246	70,147,872
Euro	(10,063,605)	15,049,206	4,985,601
Japanese Yen	1,263,089	2,564,882	3,827,971
US Dollar	(4,246,608)	18,616,659	14,370,051
Australian Dollar	(899,183)	–	(899,183)

Notes to the financial statements (continued)

for the year ended 1 December 2021

16. Derivatives and Counterparty Exposure

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

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 £
2021			
Forward currency contracts			
Goldman Sachs	(52,620)	(52,620)	(52,620)
2020			
Forward currency contracts			
Goldman Sachs	–	–	–

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.

17. Post balance sheet events

Subsequent to the year end, the net asset value per share of the I Income Shares class has decreased from 114.8p to 108.0p and the I Accumulation Share class has decreased from 203.3p to 191.6p as at 14 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

Russia/Ukraine conflict

Following the year end, volatility has been observed in global capital markets due to the ongoing geopolitical situation in Europe. A number of multinational companies have ceased operations in Russia and this coupled with rising energy prices may adversely impact the global economy. It is difficult to quantify the longer term impacts of these events but the value of assets may be adversely impacted.

Distribution tables

for the year ended 1 December 2021

Distributions on I Income Shares in pence per share

	Payment date	Payment type	Gross revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.05.21	quarter 1	0.2280	–	0.2280	0.7558
	01.08.21	interim	0.3065	–	0.3065	0.3516
	01.11.21	quarter 3	0.3110	–	0.3110	0.3806
	01.02.22	final	0.2897	–	0.2897	0.3860
Group 2						
	01.05.21	quarter 1	0.1423	0.0857	0.2280	0.7558
	01.08.21	interim	0.1731	0.1334	0.3065	0.3516
	01.11.21	quarter 3	0.2296	0.0814	0.3110	0.3806
	01.02.22	final	0.1820	0.1077	0.2897	0.3860

Distributions on I Accumulation Shares in pence per share

	Payment date	Payment type	Gross revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.05.21	quarter 1	0.3997	–	0.3997	1.3028
	01.08.21	interim	0.5386	–	0.5386	0.6103
	01.11.21	quarter 3	0.5505	–	0.5505	0.6638
	01.02.22	final	0.5140	–	0.5140	0.6732
Group 2						
	01.05.21	quarter 1	0.2032	0.1965	0.3997	1.3028
	01.08.21	interim	0.2852	0.2534	0.5386	0.6103
	01.11.21	quarter 3	0.4898	0.0607	0.5505	0.6638
	01.02.22	final	0.2486	0.2654	0.5140	0.6732

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.

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021

Investment commentary

Prior to 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth and income over a 5+ year time horizon.

Investment Policy*

The Fund aims to achieve its objective by investing globally in a wide range of bonds issued by companies and governments and shares issued by listed companies.

To obtain exposure to these assets, the Fund will invest indirectly by purchasing units in Collective Investment Schemes managed by other companies and/or the ACD or other companies within the Santander Group. The Fund may also invest directly.

The ACD has the discretion to manage the Fund according to its investment views and opportunities identified as market and economic conditions change. It will select investments that it believes will best achieve the Fund's objective. An assessment will be completed on all investment opportunities before any investment decisions are made.

At least 70% of the Fund will at all times be invested in the asset classes described above, but it has the flexibility to invest in other assets globally, such as cash, near cash and other money market instruments, real estate and commodities.

The Fund aims to target a lower to moderate Volatility Risk Level of 4 over a 5+ year time horizon, which is measured by an independent third party risk rating company.

The Fund is managed to stay within a Medium Risk category in accordance with Santander UK's Risk Categorisation Process.

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 0.99%. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and Fund any excess OCF costs over the OCF Cap.

Further Information

The Fund uses the IA Mixed Investment 20-60% Shares peer group as a Comparator Benchmark.

This Comparator Benchmark has been chosen because it provides investors with a comparison of performance against other multi asset Funds that have a similar level of risk. However this is a broad group of Funds therefore each Fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

The base currency of the Fund is UK Sterling.

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth (to grow the value of your investment) and income over a 5+ year time horizon.

The Fund is managed with the aim of staying within a risk profile classification (with volatility parameters) of 4 as set and monitored by an external third party risk rating company. It is not guaranteed that the Fund will stay within this risk profile classification at all times.

Investment Policy*

The Fund is part of the Santander Atlas Portfolio growth range. This range consists of five funds numbered 3-7 which are each risk target managed funds - i.e. managed with an investment objective of aiming to stay within a risk profile classification (with volatility parameters) as set and monitored by an external third party risk rating company. This company's risk profile classifications range from 1, the lowest risk profile classification and the least volatile (for example a fund focused on holding cash), to 10, the highest risk profile classification and the most volatile (for example a fund focused on investing in riskier equity regions and non-developed markets).

The number in the name of each Fund in the Santander Atlas Portfolio growth range corresponds to its risk profile classification, ranging from 3 to 7 on the external third party risk rating company's scale. The lower the number in the fund's name and risk profile classification, typically the lower its volatility, the higher its exposure to less volatile assets (such as bonds) and the lower its exposure to more volatile assets (such as shares), and the lower its level of expected capital growth, compared to other funds within the range, and vice versa. More information on volatility and risk profile classifications is provided in the Prospectus.

This Fund is managed with the aim of staying within a risk profile classification of 4, which is different from the Synthetic Risk and Reward Indicator (SRRI) published in its NURS Key Investor Information. The Fund will not be managed to maintain the SRRI, which may change over time.

The Fund is actively managed. It aims to achieve its objectives by obtaining exposure globally to: bonds issued by companies, governments, government bodies and supranationals; and shares in companies. There are no set limits on the Fund's exposure to either bonds or shares, but it is expected that the Fund will typically have exposure of at least 70% to bonds and shares combined.

The Fund typically has: a lower level of volatility, a higher exposure to less volatile assets (such as bonds) and a lower exposure to more volatile assets (such as shares), compared to other funds within the Santander Atlas Portfolio growth range that are numbered 5-7; and a higher level of volatility, a lower exposure to less volatile assets and a higher exposure to more volatile assets, compared to Santander Atlas Portfolio 3.

Additionally the Fund may obtain exposure globally:

- up to 20% to alternative strategies, for example absolute return strategies (i.e. those which aim to deliver a positive return in all market conditions, although this is not guaranteed);
- up to 10% to commodities;
- up to 10% to real estate; and
- up to 10% to cash, cash like and other money market instruments.

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Policy* (continued)

The Fund may have exposure to non-developed markets through its investments.

To obtain exposure to the permissible asset classes stated above, the Fund will invest indirectly by purchasing units in Collective Investment Schemes. The Fund may invest in both Actively Managed and Passively Managed Collective Investment Schemes as detailed in "Investment Strategy and Process" below. At least 85% of the Fund will be invested in Collective Investment Schemes but this figure may be higher (up to 100%) depending on the ACD's investment views.

The Fund will typically be invested between 50% and 65% in Passively Managed Collective Investment Schemes although this could be higher and the Fund is permitted to invest up to 100% in this way for a sustained period. Further information on the holding of Passively Managed Collective Investment Schemes is detailed in "Investment Strategy and Process" below.

These Collective Investment Schemes can be managed by the ACD or other companies (including within the Santander Group). They will give the Fund exposure to the permissible asset classes (and, where relevant, in the permitted amounts) stated above, but they may have different investment strategies and restrictions to the Fund. For example they may not be managed with the aim of staying within a volatility range, and may use Derivatives differently to the Fund (such as for Investment Purposes).

With the exception of alternative strategies, commodities (where exposure can also be sought through investment in exchange traded commodities) and real estate, the Fund may also invest directly in the above permissible asset classes. However this will not be a key part of its investment strategy because of the level of investment in Collective Investment Schemes described above.

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. This may include passive Derivatives, for example Derivatives which track the performance of an index such as index futures, which, if used, will increase the Fund's exposure to passive investments.

*With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Investment Objective & Investment Policies of the Fund changed. We wrote out to shareholders advising them of this change. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Investment Strategy and Process

The Fund is actively managed which means that the ACD uses its expertise and discretion, in accordance with its investment views and opportunities identified as market and economic conditions change, to select investments with the aim of achieving the Fund's investment objectives.

The ACD seeks exposure to asset or sub-asset classes, geographies and sectors which it believes will meet the investment objectives of the Fund.

The ACD will complete an assessment before any investment decisions are made. This ongoing process will generally consist of:

- Developing an investment strategy based on market and economic outlook and geopolitical considerations to determine which asset or sub-asset classes, geographies and sectors to invest in, both on a longer term (strategic) and shorter term (tactical) basis.

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Strategy and Process (continued)

- The Fund can invest in a globally unconstrained manner in bonds and shares, and within above stated levels in other permissible asset classes. The ACD will however seek to maintain the Fund's risk profile classification (alongside aiming to achieve its capital growth and income objective) when implementing its investment strategy by considering the types of assets held and the Fund's allocation to different permitted asset classes.
- Observing an internally approved list of both Actively Managed and Passively Managed Collective Investment Schemes available for investment when implementing the asset or sub-asset class, geographical and sector led investment strategy.
- Performing investment and operational due diligence on both Actively Managed and Passively Managed Collective Investment Schemes, by either the ACD and/or other companies within the Santander Group, to inform the approved list.
- Selecting Collective Investment Schemes from the approved list for investment which, although they may have different overall investment strategies and restrictions than the Fund, have an investment policy and strategy that is consistent with the asset or sub-asset class, geographical and sector investment strategy decision.

The Fund can invest in both Actively Managed and Passively Managed Collective Investment Schemes. The ACD will favour Collective Investment Schemes which offer attractive returns relative to other Collective Investment Schemes on the approved list. Investments will be selected with the aim of achieving capital growth, but some will also provide income for the Fund.

When seeking exposure to bonds the ACD will tend to favour Actively Managed Collective Investment Schemes (but the ACD may also select Passively Managed Collective Investment Schemes for exposure to bonds).

When seeking exposure to shares, the ACD will tend to favour those Collective Investment Schemes with lower costs and higher liquidity (i.e. the ease with which units in these Collective Investment Schemes can be sold and returned as cash) relative to others on the approved list. Lower cost Collective Investment Schemes tend to be Passively Managed Collective Investment Schemes (but the ACD may also select Actively Managed Collective Investment Schemes for exposure to shares).

In addition, the ACD will operate limits to ensure that the Fund does not have excessive exposure to any single: operator of Collective Investment Schemes; individual Collective Investment Scheme; or Derivative counterparty.

Where investments are made in instruments other than units in Collective Investment Schemes, these are also subject to investment due diligence.

The Fund's strategy is complemented by the use of Derivatives for Efficient Portfolio Management. It is expected that Derivatives (including passive Derivatives such as futures) will be used regularly, for example to manage risk or to respond quickly to developments in financial markets.

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Further Information

The ACD uses the IA Mixed Investment 20-60% Shares peer group as a Comparator Benchmark for the Fund.

As there is no suitable standardised global performance benchmark for risk target managed multi asset investment funds, this Comparator Benchmark has been chosen because it provides shareholders with a comparison of performance against a sector that largely consists of other multi asset funds which have the ability to invest globally, and which the ACD considers is a reasonable proxy for the likely asset mix ranges of the Fund. However this is a broad group of funds, therefore each fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

*Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in each sector and investors can use this to compare the Fund's performance.

The risk profile classification which the Fund is managed to stay within is set and monitored by Distribution Technology. The ACD may change the risk profiling service provider to another independent company in the future, which will be communicated in any future publications of the Prospectus.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below a predetermined level. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and fund any excess OCF costs over the OCF Cap.

The Fund has a Risk Category of Medium in accordance with Santander UK plc's Risk Categorisation Process. An explanation of what this means can be found in the Prospectus.

Variable remuneration of individual fund managers employed by the ACD who are responsible for managing the Fund 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 a commercial peer group of competitor funds with similar investment objectives and policies.

The base currency of the Fund is UK Sterling.

Investment Manager

Santander Asset Management UK Limited

Risk Profile

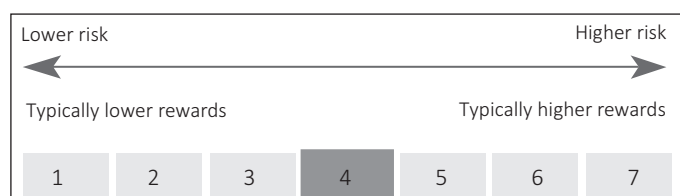
The main risks within the portfolio relate to changes in the prices of securities held. Other risks include risks of adverse effects from changes in interest rates, foreign exchange and stock market fluctuations. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Fund does not borrow in the normal course of business.

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Risk and Reward Indicator



The lowest Risk and Reward Indicator (RRI) does not mean risk free. The Fund is rated at 4 due to the nature of the assets it invests in and the extent to which they are affected by the below risks. The value of your investment is not guaranteed and you may get back less than the original amount you invested. The RRI is different from the RPC (Risk Profile Classification). Whilst the Fund is managed with the aim to stay within an RPC (set and monitored by Distribution Technology), it is not managed to maintain its RRI, which may change over time.

Performance

Percentage price change from 1 December 2020 to 1 December 2021	
Santander Atlas Portfolio 4 I Accumulation Shares	6.70%
Santander Atlas Portfolio 4 I Income Shares*	6.69%
Percentage price change from 1 December 2016 to 1 December 2021	
Santander Atlas Portfolio 4 I Accumulation Shares	27.80%
Santander Atlas Portfolio 4 I Income Shares*	27.51%

*Source Lipper - NAV at noon, bid to bid, net of fees, revenue reinvested.

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

Santander Atlas Portfolio 4

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Market Review

Over the 12 months to 1 December 2021, global markets have seen volatility due to uncertainty around the COVID-19 pandemic, a potential rising inflation, and the Chinese Government's crackdown on large technology companies. Developed economies have successfully rolled out vaccination programmes, allowing their economies to somewhat reopen and fuelling expectations of higher economic growth, as evidenced by positive market returns in the UK, Europe and US.¹ Emerging markets however have lagged on the vaccination front as some regions are experiencing spikes in cases and hospitalisation rates.² The emerging market region has been the worst performing areas and provided negative returns as China's stock market was rattled.³ The Chinese Government continued to suppress technology, education and gaming companies, whilst the potential default of a major Chinese property developer impacted global markets. Note that Chinese companies make up over 30.00% of major emerging market indices.⁴

Inflation expectations increased in anticipation of global economies reopening from national lockdowns, causing longer-term government bonds to increase in yield. This meant that their prices fell, and these bonds underperformed.⁵ Global credit markets have been supported by significant fiscal and monetary packages, as businesses have come under pressure to survive during the pandemic. This coupled with the underperforming government bonds had maintained the demand for corporate bonds.⁶ High yield bonds (typically bonds with higher interest rates than investment grade bonds due to a higher risk of default) have outperformed investment grade bonds as fixed income investors looked for positive returns to offset poor government bond performance.⁷

Performance Review and Investment Activity (Reporting Period)

Over the 12 months to 1 December 2021, the I Accumulation Share Class delivered a 6.70% return* and the I Income Share Class delivered a 6.69% return*. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares (average exposure 44%) than we would normally hold if we expected a neutral market (expectation that investments have an equal chance of going up or down - exposure 40%). This extra allocation to shares had come from fixed income assets as we anticipated a challenging period for bonds ahead. Within fixed income, we had reduced the Fund's duration (price sensitivity to interest rate changes) by significantly lowering the Fund's allocation to government bonds given their heightened sensitivity to interest rate changes.

Tactical views were also implemented throughout the year, most of which added value and delivered positive returns. As we entered 2021, the Fund held a clear preference to value-oriented shares than growth-style shares (companies perceived to outperform the market for a period of time) within its US and European allocation. This positioning was closed and a preference to growth-style shares reinstalled in July, with this providing a positive contribution to the Fund. The Fund also didn't hold any emerging market assets in September and October due to the volatility caused by the Chinese Government's actions and diversified its risky assets by swapping some of the shares for a position in high yield. A thematic position was held in clean energy as this theme gathered support, with major governments focusing their fiscal spending plans on green energy investments. However, an increase in its volatility and deterioration on its short-term outlook triggered the sale of this position.

¹Refinitiv Datastream, Equity Index Performance

²Our World in Data, Coronavirus (COVID-19) Cases [website], <https://ourworldindata.org/covid-cases>

³Refinitiv Datastream, Equity Index Performance

⁴MSCI Emerging Markets Index, MSCI Emerging Markets Index (USD), 2021, p. 2, <https://www.msci.com/documents/10199/c0db0a48-01f2-4ba9-ad01-226fd5678111>

⁵Refinitiv Datastream, Bond Index Performance

⁶Refinitiv Datastream, Bond Index Performance

⁷Refinitiv Datastream, Bond Index Performance

*See performance table for source and calculation

Santander Atlas Portfolio 4**Final Report and Financial Statements for the year ended 1 December 2021 (continued)****Investment commentary (continued)****Performance Review and Investment Activity (Last 5 years)**

Over the last 5 years to 1 December 2021 the I Accumulation Share Class delivered a 27.80% cumulative return and the I Income Share Class delivered a 27.51% cumulative return. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares than we would normally hold if we expected a neutral market through bullish market environments, however the Fund's tactical allocations remained dynamic as we managed portfolio risk through episodes of increased volatility and other significant markets events, such as the US Presidential Elections, Brexit and the COVID-19 outbreak.

The Fund has also implemented long-standing thematic views such as a preference for US technology shares over 2019 to 2020, and tactical allocations to gold and cyber security. All investment views are taken on a measured basis to ensure the Fund remains within its target risk profile.

Market Outlook

The global economic reopening was a key theme for 2021. The rollout of vaccines around the world helped economies to reopen and shares performed well particularly in the developed regions where vaccination numbers are high. However, the combination of loose government policy, pent up demand over lockdowns, and post-COVID-19 optimism passing, will require the reassessment of interest rates and inflation expectations.

We have seen this to some extent already with longer-term government bonds and are wary of further market volatility on the back of any central bank action. The recent outbreak of the Omicron variant has also caused instability amidst a third wave of cases and potential lockdowns, however we believe that countries are better positioned to react given prior experiences and successful vaccine programmes. Therefore, we are bullish on shares in the medium-term, however are closely monitoring markets and will swiftly adapt the Fund as the environment changes.

Multi Asset Solutions Team

For and on behalf of Santander Asset Management UK Limited

January 2022

Summary of material portfolio changes

for the year ended 1 December 2021

Purchases	Cost £	Note	Sales	Proceeds £	Note
iShares Global High Yield Bond UCITS ETF USD Dist	27,982,588		Xtrackers S&P 500 Swap UCITS ETF 1C USD	29,079,195	
Xtrackers S&P 500 Swap UCITS ETF 1C USD	27,368,297		Xtrackers MSCI Emerging Markets UCITS ETF	22,372,698	
Invesco S&P 500 UCITS ETF	21,971,710		iShares UK Gilts All Stocks Index Fund L Acc	18,090,000	
iShares UK Gilts All Stocks Index Fund L Acc	18,254,044		Amundi MSCI Emerging Asia UCITS ETF	15,003,685	
Xtrackers MSCI Emerging Markets UCITS ETF	17,352,862		HSBC Corporate Bond Fund R Acc	12,673,422	
Vanguard UK Investment Grade Bond Index Fund Acc	15,632,447		Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	12,073,314	
iShares MSCI Europe ex-UK UCITS ETF EUR	14,983,555		iShares MSCI Europe ex-UK UCITS ETF EUR	10,790,274	
iShares Core £ Corporate Bond UCITS ETF	13,748,173		iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	10,617,884	
Vanguard UK Investment Grade Equity Index Fund	9,410,134		iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	10,101,270	
Lyxor S&P 500 UCITS ETF D USD	8,410,538		iShares Global High Yield Bond UCITS ETF USD Dist	9,994,172	
HSBC FTSE All-Share Index Fund I Inc	8,140,738		iShares £ Ultrashort Bond UCITS ETF	9,801,589	
Xtrackers MSCI Emerging Markets UCITS ETF	6,801,373		Vanguard UK Investment Grade Equity Index Fund	9,116,919	
Amundi Japan TOPIX UCITS ETF A JPY	6,669,347		Invesco EQQQ NASDAQ-100 UCITS ETF	8,985,545	
UBS MSCI Japan Index Fund	6,287,544		Amundi Japan TOPIX UCITS ETF A JPY	8,959,612	
iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	6,168,457		Xtrackers S&P 500 Swap UCITS ETF 1C USD	7,195,291	
iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	6,099,906		HSBC FTSE All-Share Index Fund I Inc	7,079,942	
iShares Global Clean Energy UCITS ETF Inc USD	5,825,434		Lyxor Japan Topix UCITS ETF D EUR	6,616,483	
Amundi MSCI Emerging Asia UCITS ETF	4,430,215		HSBC FTSE All-Share Index Fund I Inc	6,097,096	
Nordea 1 – Low Duration European Covered Bond Fund HAI	4,000,414		iShares MSCI Europe ex-UK UCITS ETF EUR	4,931,338	
iShares £ Ultrashort Bond UCITS ETF	3,999,065		Vanguard Pacific ex-Japan Stock Index Fund Sterling Acc	4,547,095	
Total cost of purchases for the period	<u>240,663,191</u>	14	Total proceeds from sales for the period	<u>242,527,512</u>	14

Portfolio statement

as at 1 December 2021

Investment	Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Collective Investment Schemes 91.93% (93.79%)			
Allianz Gilt Yield Fund Share I Inc	9,196,539	18,857,503	5.93
Amundi Japan TOPIX UCITS ETF A JPY*	50,762	4,025,270	1.27
Amundi MSCI Emerging Asia UCITS ETF*	95,420	3,029,585	0.95
BlueBay Investment Grade European Government Bond Fund Q Acc	63,929	6,349,475	2.00
Gold Bullion Securities Limited*	55,992	6,978,843	2.20
HSBC Corporate Bond Fund R Acc	1,709,145	5,482,937	1.72
HSBC FTSE All-Share Index Fund I Inc	1,813,126	6,240,781	1.96
HSBC Sterling Corporate Bond Index Fund S Acc	3,827,119	4,546,618	1.43
Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	6,216,151	15,476,351	4.87
Invesco S&P 500 UCITS ETF*	36,914	24,146,904	7.60
iShares Core £ Corporate Bond UCITS ETF*	194,655	29,860,092	9.40
iShares Global High Yield Bond UCITS ETF USD Dist*	250,290	17,713,023	5.57
iShares MSCI Europe ex-UK UCITS ETF EUR*	193,310	6,690,459	2.10
Lyxor S&P 500 UCITS ETF D USD*	274,928	9,799,327	3.08
Nordea 1 - European Covered Bond Fund BI EUR	513,771	6,596,773	2.08
Nordea 1 - Low Duration European Covered Bond Fund HAI	175,404	15,907,417	5.01
Pictet - Security Inc USD	17,946	6,185,531	1.95
UBS ETF - MSCI Japan UCITS ETF A JPY*	135,026	5,367,284	1.69
Vanguard Euro Investment Grade Bond Index GBP (hedged)	110,413	13,855,011	4.36
Vanguard UK Investment Grade Bond Index Fund Acc	144,262	15,546,082	4.89
Vanguard UK Investment Grade Equity Index Fund	41,865	14,033,090	4.42
Xtrackers MSCI Emerging Markets UCITS ETF 1C USD*	378,424	17,073,532	5.37
Xtrackers S&P 500 Swap UCITS ETF 1C USD*	581,039	38,404,484	12.08
		292,166,372	91.93
Futures 0.32% (0.00%)			
Long Gilt Mar '22	(165)	11,550	0.00
S&P 500 Annual Dec '21	301	754,025	0.24
S&P 500 Mini Dec '21	41	268,963	0.08
		1,034,538	0.32

Portfolio statement (continued)

as at 1 December 2021

Investment	Holding or nominal value of positions at 1 December		Market value £	Percentage of total net assets %	
Options 0.04% (0.03%)					
Euro Stoxx 50 Index €40.00 Dec'21		132	44,867	0.01	
Euro Stoxx 50 Index €36.50 Dec'21		(132)	(10,095)	0.00	
S&P 500 Index PUT \$44.00 Dec '21		32	146,514	0.05	
S&P 500 Index PUT \$40.50 Dec '21		(32)	(53,562)	(0.02)	
			127,724	0.04	
Forward currency trades -0.04% (-0.07%)					
	Settlement	Buy Amount	Sell Amount	Unrealised Gains/(losses)	
Buy AUD : Sell JPY	14/01/2022	2,532,488	(2,639,503)	(107,015)	(0.03)
Buy JPY : Sell AUD	14/01/2022	2,639,502	(2,513,424)	126,078	0.04
Buy GBP : Sell EUR	14/01/2022	26,683,963	(26,831,870)	(147,907)	(0.05)
				(128,844)	(0.04)
Portfolio of investments			293,199,790	92.25	
Net other assets			24,624,411	7.75	
Total net assets			317,824,201	100.00	

Figures in brackets represent sector distribution at 1 December 2020.

All Collective Investment Scheme securities are not listed and are valued using publicly available market data unless otherwise stated.

*Collective Investment Scheme securities which are exchange traded funds listed on recognised exchanges.

Futures and option securities are derivative instruments listed on recognised exchanges.

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

Comparative tables

Change in net asset value per share	I Income Shares*			I Accumulation Shares*		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Opening net asset value per share	152.07	146.37	139.38	212.11	200.97	187.73
Return before operating charges	10.86	8.97	10.85	15.21	12.47	14.71
Operating charges	(1.03)	(0.96)	(1.08)	(1.47)	(1.33)	(1.47)
Return after operating charges	9.83	8.01	9.77	13.74	11.14	13.24
Distributions	(1.37)	(2.31)	(2.79)	(1.91)	(3.19)	(3.79)
Retained distributions on accumulation shares	–	–	–	1.91	3.19	3.79
Closing net asset value per share	160.53	152.07	146.37	225.85	212.11	200.97
***after direct transaction costs of	–	0.07	0.07	–	0.10	0.10
Performance	2021	2020	2019	2021	2020	2019
Return after charges**	6.46%	5.47%	7.02%	6.48%	5.54%	7.05%
Closing net asset value (£'s)	3,647,535	3,204,348	2,850,713	314,176,666	293,352,010	111,138,233
Closing number of shares	2,272,208	2,107,131	1,947,644	139,107,646	138,299,281	55,300,101
Operating charges	0.64%	0.66%	0.75%	0.64%	0.66%	0.75%
Direct transaction costs***	0.00%	0.05%	0.05%	0.00%	0.05%	0.05%
	p	p	p	p	p	p
Highest share price	162.7	152.8	149.9	228.4	212.2	203.8
Lowest share price	151.4	130.4	136.0	211.4	179.9	183.2

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Retail Income share class changed its name to I Income Shares and the Institutional Accumulation share class changed its name to I Accumulation Shares.

** 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 period compared to the equivalent for the prior period. 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.

*** 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 period 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.

Comparative tables (continued)

Change in net asset value per share	Retail Accumulation Shares*		
	2021 p	2020 p	2019 p
Opening net asset value per share	n/a	n/a	205.84
Return before operating charges	n/a	n/a	16.12
Operating charges	n/a	n/a	(1.60)
Return after operating charges	n/a	n/a	14.52
Distributions	n/a	n/a	(4.15)
Retained distributions on accumulation shares	n/a	n/a	4.15
Closing net asset value per share	n/a	n/a	220.35
***after direct transaction costs of	n/a	n/a	0.11
Performance	2021	2020	2019
Return after charges**	n/a	n/a	7.05%
Closing net asset value (£'s)	n/a	n/a	176,033,254
Closing number of shares	n/a	n/a	79,887,301
Operating charges	n/a	n/a	0.75%
Direct transaction costs***	n/a	n/a	0.05%
	p	p	p
Highest share price	n/a	n/a	223.4
Lowest share price	n/a	n/a	200.9

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Retail Income share class changed its name to I Income Shares and the Institutional Accumulation share class changed its name to I Accumulation Shares.

** 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 period compared to the equivalent for the prior period. 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.

*** 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 period 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.

Financial Statements - Santander Atlas Portfolio 4

Statement of total return

for the year ended 1 December 2021

	Note	2021		2020	
		£	£	£	£
Income					
Net capital gains	1		17,246,833		11,671,600
Revenue	2	3,463,575		5,185,165	
Expenses	3	(1,298,584)		(1,205,929)	
Interest payable and similar charges	4	(5,766)		(837)	
Net revenue before taxation		2,159,225		3,978,399	
Taxation	5	(81,841)		(425,239)	
Net revenue after taxation			2,077,384		3,553,160
Total return before distributions			19,324,217		15,224,760
Distributions	6		(2,684,929)		(4,517,873)
Change in net assets attributable to shareholders from investment activities			16,639,288		10,706,887

Statement of change in net assets attributable to shareholders

for the year ended 1 December 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		296,556,358		290,022,200
Amounts receivable on issue of shares	15,458,233		9,786,071	
Amounts payable on cancellation of shares	(13,488,405)		(18,423,463)	
		1,969,828		(8,637,392)
Dilution adjustment		3,472		16,153
Change in net assets attributable to shareholders from investment activities		16,639,288		10,706,887
Retained distributions on accumulation shares		2,655,255		4,448,510
Closing net assets attributable to shareholders		317,824,201		296,556,358

Balance sheet*as at 1 December 2021*

	Note	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		293,518,369	278,471,098
Current assets:			
Debtors	7	200,096	6,182,792
Cash and bank balances	8	30,206,104	20,905,306
Total assets		<u>323,924,569</u>	<u>305,559,196</u>
Liabilities:			
Investment liabilities		(318,579)	(450,042)
Creditors			
Amounts due to futures clearing houses and brokers		(445,817)	–
Bank overdrafts	8	(4,508,400)	(1,839,510)
Distribution payable	6	(8,425)	(13,698)
Other creditors	9	(819,147)	(6,699,588)
Total liabilities		<u>(6,100,368)</u>	<u>(9,002,838)</u>
Net assets attributable to shareholders		<u>317,824,201</u>	<u>296,556,358</u>

Notes to the financial statements

for the year ended 1 December 2021

1. Net capital gains	2021	2020
	£	£
Realised gains on non-derivative securities	16,578,829	6,826,811
Unrealised (losses)/gains on non-derivative securities	(1,006,141)	5,829,501
Realised gains on derivative securities	1,701,219	808,695
Unrealised (losses)/gains on derivative securities	(467,705)	91,741
Currency (losses)/gains	(1,128,277)	81,001
Realised gains/(losses) on forward currency contracts	1,647,994	(1,738,429)
Unrealised losses on forward currency contracts	(33,565)	(198,761)
Transaction charges	(45,521)	(28,959)
Net capital gains	<u>17,246,833</u>	<u>11,671,600</u>
2. Revenue	2021	2020
	£	£
UK dividends	405,080	1,133,929
Overseas UK tax exempt revenue	1,341,081	718,276
Overseas UK taxable revenue	713,478	1,598,250
Unfranked revenue	868,206	1,023,515
Option premium revenue	–	510,994
Bank interest	310	16,567
Rebates from holdings in Collective Investment Schemes	135,420	183,634
Total revenue	<u>3,463,575</u>	<u>5,185,165</u>
3. Expenses	2021	2020
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>1,225,813</u>	<u>1,138,442</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>35,079</u>	<u>33,117</u>
Other expenses:		
Audit fees*	17,205	12,296
Safe custody fees	18,195	17,239
FCA fee	107	110
Tax service fees	2,185	4,725
	<u>37,692</u>	<u>34,370</u>
Total expenses	<u>1,298,584</u>	<u>1,205,929</u>

* The audit fees include a non-recurring element of £4,500 relating to the change of administrator during the period.

Notes to the financial statements (continued)

for the year ended 1 December 2021

4. Interest payable and similar charges	2021	2020
	£	£
Overdraft interest	5,087	837
Margin interest	679	–
Total interest payable and similar charges	<u>5,766</u>	<u>837</u>

5. Taxation	2021	2020
	£	£
a. Analysis of the tax charge for the year		
UK corporation tax	81,841	425,239
Total tax charge (note 5b)	<u>81,841</u>	<u>425,239</u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2020 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2021	2020
	£	£
Net revenue before taxation	2,159,225	3,978,399
Corporation tax @ 20%	<u>431,845</u>	<u>795,680</u>
Effects of:		
Revenue exempt from UK Corporation tax	(350,004)	(370,441)
Total tax charge (note 5a)	<u>81,841</u>	<u>425,239</u>

6. Distributions

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

	2021	2020
	£	£
Interim income distribution paid	22,237	35,241
Interim accumulation distributions paid	1,921,680	3,199,668
Final income distribution payable	8,425	13,698
Final accumulation distributions payable	733,575	1,248,843
	<u>2,685,917</u>	<u>4,497,450</u>
Equalisation:		
Amounts deducted on cancellation of shares	12,211	42,887
Amounts added on issue of shares	(13,199)	(22,464)
Distributions	<u>2,684,929</u>	<u>4,517,873</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2021	2020
	£	£
Net revenue after taxation per Statement of total return	2,077,384	3,553,160
Add:		
Undistributed revenue brought forward	66	36
Expenses paid from capital	759,365	1,205,929
Deduct:		
Capital tax relief	(151,886)	(241,186)
Undistributed revenue carried forward	–	(66)
Distributions	<u>2,684,929</u>	<u>4,517,873</u>

Details of the distribution per share are disclosed in the distribution table on page 68.

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	47,714	7,355
Sales awaiting settlement	–	5,940,885
Accrued revenue	109,935	136,328
Prepaid expenses	37	38
Rebates from holdings in Collective Investment Schemes	42,410	97,790
Sundry debtors	–	396
Total debtors	<u>200,096</u>	<u>6,182,792</u>

8. Cash and bank balances

	2021	2020
	£	£
Amounts held at futures clearing houses and brokers	881,005	12,380,221
Cash and bank balances	29,325,099	8,525,085
Total cash and bank balances	<u>30,206,104</u>	<u>20,905,306</u>
Bank overdraft*	<u>4,508,400</u>	<u>1,839,510</u>

As at 1 December 2021, the weighted average of the floating interest rate on bank balances was 0.01% (2020 - 0.01%).

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

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	617,710	326,550
Purchases awaiting settlement	–	6,019,716
Accrued expenses	148,824	129,651
Corporation tax	52,613	223,671
Total other creditors	<u>819,147</u>	<u>6,699,588</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. 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 globally in a wide range of bonds issued by companies, governments, government bodies and supranationals, and in shares of listed companies. To obtain exposure to these assets, at least 85% of the Fund's investments will be accessed indirectly by purchasing units in Collective Investment Schemes. The main risk arising from each 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 within the underlying collectives or may be due to general market factors (such as specific government policies or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers as set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Funds Sourcebook (COLL) mitigates the risk of excessive exposure to any particular type of security or issuer.

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 in holdings in Collective Investment Funds is monitored by the Manager by understanding the investment objectives of each underlying Fund as well as a regular risk and performance review. The overall portfolio is stress tested on an on-going basis to identify and measure market specific risks of the Fund. The Fund is authorised to use derivatives but the usage of such is not expected to alter the overall risk profile of the Fund.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £14,659,990 (2020 - £13,901,053). A 5% 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. Collectives which hold cash balances and invest in fixed interest securities will be subject to such risk.

Interest risk in holdings of Collective Investment Schemes is monitored by the Manager by understanding the investment objectives of the underlying Funds as well as a regular risk and performance review with external managers. The Manager manages such risk by maintaining a diversified portfolio taking into account interest rate and duration, credit rating profile and other parameters such as the geographical and currency exposure of the underlying collectives. If interest rates rise, the revenue potential of the Funds will also rise, but the capital value of fixed rate 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 1 December 2021, 8.14% of the Fund's assets were interest bearing (2020 - 7.05%).

As the only interest bearing assets held by the Fund are bank balances and no significant interest was received for the bank balances in note 8, changes in interest rates would have no material impact on assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

c) Currency Risk

The Fund invests in Collective Investment Schemes which may have exposure to foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the collectives can therefore be significantly affected by currency movements.

The ACD assesses the risk and control processes and procedures of the management company of each collective. This ensures the collective is consistent with the risk profile of the Fund.

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

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £6,734,137 (2020 - £6,251,640). A 5% weakening in GBP would increase the value by £7,442,994 (2020 - £6,909,707).

For numerical disclosure see note 15.

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 Fund seeks to minimise counterparty credit risk by investing in a diversified portfolio of regulated Collective Investment Schemes. In addition, the Manager will ensure that underlying schemes have an exposure to credit risk that is consistent with the overall objectives of the Fund.

e) Liquidity risk

Liquidity risk may result in the inability of the Fund to meet redemptions of shares 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 Manager seeks to limit liquidity risk of the Funds by selecting collectives with daily liquidity. In addition, the Manager will invest in a diversified portfolio of collectives with different liquidity profiles.

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 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 16.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

g) Brexit risk

After officially leaving the European Union on 31 January 2020, the United Kingdom and the EU agreed and signed the Trade and Cooperation Agreement on 30 December 2020. This agreement sets out the post-transition phase arrangements in areas such as trade in goods and some services, transportation and fisheries, amongst others.

However, the Agreement omits details on the future relationship with respect to Financial Services, and there is ongoing uncertainty as to its implementation. Failure to find an agreed way forward could potentially result in higher volatility in the financial markets of the United Kingdom and more broadly across Europe, given the ongoing-lack of clarity. Increased currency volatility may mean that the returns of the Fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro. This may also make it more difficult, or more expensive for the Fund to execute prudent currency hedging policies.

It is difficult to forecast the mid to long term impact of Brexit on the UK economy generally and on cross-border investor flows, including demand for Sterling-denominated assets. The ability of the relevant Fund to execute their respective strategies may be adversely impacted, resulting in unattractive investment returns compared to historical standards, and may also result in increased costs to the relevant Fund.

h) COVID 19 risk

In early 2020 the Covid 19 pandemic caused a significant financial market downturn that affected many areas of investments in the UK and globally as most government authorities implemented restrictions on movement, causing substantial reduction in economic activity. The successful vaccination programmes in a number of western countries has led to an increase in economic activity and there is a focus to improve vaccination rates in developing countries. However future mutations of the virus and the ability of vaccines to provide protection pose a risk to the continuing improvement in economic activity. This may impact financial markets via higher levels of market and currency volatility, reduced dividends, and greater credit risk.

i) Investment style and investment management risk

Shareholders in the Fund face a risk that the investment choices made by the ACD and/or Sub-Investment Manager(s) on their behalf deliver returns that are inferior to alternative choices. Depending on market and economic conditions and investor sentiment, specific types of instruments or investment styles may shift in and out of favour. A Fund with one investment style may outperform or underperform other funds that employ different investment styles.

Further, each Fund is subject to the risk that the ACD and/or any Sub-Investment Manager(s) appointed for that Fund may not select instruments which optimally achieve the implementation of an investment style for that Fund.

Notes to the financial statements (continued)

for the year ended 1 December 2021

11. 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 3. 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 period end date are disclosed in notes 7 & 9. £685,193 (2020 - £421,492) was due to the ACD at the period end date.

Material shareholders

As at 1 December 2021, 86.87% (2020 - 84.68%) of the shares in issue in the Santander Atlas Portfolio 4 Fund were held by Allfunds Nominees Ltd which is a separate nominee company but deemed as a related party due to being a material shareholder.

12. Shareholders' funds

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

	2021	2020
I Income Shares*	No of Shares	No of Shares
Opening shares in issue	2,107,131	1,947,644
Shares issued in the period	365,943	352,719
Shares cancelled in the period	(200,866)	(193,232)
Closing shares in issue	2,272,208	2,107,131
	2021	2020
I Accumulation Shares*	No of Shares	No of Shares
Opening shares in issue	138,299,281	55,300,101
Shares issued in the period	6,820,077	4,561,594
Shares merged in the period	–	87,590,514
Shares cancelled in the period	(6,011,712)	(9,152,928)
Closing shares in issue	139,107,646	138,299,281
	2021	2020
Retail Accumulation Shares*	No of Shares	No of Shares
Opening shares in issue	–	79,887,301
Shares issued in the period	–	–
Shares merged in the period	–	(79,887,301)
Shares cancelled in the period	–	–
Closing shares in issue	–	–

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Retail Income share class changed its name to I Income Shares and the Institutional Accumulation share class changed its name to I Accumulation Shares.

Notes to the financial statements (continued)

for the year ended 1 December 2021

13. Fair value disclosure

	2021	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	158,947,438	63,657
Observable inputs using market data*	134,570,931	254,922
	<u>293,518,369</u>	<u>318,579</u>
	2020	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	133,179,156	256,603
Observable inputs using market data*	145,297,264	198,761
	<u>278,476,420</u>	<u>455,364</u>

* Details of the securities included within the fair value hierarchy are detailed on page 11, accounting policy (b) valuation of investments.

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Purchases after transaction costs	Commission as % of Purchases	Tax as % of Purchases
2021	£	£	£	%	%
Collective Investment Schemes	240,663,191	–	240,663,191	–	–
Total purchases	240,663,191	–	240,663,191		
2020	£	£	£	%	%
Collective Investment Schemes	267,640,880	87,659	267,728,539	0.03	–
Total purchases	267,640,880	87,659	267,728,539		

Asset Class	Sales before transaction costs	Broker Commission	Sales after transaction costs	Commission as % of Sales	Tax as % of Sales
2021	£	£	£	%	%
Collective Investment Schemes	242,527,512	–	242,527,512	–	–
Total sales	242,527,512	–	242,527,512		
2020	£	£	£	%	%
Collective Investment Schemes	277,337,818	(64,211)	277,273,607	0.02	–
Total sales	277,337,818	(64,211)	277,273,607		

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs (continued)

	Broker Commission	Transfer Taxes
2021	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–
2020	£	£
Total costs from purchases & sales	151,870	–
Total costs as % of Average NAV	0.05%	–

There were direct transaction costs associated with derivatives in the year of £6,524 (2020 - £19,874) which is 0.00% of the Average NAV of the Fund (2020 - 0.01%).

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 0.09% (2020 - 0.17%) of the transaction value.

15. Currency risk

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

Currency	Net foreign currency assets		Total £
	Monetary exposures £	Non-monetary exposures £	
2021			
UK Sterling	50,715,441	179,585,061	230,300,502
Euro	(26,256,458)	12,946,254	(13,310,204)
US Dollar	1,173,283	95,609,787	96,783,070
Japanese Yen	-	4,025,270	4,025,270
Australian Dollar	25,563	-	25,563
2020			
UK Sterling	37,249,040	160,901,371	198,150,411
Euro	(19,632,383)	20,567,778	935,395
US Dollar	(856,678)	90,593,239	89,736,561
Japanese Yen	4,539,849	6,065,688	10,605,537
Australian Dollar	(2,871,546)	-	(2,871,546)

Notes to the financial statements (continued)

for the year ended 1 December 2021

16. Derivatives and Counterparty Exposure

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

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 £
2021			
Forward currency contracts			
Goldman Sachs	(128,844)	(128,844)	(128,844)
2020			
Forward currency contracts			
Goldman Sachs	–	–	–

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.

17. Post balance sheet events

Subsequent to the year end, the net asset value per share of the I Income Shares class has decreased from 160.5p to 150.6p and the I Accumulation Share class decreased from 225.9p to 211.9p as at 14 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

Russia/Ukraine conflict

Following the year end, volatility has been observed in global capital markets due to the ongoing geopolitical situation in Europe. A number of multinational companies have ceased operations in Russia and this coupled with rising energy prices may adversely impact the global economy. It is difficult to quantify the longer term impacts of these events but the value of assets may be adversely impacted.

Distribution tables

for the year ended 1 December 2021

Distributions on I Income Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1	01.05.21	quarter 1	0.1359	–	0.1359	0.6487
	01.08.21	interim	0.3195	–	0.3195	0.6216
	01.11.21	quarter 3	0.5395	–	0.5395	0.3856
	01.02.22	final	0.3708	–	0.3708	0.6501
Group 2	01.05.21	quarter 1	0.0851	0.0508	0.1359	0.6487
	01.08.21	interim	0.1743	0.1452	0.3195	0.6216
	01.11.21	quarter 3	0.4829	0.0566	0.5395	0.3856
	01.02.22	final	0.2211	0.1497	0.3708	0.6501

Distributions on I Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1	01.05.21	quarter 1	0.1894	–	0.1894	0.8907
	01.08.21	interim	0.4338	–	0.4338	0.8573
	01.11.21	quarter 3	0.7630	–	0.7630	0.5341
	01.02.22	final	0.5273	–	0.5273	0.9030
Group 2	01.05.21	quarter 1	0.0966	0.0928	0.1894	0.8907
	01.08.21	interim	0.2214	0.2124	0.4338	0.8573
	01.11.21	quarter 3	0.7066	0.0564	0.7630	0.5341
	01.02.22	final	0.1927	0.3346	0.5273	0.9030

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.

Santander Atlas Portfolio 5

Final Report and Financial Statements for the year ended 1 December 2021

Investment commentary

Prior to 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth and income over a 5+ year time horizon.

Investment Policy*

The Fund aims to achieve its objective by investing globally in a wide range of bonds issued by companies and governments and shares issued by listed companies.

To obtain exposure to these assets, the Fund will invest indirectly by purchasing units in Collective Investment Schemes managed by other companies and/or the ACD or other companies within the Santander Group. The Fund may also invest directly.

The ACD has the discretion to manage the Fund according to its investment views and opportunities identified as market and economic conditions change. It will select investments that it believes will best achieve the Fund's objective. An assessment will be completed on all investment opportunities before any investment decisions are made.

At least 70% of the Fund will at all times be invested in the asset classes described above, but it has the flexibility to invest in other assets globally, such as cash, near cash and other money market instruments, real estate and commodities.

The Fund aims to target a moderate Volatility Risk Level of 5 over a 5+ year time horizon, which is measured by an independent third party risk rating company.

The Fund is managed to stay within a Medium High Risk category in accordance with Santander UK's Risk Categorisation Process.

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 0.99%. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and Fund any excess OCF costs over the OCF Cap.

Further Information

The Fund uses the IA Mixed Investment 40-85% Shares peer group as a Comparator Benchmark.

This Comparator Benchmark has been chosen because it provides investors with a comparison of performance against other multi asset Funds that have a similar level of risk. However this is a broad group of Funds therefore each Fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

The base currency of the Fund is UK Sterling.

Santander Atlas Portfolio 5

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth (to grow the value of your investment) and income over a 5+ year time horizon.

The Fund is managed with the aim of staying within a risk profile classification (with volatility parameters) of 5 as set and monitored by an external third party risk rating company. It is not guaranteed that the Fund will stay within this risk profile classification at all times.

Investment Policy*

The Fund is part of the Santander Atlas Portfolio growth range. This range consists of five funds numbered 3-7 which are each risk target managed funds - i.e. managed with an investment objective of aiming to stay within a risk profile classification (with volatility parameters) as set and monitored by an external third party risk rating company. This company's risk profile classifications range from 1, the lowest risk profile classification and the least volatile (for example a fund focused on holding cash), to 10, the highest risk profile classification and the most volatile (for example a fund focused on investing in riskier equity regions and non-developed markets).

The number in the name of each fund in the Santander Atlas Portfolio growth range corresponds to its risk profile classification, ranging from 3 to 7 on the external third party risk rating company's scale. The lower the number in the fund's name and risk profile classification, typically the lower its volatility, the higher its exposure to less volatile assets (such as bonds) and the lower its exposure to more volatile assets (such as shares), and the lower its level of expected capital growth, compared to other funds within the range, and vice versa. More information on volatility and risk profile classifications is provided in the Prospectus.

This Fund is managed with the aim of staying within a risk profile classification of 5, which is different from the Synthetic Risk and Reward Indicator (SRRI) published in its NURS Key Investor Information. The Fund will not be managed to maintain the SRRI, which may change over time.

The Fund is actively managed. It aims to achieve its objectives by obtaining exposure globally to: shares in companies; and bonds issued by companies, governments, government bodies and supranationals. There are no set limits on the Fund's exposure to either shares or bonds, but it is expected that the Fund will typically have exposure of at least 70% to shares and bonds combined.

The Fund typically has: a higher level of volatility, a lower exposure to less volatile assets (such as bonds) and a higher exposure to more volatile assets (such as shares), compared to other funds within the Santander Atlas Portfolio growth range that are numbered 3-4; and a lower level of volatility, a higher exposure to less volatile assets and a lower exposure to more volatile assets, compared to other funds within the Santander Atlas Portfolio growth range that are numbered 6-7.

Additionally the Fund may obtain exposure globally:

- up to 20% to alternative strategies, for example absolute return strategies (i.e. those which aim to deliver a positive return in all market conditions, although this is not guaranteed);
- up to 10% to commodities;
- up to 10% to real estate; and
- up to 10% to cash, cash like and other money market instruments.

The Fund may have exposure to non-developed markets through its investments.

Santander Atlas Portfolio 5

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Policy* (continued)

To obtain exposure to the permissible asset classes stated above, the Fund will invest indirectly by purchasing units in Collective Investment Schemes. The Fund may invest in both Actively Managed and Passively Managed Collective Investment Schemes as detailed in "Investment Strategy and Process" below. At least 85% of the Fund will be invested in Collective Investment Schemes but this figure may be higher (up to 100%) depending on the ACD's investment views.

The Fund will typically be invested between 65% and 80% in Passively Managed Collective Investment Schemes although this could be higher and the Fund is permitted to invest up to 100% in this way for a sustained period. Further information on the holding of Passively Managed Collective Investment Schemes is detailed in "Investment Strategy and Process" below.

These Collective Investment Schemes can be managed by the ACD or other companies (including within the Santander Group). They will give the Fund exposure to the permissible asset classes (and, where relevant, in the permitted amounts) stated above, but they may have different investment strategies and restrictions to the Fund. For example they may not be managed with the aim of staying within a volatility range, and may use Derivatives differently to the Fund (such as for Investment Purposes).

With the exception of alternative strategies, commodities (where exposure can also be sought through investment in exchange traded commodities) and real estate, the Fund may also invest directly in the above permissible asset classes. However this will not be a key part of its investment strategy because of the level of investment in Collective Investment Schemes described above.

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. This may include passive Derivatives, for example Derivatives which track the performance of an index such as index futures, which, if used, will increase the Fund's exposure to passive investments.

*With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Investment Objective & Investment Policies of the Fund changed. We wrote out to shareholders advising them of this change. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Investment Strategy and Process

The Fund is actively managed which means that the ACD uses its expertise and discretion, in accordance with its investment views and opportunities identified as market and economic conditions change, to select investments with the aim of achieving the Fund's investment objectives.

The ACD seeks exposure to asset or sub-asset classes, geographies and sectors which it believes will meet the investment objectives of the Fund.

The ACD will complete an assessment before any investment decisions are made. This ongoing process will generally consist of:

- Developing an investment strategy based on market and economic outlook and geopolitical considerations to determine which asset or sub-asset classes, geographies and sectors to invest in, both on a longer term (strategic) and shorter term (tactical) basis.
- The Fund can invest in a globally unconstrained manner in shares and bonds, and within above stated levels in other permissible asset classes. The ACD will however seek to maintain the Fund's risk profile classification (alongside aiming to achieve its capital growth and income objective) when implementing its investment strategy by considering the types of assets held and the Fund's allocation to different permitted asset classes.

Santander Atlas Portfolio 5

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Strategy and Process (continued)

- Observing an internally approved list of both Actively Managed and Passively Managed Collective Investment Schemes available for investment when implementing the asset or sub-asset class, geographical and sector led investment strategy.
- Performing investment and operational due diligence on both Actively Managed and Passively Managed Collective Investment Schemes, by either the ACD and/or other companies within the Santander Group, to inform the approved list.
- Selecting Collective Investment Schemes from the approved list for investment which, although they may have different overall investment strategies and restrictions than the Fund, have an investment policy and strategy that is consistent with the asset or sub-asset class, geographical and sector investment strategy decision.

The Fund can invest in both Actively Managed and Passively Managed Collective Investment Schemes. The ACD will favour Collective Investment Schemes which offer attractive returns relative to other Collective Investment Schemes on the approved list. Investments will be selected with the aim of achieving capital growth, but some will also provide income for the Fund.

When seeking exposure to shares, the ACD will tend to favour those Collective Investment Schemes with lower costs and higher liquidity (i.e. the ease with which units in these Collective Investment Schemes can be sold and returned as cash) relative to others on the approved list. Lower cost Collective Investment Schemes tend to be Passively Managed Collective Investment Schemes (but the ACD may also select Actively Managed Collective Investment Schemes for exposure to shares).

When seeking exposure to bonds the ACD will tend to favour Actively Managed Collective Investment Schemes (but the ACD may also select Passively Managed Collective Investment Schemes for exposure to bonds).

In addition, the ACD will operate limits to ensure that the Fund does not have excessive exposure to any single: operator of Collective Investment Schemes; individual Collective Investment Scheme; or Derivative counterparty.

Where investments are made in instruments other than units in Collective Investment Schemes, these are also subject to investment due diligence.

The Fund's strategy is complemented by the use of Derivatives for Efficient Portfolio Management. It is expected that Derivatives (including passive Derivatives such as futures) will be used regularly, for example to manage risk or to respond quickly to developments in financial markets.

Further Information

The ACD uses the IA* Mixed Investment 40-85% Shares peer group as a Comparator Benchmark for the Fund.

As there is no suitable standardised global performance benchmark for risk target managed multi asset investment funds, this Comparator Benchmark has been chosen because it provides shareholders with a comparison of performance against a sector that largely consists of other multi asset funds which have the ability to invest globally, and which the ACD considers is a reasonable proxy for the likely asset mix ranges of the Fund. However this is a broad group of funds, therefore each fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

*Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in each sector and investors can use this to compare the Fund's performance.

Santander Atlas Portfolio 5

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Further Information (continued)

The risk profile classification which the Fund is managed to stay within is set and monitored by Distribution Technology. The ACD may change the risk profiling service provider to another independent company in the future, which will be communicated in any future publications of the Prospectus.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below a predetermined level. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and fund any excess OCF costs over the OCF Cap.

The Fund has a Risk Category of Medium High in accordance with Santander UK plc's Risk Categorisation Process. An explanation of what this means can be found in the Prospectus.

Variable remuneration of individual fund managers employed by the ACD who are responsible for managing the Fund 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 a commercial peer group of competitor funds with similar investment objectives and policies.

The base currency of the Fund is UK Sterling.

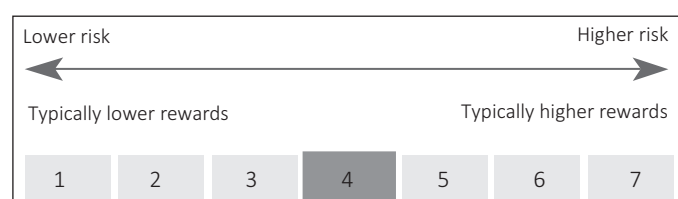
Investment Manager

Santander Asset Management UK Limited

Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks include risks of adverse effects from changes in interest rates, foreign exchange and stock market fluctuations. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Fund does not borrow in the normal course of business.

Risk and Reward Indicator



The lowest Risk and Reward Indicator (RRI) does not mean risk free. The Fund is rated at 4 due to the nature of the assets it invests in and the extent to which they are affected by the below risks. The value of your investment is not guaranteed and you may get back less than the original amount you invested. The RRI is different from the RPC (Risk Profile Classification). Whilst the Fund is managed with the aim to stay within an RPC (set and monitored by Distribution Technology), it is not managed to maintain its RRI, which may change over time.

Santander Atlas Portfolio 5**Final Report and Financial Statements for the year ended 1 December 2021 (continued)****Investment commentary (continued)****Performance**

Percentage price change from 1 December 2020 to 1 December 2021	
Santander Atlas Portfolio 5 I Accumulation Shares	10.36%
Percentage price change from 1 December 2016 to 1 December 2021	
Santander Atlas Portfolio 5 I Accumulation Shares	33.56%

Source Lipper - NAV at noon, bid to bid, net of fees, revenue reinvested.

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

Santander Atlas Portfolio 5

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Market Review

Over the 12 months to 1 December 2021, global markets have seen volatility due to uncertainty around the COVID-19 pandemic, a potential rising inflation, and the Chinese Government's crackdown on large technology companies. Developed economies have successfully rolled out vaccination programmes, allowing their economies to somewhat reopen and fuelling expectations of higher economic growth, as evidenced by positive market returns in the UK, Europe and US.¹ Emerging markets however have lagged on the vaccination front as some regions are experiencing spikes in cases and hospitalisation rates.² The emerging market region has been the worst performing areas and provided negative returns as China's stock market was rattled.³ The Chinese Government continued to suppress technology, education and gaming companies, whilst the potential default of a major Chinese property developer impacted global markets. Note that Chinese companies make up over 30.00% of major emerging market indices.⁴

Inflation expectations increased in anticipation of global economies reopening from national lockdowns, causing longer-term government bonds to increase in yield. This meant that their prices fell, and these bonds underperformed.⁵ Global credit markets have been supported by significant fiscal and monetary packages, as businesses have come under pressure to survive during the pandemic. This coupled with the underperforming government bonds had maintained the demand for corporate bonds.⁶ High yield bonds (typically bonds with higher interest rates than investment grade bonds due to a higher risk of default) have outperformed investment grade bonds as fixed income investors looked for positive returns to offset poor government bond performance.⁷

Performance Review and Investment Activity (Reporting Period)

Over the 12 months to 1 December 2021, the I Accumulation Share Class delivered a 10.36% return*. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares (average exposure 64%) than we would normally hold if we expected a neutral market (expectation that investments have an equal chance of going up or down – exposure 60%). This extra allocation to shares had come from fixed income assets as we anticipated a challenging period for bonds ahead. Within fixed income, we had reduced the Fund's duration (price sensitivity to interest rate changes) by significantly lowering the Fund's allocation to government bonds given their heightened sensitivity to interest rate changes.

Tactical views were also implemented throughout the year, most of which added value and delivered positive returns. As we entered 2021, the Fund held a clear preference to value-oriented shares (companies considered undervalued by the market) than growth-style shares (companies perceived to outperform the market for a period of time) within its US and European allocation. This positioning was closed and a preference to growth-style shares reinstalled in July, with this providing a positive contribution to the Fund. The Fund also didn't hold any emerging market assets in September and October due to the volatility caused by the Chinese Government's actions and diversified its risky assets by swapping some of the shares for a position in high yield. A thematic position was held in clean energy as this theme gathered support, with major governments focusing their fiscal spending plans on green energy investments. However, an increase in its volatility and deterioration on its short-term outlook triggered the sale of this position.

¹Refinitiv Datastream, Equity Index Performance

²Our World in Data, Coronavirus (COVID-19) Cases [website], <https://ourworldindata.org/covid-cases>

³Refinitiv Datastream, Equity Index Performance

⁴MSCI Emerging Markets Index, MSCI Emerging Markets Index (USD), 2021, p. 2, <https://www.msci.com/documents/10199/c0db0a48-01f2-4ba9-ad01-226fd5678111>

⁵Refinitiv Datastream, Bond Index Performance

⁶Refinitiv Datastream, Bond Index Performance

⁷Refinitiv Datastream, Bond Index Performance

*See performance table for source and calculation

Santander Atlas Portfolio 5**Final Report and Financial Statements for the year ended 1 December 2021 (continued)****Investment commentary (continued)****Performance Review and Investment Activity (Last 5 years)**

Over the last 5 years to 1 December 2021 the I Accumulation Share Class delivered a 33.56% cumulative return. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares than we would normally hold if we expected a neutral market through bullish market environments, however the Fund's tactical allocations remained dynamic as we managed portfolio risk through episodes of increased volatility and other significant markets events, such as the US Presidential Elections, Brexit and the COVID-19 outbreak.

The Fund has also implemented long-standing thematic views such as a preference for US technology shares over 2019 to 2020, and tactical allocations to gold and cyber security. All investment views are taken on a measured basis to ensure the Fund remains within its target risk profile.

Market Outlook

The global economic reopening was a key theme for 2021. The rollout of vaccines around the world helped economies to reopen and shares performed well particularly in the developed regions where vaccination numbers are high. However, the combination of loose government policy, pent up demand over lockdowns, and post-COVID-19 optimism passing, will require the reassessment of interest rates and inflation expectations.

We have seen this to some extent already with longer-term government bonds and are wary of further market volatility on the back of any central bank action. The recent outbreak of the Omicron variant has also caused instability amidst a third wave of cases and potential lockdowns, however we believe that countries are better positioned to react given prior experiences and successful vaccine programmes. Therefore, we are bullish on shares in the medium-term, however are closely monitoring markets and will swiftly adapt the Fund as the environment changes.

Multi Asset Solutions Team

For and on behalf of Santander Asset Management UK Limited

January 2022

Summary of material portfolio changes

for the year ended 1 December 2021

Purchases	Cost £	Note	Sales	Proceeds £	Note
iShares Core £ Corporate Bond UCITS ETF	8,728,884		Xtrackers MSCI Emerging Markets UCITS ETF 1C USD	10,244,623	
iShares Global High Yield Bond UCITS ETF USD Dist	8,495,834		iShares UK Gilts All Stocks Index Fund (UK) L Acc	6,294,666	
Lyxor S&P 500 UCITS ETF D USD	8,020,488		Xtrackers S&P 500 Swap UCITS ETF 1C USD	9,708,253	
Invesco S&P 500 UCITS ETF	6,978,982		iShares MSCI Europe ex-UK UCITS ETF EUR	5,986,074	
iShares UK Gilts All Stocks Index Fund (UK) L Acc	6,321,447		Lyxor Japan Topix UCITS ETF D EUR	5,239,902	
Xtrackers S&P 500 Swap UCITS ETF 1C USD	6,178,096		Lyxor S&P 500 UCITS ETF D USD	6,135,520	
iShares £ Ultrashort Bond UCITS ETF	5,001,241		iShares MSCI Europe ex-UK UCITS ETF EUR	5,151,315	
iShares MSCI Europe ex-UK UCITS ETF EUR	4,994,530		Amundi MSCI Emerging Asia UCITS ETF	5,094,657	
HSBC FTSE All-Share Index Fund I Inc	4,509,100		iShares £ Ultrashort Bond UCITS ETF	4,990,224	
Xtrackers MSCI Emerging Markets UCITS ETF	10,452,377		Fidelity Index UK Fund P Acc	6,612,714	
Amundi Japan TOPIX UCITS ETF A JPY	3,000,017		iShares Global High Yield Bond UCITS ETF USD Dist	4,097,617	
iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	2,056,154		Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	3,695,071	
iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	2,033,304		iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	3,594,565	
Nordea 1 – Low Duration European Covered Bond Fund HAI	2,000,161		iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	3,420,690	
Vanguard UK Investment Grade Equity Index Fund	1,956,541		Invesco EQQQ NASDAQ-100 UCITS ETF	3,219,697	
iShares Global Clean Energy UCITS ETF Inc USD	1,941,811		HSBC FTSE All-Share Index Fund I Inc	3,503,436	
Fidelity Index UK Fund P Acc	1,539,837		HSBC Corporate Bond Fund Acc	1,741,517	
UBS ETF - MSCI Japan UCITS ETF A JPY	1,494,022		Vanguard UK Investment Grade Equity Index Fund	1,623,701	
HSBC European Index Fund I Inc	981,947		HSBC European Index Fund I Inc	1,520,418	
Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	125,026		iShares Global Clean Energy UCITS ETF Inc USD	1,506,197	
Total cost of purchases for the period	<u>88,666,163</u>	14	Total proceeds from sales for the period	<u>95,734,318</u>	14

Portfolio statement

as at 1 December 2021

Investment	Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Collective Investment Schemes 94.01% (93.06%)			
Amundi Japan TOPIX UCITS ETF*	38,808	3,077,357	2.93
Amundi MSCI Emerging Asia UCITS ETF*	50,891	1,615,789	1.54
Bluebay Investment Grade European Government Bond Fund Q Acc	21,210	2,106,623	2.01
Fidelity Index UK Fund P Acc	2,295,441	3,381,643	3.22
Gold Bullion Securities Limited*	19,629	2,446,559	2.33
HSBC Corporate Bond Index Fund	4,110,958	4,883,818	4.65
HSBC European Index Fund I Inc	166,130	1,867,301	1.78
HSBC FTSE All-Share Index Fund I Inc	655,863	2,257,481	2.15
Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	1,785,201	4,444,614	4.23
Invesco S&P 500 UCITS ETF*	10,155	6,642,786	6.33
iShares Core £ Corporate Bond UCITS ETF*	53,353	8,184,350	7.80
iShares Global High Yield Bond UCITS ETF USD*	60,766	4,300,410	4.10
iShares MSCI Europe ex-UK UCITS ETF EUR*	93,508	3,236,312	3.08
Lyxor S&P 500 UCITS ETF*	418,610	14,920,620	14.22
Nordea 1 – Low Duration European Covered Bond Fund HAI	21,934	1,989,194	1.90
Pictet - Security Inc USD	10,412	3,588,752	3.42
UBS MSCI Japan Index Fund	37,439	1,488,200	1.42
Vanguard European Investment Grade Bond Index Fund	46,207	5,798,167	5.52
Vanguard UK Investment Grade Equity Index Fund	13,057	4,376,790	4.17
Xtrackers MSCI Emerging Markets UCITS ETF*	155,822	7,030,294	6.70
Xtrackers S&P 500 Swap UCITS ETF 1C USD*	166,854	11,028,419	10.51
		98,665,479	94.01
Futures 0.21% (0.00%)			
BP Currency Dec'21	62	(141,935)	(0.14)
Long Gilt Mar'22	(49)	3,430	0.00
S&P 500 Annual Dividend Index Dec'21	108	270,547	0.26
S&P500 Emini Financial Dec'21	14	91,841	0.09
		223,883	0.21
Options 0.04% (0.03%)			
ESTX 50 Put Option Dec' 21 4,000	44	14,956	0.01
ESTX 50 Put Option Dec'21 3,650	(44)	(3,365)	0.00
S&P 500 Put Option Dec'21 4,400	11	50,364	0.05
S&P 500 Put Option Dec'21 4,050	(11)	(18,412)	(0.02)
		43,543	0.04

Portfolio statement (continued)*as at 1 December 2021*

				Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Investment						
Forward currency trades -0.04% (-0.06%)						
	Settlement	Buy Amount	Sell Amount	Unrealised Gains/(losses)		
Buy AUD : Sell JPY	14/01/2022	888,810	(926,368)	(37,558)		(0.04)
Buy JPY : Sell AUD	14/01/2022	926,368	(882,120)	44,248		0.04
Buy GBP : Sell EUR	14/01/2022	8,701,826	(8,750,059)	(48,233)		(0.04)
				(41,543)		(0.04)
Portfolio of investments					98,891,362	94.22
Net other assets					6,061,176	5.78
Total net assets					104,952,538	100.00

Figures in brackets represent sector distribution at 1 December 2020.

All Collective Investment Scheme securities are not listed and are valued using publicly available market data unless otherwise stated.

*Collective Investment Scheme securities which are exchange traded funds listed on recognised exchanges.

Futures and option securities are derivative instruments listed on recognised exchanges.

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

Comparative tables

Change in net asset value per share	I Accumulation Shares*			Retail Accumulation Shares*		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Opening net asset value per share	214.40	206.17	192.19	n/a	n/a	225.55
Return before operating charges	23.70	9.60	15.40	n/a	n/a	18.08
Operating charges	(1.52)	(1.37)	(1.42)	n/a	n/a	(1.67)
Return after operating charges	22.18	8.23	13.98	n/a	n/a	16.41
Distributions	(1.82)	(3.07)	(3.92)	n/a	n/a	(4.60)
Retained distributions on accumulation shares	1.82	3.07	3.92	n/a	n/a	4.60
Closing net asset value per share	236.58	214.40	206.17	n/a	n/a	241.96
***after direct transaction costs of	0.00	0.12	0.13	n/a	n/a	0.15
Performance	2021	2020	2019	2021	2020	2019
Return after charges**	10.35%	3.99%	7.28%	n/a	n/a	7.28%
Closing net asset value (£'s)	104,952,538	103,805,332	54,569,019	n/a	n/a	55,736,234
Closing number of shares	44,362,707	48,415,754	26,468,086	n/a	n/a	23,035,065
Operating charges	0.64%	0.68%	0.72%	n/a	n/a	0.72%
Direct transaction costs***	0.00%	0.06%	0.06%	n/a	n/a	0.06%
	p	p	p	p	p	p
Highest share price	240.6	214.3	209.0	n/a	n/a	245.2
Lowest share price	214.3	173.4	185.3	n/a	n/a	217.4

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Institutional Accumulation share class changed its name to I Accumulation Shares.

** 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 period compared to the equivalent for the prior period. 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.

*** 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 period 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.

Financial Statements - Santander Atlas Portfolio 5

Statement of total return

for the year ended 1 December 2021

	Note	2021		2020	
		£	£	£	£
Income					
Net capital gains	1		9,427,807		2,159,951
Revenue	2	1,286,101		2,134,236	
Expenses	3	(454,617)		(446,255)	
Interest payable and similar charges	4	(5,661)		(155)	
Net revenue before taxation		825,823		1,687,826	
Taxation	5	—		(111,623)	
Net revenue after taxation			825,823		1,576,203
Total return before distributions			10,253,630		3,736,154
Distributions	6		(825,851)		(1,576,213)
Change in net assets attributable to shareholders from investment activities			9,427,779		2,159,941

Statement of change in net assets attributable to shareholders

for the year ended 1 December 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		103,805,332		110,305,253
Amounts receivable on issue of shares	2,342,821		1,348,168	
Amounts payable on cancellation of shares	(11,445,923)		(11,552,567)	
		(9,103,102)		(10,204,399)
Dilution adjustment		7,531		11,855
Change in net assets attributable to shareholders from investment activities		9,427,779		2,159,941
Retained distributions on accumulation shares		814,998		1,532,682
Closing net assets attributable to shareholders		104,952,538		103,805,332

Balance sheet*as at 1 December 2021*

	Note	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		99,140,865	96,722,304
Current assets:			
Debtors	7	66,178	2,649,932
Cash and bank balances	8	12,411,634	8,976,597
Total assets		<u>111,618,677</u>	<u>108,348,833</u>
Liabilities:			
Investment liabilities		(249,503)	(154,569)
Creditors			
Bank overdrafts	8	(6,173,861)	(2,045,020)
Other creditors	9	(242,775)	(2,343,912)
Total liabilities		<u>(6,666,139)</u>	<u>(4,543,501)</u>
Net assets attributable to shareholders		<u><u>104,952,538</u></u>	<u><u>103,805,332</u></u>

Notes to the financial statements

for the year ended 1 December 2021

1. Net capital gains	2021	2020
	£	£
Realised gains on non-derivative securities	6,595,327	1,006,974
Unrealised gains on non-derivative securities	2,355,593	2,290,883
Realised gains/(losses) on derivative securities	751,513	(271,776)
Unrealised losses on derivative securities	(315,553)	(34,521)
Currency losses	(456,316)	(103,197)
Realised gains/(losses) on forward currency contracts	556,406	(646,198)
Unrealised losses on forward currency contracts	(36,449)	(64,950)
Transaction charges	(22,714)	(17,264)
Net capital gains	<u>9,427,807</u>	<u>2,159,951</u>
2. Revenue	2021	2020
	£	£
UK dividends	136,298	569,937
Overseas UK tax exempt revenue	589,908	559,772
Overseas UK taxable revenue	96,213	389,133
Unfranked revenue	312,636	296,038
Franked revenue	127,140	–
Option premium revenue	–	277,364
Bank interest	112	9,284
Rebates from holdings in Collective Investment Schemes	23,794	32,708
Total revenue	<u>1,286,101</u>	<u>2,134,236</u>
3. Expenses	2021	2020
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>417,069</u>	<u>411,220</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>12,512</u>	<u>12,337</u>
Other expenses:		
Audit fees*	17,206	12,296
Safe custody fees	5,512	5,567
FCA fee	107	110
Tax service fees	2,211	4,725
	<u>25,036</u>	<u>22,698</u>
Total expenses	<u>454,617</u>	<u>446,255</u>

* The audit fees include a non-recurring element of £4,500 relating to the change of administrator during the period.

Notes to the financial statements (continued)

for the year ended 1 December 2021

4. Interest payable and similar charges	2021	2020
	£	£
Overdraft interest	5,360	155
Margin interest	301	–
Total interest payable and similar charges	<u>5,661</u>	<u>155</u>

5. Taxation	2021	2020
	£	£
a. Analysis of the tax charge for the year		
UK Corporation tax	–	111,623
Total tax charge (note 5b)	<u>–</u>	<u>111,623</u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2020 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2021	2020
	£	£
Net revenue before taxation	825,823	1,687,826
Corporation tax @ 20%	<u>165,165</u>	<u>337,565</u>
Effects of:		
Movement in excess management expenses	5,499	–
Revenue exempt from UK Corporation tax	<u>(170,664)</u>	<u>(225,942)</u>
Total tax charge (note 5a)	<u>–</u>	<u>111,623</u>

c. Deferred taxation

At the year end there is a potential deferred tax asset of £5,499 (2020 - £Nil) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

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

	2021	2020
	£	£
Interim accumulation distributions paid	236,540	877,471
Final accumulation distributions payable	<u>578,458</u>	<u>655,211</u>
	<u>814,998</u>	<u>1,532,682</u>
Equalisation:		
Amounts deducted on cancellation of shares	14,599	50,453
Amounts added on issue of shares	<u>(3,746)</u>	<u>(6,922)</u>
Distributions	<u>825,851</u>	<u>1,576,213</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2021	2020
	£	£
Net revenue after taxation per Statement of total return	825,823	1,576,203
Add:		
Undistributed revenue brought forward	28	38
Deduct:		
Undistributed revenue carried forward	–	(28)
Distributions	<u>825,851</u>	<u>1,576,213</u>

Details of the distribution per share are disclosed in the distribution table on page 94.

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	–	16,541
Sales awaiting settlement	–	2,604,162
Accrued revenue	39,930	15,273
Prepaid expenses	38	38
Rebates from holdings in Collective Investment Schemes	6,210	13,525
Corporation tax	20,000	–
Sundry debtors	–	393
Total debtors	<u>66,178</u>	<u>2,649,932</u>

8. Cash and bank balances

	2021	2020
	£	£
Amounts held at futures clearing houses and brokers	164,771	5,391,391
Cash and bank balances	12,246,863	3,585,206
Total cash and bank balances	<u>12,411,634</u>	<u>8,976,597</u>
Bank overdraft*	<u>6,173,861</u>	<u>2,045,020</u>

As at 1 December 2021, the weighted average of the floating interest rate on bank balances was 0.01% (2020 - 0.01%).

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

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	180,342	127,076
Purchases awaiting settlement	–	2,100,821
Accrued expenses	62,433	56,991
Corporation tax	–	59,024
Total other creditors	<u>242,775</u>	<u>2,343,912</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. 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 globally in a wide range of bonds issued by companies, governments, government bodies and supranationals, and in shares of listed companies. To obtain exposure to these assets, at least 85% of the Fund's investments will be accessed indirectly by purchasing units in Collective Investment Schemes. The main risk arising from each 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 within the underlying collectives or may be due to general market factors (such as specific government policies or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers as set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Funds Sourcebook (COLL) mitigates the risk of excessive exposure to any particular type of security or issuer.

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 in holdings in Collective Investment Funds is monitored by the Manager by understanding the investment objectives of each underlying Fund as well as a regular risk and performance review. The overall portfolio is stress tested on an on-going basis to identify and measure market specific risks of the Fund. The Fund is authorised to use derivatives but the usage of such is not expected to alter the overall risk profile of the Fund.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £4,944,568 (2020 - £4,828,387). A 5% 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. Collectives which hold cash balances and invest in fixed interest securities will be subject to such risk.

Interest risk in holdings of Collective Investment Schemes is monitored by the Manager by understanding the investment objectives of the underlying sub-funds as well as a regular risk and performance review with external managers. The Manager manages such risk by maintaining a diversified portfolio taking into account interest rate and duration, credit rating profile and other parameters such as the geographical and currency exposure of the underlying collectives. If interest rates rise, the revenue potential of the sub-funds will also rise, but the capital value of fixed rate 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 1 December 2021, 5.94% of the Fund's assets were interest bearing (2020 - 8.65%).

As the only interest bearing assets held by the Fund are bank balances and no significant interest was received for the bank balances in note 8, changes in interest rates would have no material impact on assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

c) Currency Risk

The Fund invests in Collective Investment Schemes which may have exposure to foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the collectives can therefore be significantly affected by currency movements.

The ACD assesses the risk and control processes and procedures of the management company of each collective. This ensures the collective is consistent with the risk profile of the Fund.

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

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £2,631,429 (2020 - £2,829,864). A 5% weakening in GBP would increase the value by £2,908,421 (2020 - £3,127,744).

For numerical disclosure see note 15.

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 Fund seeks to minimise counterparty credit risk by investing in a diversified portfolio of regulated Collective Investment Schemes. In addition, the Manager will ensure that underlying schemes have an exposure to credit risk that is consistent with the overall objectives of the Fund.

e) Liquidity risk

Liquidity risk may result in the inability of the Fund to meet redemptions of shares 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 Manager seeks to limit liquidity risk of the sub-funds by selecting collectives with daily liquidity. In addition, the Manager will invest in a diversified portfolio of collectives with different liquidity profiles.

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 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 16.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

g) Brexit risk

After officially leaving the European Union on 31 January 2020, the United Kingdom and the EU agreed and signed the Trade and Cooperation Agreement on 30 December 2020. This agreement sets out the post-transition phase arrangements in areas such as trade in goods and some services, transportation and fisheries, amongst others.

However, the Agreement omits details on the future relationship with respect to Financial Services, and there is ongoing uncertainty as to its implementation. Failure to find an agreed way forward could potentially result in higher volatility in the financial markets of the United Kingdom and more broadly across Europe, given the ongoing-lack of clarity. Increased currency volatility may mean that the returns of the Fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro. This may also make it more difficult, or more expensive for the Fund to execute prudent currency hedging policies.

It is difficult to forecast the mid to long term impact of Brexit on the UK economy generally and on cross-border investor flows, including demand for Sterling-denominated assets. The ability of the relevant Fund to execute their respective strategies may be adversely impacted, resulting in unattractive investment returns compared to historical standards, and may also result in increased costs to the relevant Fund.

h) COVID 19 risk

In early 2020 the Covid 19 pandemic caused a significant financial market downturn that affected many areas of investments in the UK and globally as most government authorities implemented restrictions on movement, causing substantial reduction in economic activity. The successful vaccination programmes in a number of western countries has led to an increase in economic activity and there is a focus to improve vaccination rates in developing countries. However future mutations of the virus and the ability of vaccines to provide protection pose a risk to the continuing improvement in economic activity. This may impact financial markets via higher levels of market and currency volatility, reduced dividends, and greater credit risk.

i) Investment style and investment management risk

Shareholders in the Fund face a risk that the investment choices made by the ACD and/or Sub-Investment Manager(s) on their behalf deliver returns that are inferior to alternative choices. Depending on market and economic conditions and investor sentiment, specific types of instruments or investment styles may shift in and out of favour. A Fund with one investment style may outperform or underperform other funds that employ different investment styles.

Further, each Fund is subject to the risk that the ACD and/or any Sub-Investment Manager(s) appointed for that Fund may not select instruments which optimally achieve the implementation of an investment style for that Fund.

Notes to the financial statements (continued)

for the year ended 1 December 2021

11. 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 3. 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 period end date are disclosed in notes 7 & 9. £218,570 (2020 - £146,347) was due to the ACD at the period end date.

Material shareholders

As at 1 December 2021, 59.14% (2020 - 55.46%) of the shares in issue in the Santander Atlas Portfolio 5 Fund were held by Allfunds Nominees Ltd which is a separate nominee company but deemed as a related party due to being a material shareholder.

12. Shareholders' funds

The Fund currently has one share class; I Accumulation Shares*. The following is a reconciliation of the opening shares in issue to the closing shares in issue for each share class during the period;

	2021	2020
I Accumulation Shares*	No of Shares	No of Shares
Opening shares in issue	48,415,754	26,468,086
Shares issued in the period	1,049,565	680,317
Shares merged in the period	–	27,034,229
Shares cancelled in the period	(5,102,612)	(5,766,878)
Closing shares in issue	<u>44,362,707</u>	<u>48,415,754</u>
	2021	2020
Retail Accumulation Shares*	No of Shares	No of Shares
Opening shares in issue	–	23,035,065
Shares issued in the period	–	–
Shares merged in the period	–	(23,035,065)
Shares cancelled in the period	–	–
Closing shares in issue	<u>–</u>	<u>–</u>

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Institutional Accumulation share class changed its name to I Accumulation Shares.

Notes to the financial statements (continued)

for the year ended 1 December 2021

13. Fair value disclosure

	2021	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	64,402,233	163,712
Observable inputs using market data*	34,738,632	85,791
	<u>99,140,865</u>	<u>249,503</u>
	2020	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	55,578,513	89,619
Observable inputs using market data*	41,143,791	64,950
	<u>96,722,304</u>	<u>154,569</u>

* Details of the securities included within the fair value hierarchy are detailed on page 11, accounting policy (b) valuation of investments.

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Purchases after transaction costs	Commission as % of Purchases	Tax as % of Purchases
2021	£	£	£	%	%
Collective Investment Schemes	88,666,163	–	88,666,163	–	–
Total purchases	88,666,163	–	88,666,163		
2020	£	£	£	%	%
Collective Investment Schemes	99,390,704	36,125	99,426,829	0.04	–
Total purchases	99,390,704	36,125	99,426,829		

Asset Class	Sales before transaction costs	Broker Commission	Sales after transaction costs	Commission as % of Sales	Tax as % of Sales
2021	£	£	£	%	%
Collective Investment Schemes	95,734,318	–	95,734,318	–	–
Total sales	95,734,318	–	95,734,318		
2020	£	£	£	%	%
Collective Investment Schemes	105,802,904	(27,910)	105,774,994	0.03	–
Total sales	105,802,904	(27,910)	105,774,994		

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs (continued)

	Broker Commission
2021	£
Total costs from purchases & sales	–
Total costs as % of Average NAV	–
2020	£
Total costs from purchases & sales	64,035
Total costs as % of Average NAV	0.06%

There were direct transaction costs associated with derivatives in the year of £Nil (2020 - £9,411) which is 0.00% of the Average NAV of the Fund (2020 - 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 0.09% (2020 - 0.06%) of the transaction value.

15. Currency risk

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

Currency	Net foreign currency assets		Total £
	Monetary exposures £	Non-monetary exposures £	
2021			
UK Sterling	14,860,727	50,314,172	65,174,899
Euro	(8,737,408)	2,095,032	(6,642,376)
US Dollar	151,788	43,178,920	43,330,708
Japanese Yen	-	3,077,355	3,077,355
Australian Dollar	11,952	-	11,952
2020			
UK Sterling	14,387,808	29,995,081	44,382,889
US Dollar	(4,146,097)	48,265,724	44,119,627
Euro	(3,920,022)	13,124,615	9,204,593
Japanese Yen	1,813,687	5,216,836	7,030,523
Hong Kong Dollar	75,322	-	75,322
Australian Dollar	(1,007,622)	-	(1,007,622)

Notes to the financial statements (continued)

for the year ended 1 December 2021

16. Derivatives and Counterparty Exposure

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

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 £
2021			
Forward currency contracts			
Goldman Sachs	(41,543)	(41,543)	(41,543)
2020			
Forward currency contracts			
Goldman Sachs	–	–	–

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.

17. Post balance sheet events

Subsequent to the year end, the net asset value per share of the I Accumulation Shares class has decreased from 236.6p to 221.7p as at 14 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

Russia/Ukraine conflict

Following the year end, volatility has been observed in global capital markets due to the ongoing geopolitical situation in Europe. A number of multinational companies have ceased operations in Russia and this coupled with rising energy prices may adversely impact the global economy. It is difficult to quantify the longer term impacts of these events but the value of assets may be adversely impacted.

Distribution tables

for the year ended 1 December 2021

Distributions on I Accumulation Shares in pence per share*

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.08.21	interim	0.5123	–	0.5123	1.7117
	01.02.22	final	1.3039	–	1.3039	1.3533
Group 2						
	01.08.21	interim	0.0499	0.4624	0.5123	1.7117
	01.02.22	final	0.7976	0.5063	1.3039	1.3533

Distributions on Retail Accumulation Shares in pence per share*

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.08.21	interim	n/a	–	n/a	n/a
	01.02.22	final	n/a	–	n/a	n/a
Group 2						
	01.08.21	interim	n/a	n/a	n/a	n/a
	01.02.22	final	n/a	n/a	n/a	n/a

*The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Institutional Accumulation share class changed its name to I Accumulation Shares.

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.

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021

Investment commentary

Prior to 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth and income over a 5+ year time horizon.

Investment Policy*

The Fund aims to achieve its objective by investing globally in a wide range of shares issued by listed companies.

To obtain exposure to these assets, the Fund will invest indirectly by purchasing units in Collective Investment Schemes managed by other companies and/or the ACD or other companies within the Santander Group. The Fund may also invest directly.

The ACD has the discretion to manage the Fund according to its investment views and opportunities identified as market and economic conditions change. It will select investments that it believes will best achieve the Fund's objective. An assessment will be completed on all investment opportunities before any investment decisions are made.

At least 70% of the Fund will at all times be invested in the asset classes described above, but it has the flexibility to invest in other assets globally, such as bonds, cash, near cash and other money market instruments, real estate and commodities.

The Fund aims to target a higher Volatility Risk Level of 7 over a 5+ year time horizon, which is measured by an independent third party risk rating company.

The Fund is managed to stay within a High Risk category in accordance with Santander UK's Risk Categorisation Process.

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 0.99%. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and Fund any excess OCF costs over the OCF Cap.

Further Information

The Fund uses the IA Flexible Investment peer group as a Comparator Benchmark.

This Comparator Benchmark has been chosen because it provides investors with a comparison of performance against other multi asset Funds that have a similar level of risk. However this is a broad group of Funds therefore each Fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

The base currency of the Fund is UK Sterling.

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth (to grow the value of your investment) and income over a 5+ year time horizon.

The Fund is managed with the aim of staying within a risk profile classification (with volatility parameters) of 7 as set and monitored by an external third party risk rating company. It is not guaranteed that the Fund will stay within this risk profile classification at all times.

Investment Policy*

The Fund is part of the Santander Atlas Portfolio growth range. This range consists of five funds numbered 3-7 which are each risk target managed funds - i.e. managed with an investment objective of aiming to stay within a risk profile classification (with volatility parameters) as set and monitored by an external third party risk rating company. This company's risk profile classifications range from 1, the lowest risk profile classification and the least volatile (for example a fund focused on holding cash), to 10, the highest risk profile classification and the most volatile (for example a fund focused on investing in riskier equity regions and non-developed markets).

The number in the name of each fund in the Santander Atlas Portfolio growth range corresponds to its risk profile classification, ranging from 3 to 7 on the external third party risk rating company's scale. The lower the number in the fund's name and risk profile classification, typically the lower its volatility, the higher its exposure to less volatile assets (such as bonds) and the lower its exposure to more volatile assets (such as shares), and the lower its level of expected capital growth, compared to other funds within the range, and vice versa. More information on volatility and risk profile classifications is provided in the Prospectus.

This Fund is managed with the aim of staying within a risk profile classification of 7, which is different from the Synthetic Risk and Reward Indicator (SRRI) published in its NURS Key Investor Information. The Fund will not be managed to maintain the SRRI, which may change over time.

The Fund is actively managed. It aims to achieve its objectives by obtaining exposure globally to: shares in companies; and bonds issued by companies, governments, government bodies and supranationals. There are no set limits on the Fund's exposure to either shares or bonds, but it is expected that the Fund will typically have exposure of at least 70% to shares and bonds combined.

The Fund typically has: a higher level of volatility, a higher exposure to more volatile assets (such as shares) and a lower exposure to less volatile assets (such as bonds), compared to other funds within the Santander Atlas Portfolio growth range that are numbered 3-6.

Additionally the Fund may obtain exposure globally:

- up to 20% to alternative strategies, for example absolute return strategies (i.e. those which aim to deliver a positive return in all market conditions, although this is not guaranteed);
- up to 10% to commodities;
- up to 10% to real estate; and
- up to 10% to cash, cash like and other money market instruments.

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Policy* (continued)

The Fund may have exposure to non-developed markets through its investments.

To obtain exposure to the permissible asset classes stated above, the Fund will invest indirectly by purchasing units in Collective Investment Schemes. The Fund may invest in both Actively Managed and Passively Managed Collective Investment Schemes as detailed in "Investment Strategy and Process" below. At least 85% of the Fund will be invested in Collective Investment Schemes but this figure may be higher (up to 100%) depending on the ACD's investment views.

The Fund will typically be invested between 75% and 85% in Passively Managed Collective Investment Schemes although this could be higher and the Fund is permitted to invest up to 100% in this way for a sustained period. Further information on the holding of Passively Managed Collective Investment Schemes is detailed in "Investment Strategy and Process" below.

These Collective Investment Schemes can be managed by the ACD or other companies (including within the Santander Group). They will give the Fund exposure to the permissible asset classes (and, where relevant, in the permitted amounts) stated above, but they may have different investment strategies and restrictions to the Fund. For example they may not be managed with the aim of staying within a volatility range, and may use Derivatives differently to the Fund (such as for Investment Purposes).

With the exception of alternative strategies, commodities (where exposure can also be sought through investment in exchange traded commodities) and real estate, the Fund may also invest directly in the above permissible asset classes. However this will not be a key part of its investment strategy because of the level of investment in Collective Investment Schemes described above.

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. This may include passive Derivatives, for example Derivatives which track the performance of an index such as index futures, which, if used, will increase the Fund's exposure to passive investments.

*With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Investment Objective & Investment Policies of the Fund changed. We wrote out to shareholders advising them of this change. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Investment Strategy and Process

The Fund is actively managed which means that the ACD uses its expertise and discretion, in accordance with its investment views and opportunities identified as market and economic conditions change, to select investments with the aim of achieving the Fund's investment objectives.

The ACD seeks exposure to asset or sub-asset classes, geographies and sectors which it believes will meet the investment objectives of the Fund.

The ACD will complete an assessment before any investment decisions are made. This ongoing process will generally consist of:

- Developing an investment strategy based on market and economic outlook and geopolitical considerations to determine which asset or sub-asset classes, geographies and sectors to invest in, both on a longer term (strategic) and shorter term (tactical) basis.

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Strategy and Process (continued)

- The Fund can invest in a globally unconstrained manner in shares and bonds, and within above stated levels in other permissible asset classes. The ACD will however seek to maintain the Fund's risk profile classification (alongside aiming to achieve its capital growth and income objective) when implementing its investment strategy by considering the types of assets held and the Fund's allocation to different permitted asset classes. Observing an internally approved list of both Actively Managed and Passively Managed Collective Investment Schemes available for investment when implementing the asset or sub-asset class, geographical and sector led investment strategy.
- Performing investment and operational due diligence on both Actively Managed and Passively Managed Collective Investment Schemes, by either the ACD and/or other companies within the Santander Group, to inform the approved list.
- Selecting Collective Investment Schemes from the approved list for investment which, although they may have different overall investment strategies and restrictions than the Fund, have an investment policy and strategy that is consistent with the asset or sub-asset class, geographical and sector investment strategy decision.

The Fund can invest in both Actively Managed and Passively Managed Collective Investment Schemes. The ACD will favour Collective Investment Schemes which offer attractive returns relative to other Collective Investment Schemes on the approved list. Investments will be selected with the aim of achieving capital growth, but some will also provide income for the Fund.

When seeking exposure to shares, the ACD will tend to favour those Collective Investment Schemes with lower costs and higher liquidity (i.e. the ease with which units in these Collective Investment Schemes can be sold and returned as cash) relative to others on the approved list. Lower cost Collective Investment Schemes tend to be Passively Managed Collective Investment Schemes (but the ACD may also select Actively Managed Collective Investment Schemes for exposure to shares).

When seeking exposure to bonds the ACD will tend to favour Actively Managed Collective Investment Schemes (but the ACD may also select Passively Managed Collective Investment Schemes for exposure to bonds).

In addition, the ACD will operate limits to ensure that the Fund does not have excessive exposure to any single: operator of Collective Investment Schemes; individual Collective Investment Scheme; or Derivative counterparty.

Where investments are made in instruments other than units in Collective Investment Schemes, these are also subject to investment due diligence.

The Fund's strategy is complemented by the use of Derivatives for Efficient Portfolio Management. It is expected that Derivatives (including passive Derivatives such as futures) will be used regularly, for example to manage risk or to respond quickly to developments in financial markets.

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Further Information

The ACD uses the IA* Flexible Investment peer group as a Comparator Benchmark for the Fund.

As there is no suitable standardised global performance benchmark for risk target managed multi asset investment funds, this Comparator Benchmark has been chosen because it provides shareholders with a comparison of performance against a sector that largely consists of other multi asset funds which have the ability to invest globally, and which the ACD considers is a reasonable proxy for the likely asset mix ranges of the Fund. However this is a broad group of funds, therefore each fund may be aiming for slightly different investment objectives, and so the comparison is for indicative purposes only. As such, the ACD will not use this sector performance or its constituents to determine how it manages the Fund.

*Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in each sector and investors can use this to compare the Fund's performance.

The risk profile classification which the Fund is managed to stay within is set and monitored by Distribution Technology. The ACD may change the risk profiling service provider to another independent company in the future, which will be communicated in any future publications of the Prospectus.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below a predetermined level. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and fund any excess OCF costs over the OCF Cap.

The Fund has a Risk Category of High in accordance with Santander UK plc's Risk Categorisation Process. An explanation of what this means can be found in the Prospectus.

Variable remuneration of individual fund managers employed by the ACD who are responsible for managing the Fund 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 a commercial peer group of competitor funds with similar investment objectives and policies.

The base currency of the Fund is UK Sterling.

Investment Manager

Santander Asset Management UK Limited

Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks include risks of adverse effects from changes in interest rates, foreign exchange and stock market fluctuations. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Fund does not borrow in the normal course of business.

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Risk and Reward Indicator



The lowest Risk and Reward Indicator (RRI) does not mean risk free. The Fund is rated at 5 due to the nature of the assets it invests in and the extent to which they are affected by the below risks. The value of your investment is not guaranteed and you may get back less than the original amount you invested. The RRI is different from the RPC (Risk Profile Classification). Whilst the Fund is managed with the aim to stay within an RPC (set and monitored by Distribution Technology), it is not managed to maintain its RRI, which may change over time.

Performance

Percentage price change from 1 December 2020 to 1 December 2021	
Santander Atlas Portfolio 7 I Accumulation Shares	16.65%
Percentage price change from 1 December 2016 to 1 December 2021	
Santander Atlas Portfolio 7 I Accumulation Shares	51.25%

Source Lipper - NAV at noon, bid to bid, net of fees, revenue reinvested.

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

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Market Review

Over the 12 months to 1 December 2021, global markets have seen volatility due to uncertainty around the COVID-19 pandemic, a potential rising inflation, and the Chinese Government's crackdown on large technology companies. Developed economies have successfully rolled out vaccination programmes, allowing their economies to somewhat reopen and fuelling expectations of higher economic growth, as evidenced by positive market returns in the UK, Europe and US.¹ Emerging markets however have lagged on the vaccination front as some regions are experiencing spikes in cases and hospitalisation rates.² The emerging market region has been the worst performing areas and provided negative returns as China's stock market was rattled.³ The Chinese Government continued to suppress technology, education and gaming companies, whilst the potential default of a major Chinese property developer impacted global markets. Note that Chinese companies make up over 30.00% of major emerging market indices.⁴

Performance Review and Investment Activity (Reporting Period)

Over the 12 months to 1 December 2021, the I Accumulation Share Class delivered a 16.65% return*. This Fund was actively managed to stay within its target risk profile over this period.

Tactical views were implemented throughout the year, most of which added value and delivered positive returns. As we entered 2021, the Fund held a clear preference to value-oriented shares (companies considered undervalued by the market) than growth-style shares (companies perceived to outperform the market for a period of time) within its US and European allocation. This positioning was closed and a preference to growth-style shares reinstalled in July, with this providing a positive contribution to the Fund. The Fund also didn't hold any emerging market assets in September and October due to the volatility caused by the Chinese Government's actions. A thematic position was held in clean energy as this theme gathered support, with major governments focusing their fiscal spending plans on green energy investments. However, an increase in its volatility and deterioration on its short-term outlook triggered the sale of this position.

Performance Review and Investment Activity (Last 5 years)

Over the last 5 years to 1 December 2021 the I Accumulation Share Class delivered a 51.25% cumulative return. This Fund was actively managed to stay within its target risk profile over this period.

The Fund's performance was driven by holding a larger position in shares (average exposure 95%) than we would normally hold if we expected a neutral market (expectation that investments have an equal chance of going up or down - exposure 94%) through bullish market environments, however the Fund's tactical allocations remained dynamic as we managed portfolio risk through episodes of increased volatility and other significant markets events, such as the US Presidential Elections, Brexit and the COVID-19 outbreak.

The Fund has also implemented long-standing thematic views such as a preference for US technology shares over 2019 to 2020, and tactical allocations to gold and cyber security. All investment views are taken on a measured basis to ensure the Fund remains within its target risk profile.

¹Refinitiv Datastream, Equity Index Performance

²Our World in Data, Coronavirus (COVID-19) Cases [website], <https://ourworldindata.org/covid-cases>

³Refinitiv Datastream, Equity Index Performance

⁴MSCI Emerging Markets Index, MSCI Emerging Markets Index (USD), 2021, p. 2, <https://www.msci.com/documents/10199/c0db0a48-01f2-4ba9-ad01-226fd5678111>

*See performance table for source and calculation

Santander Atlas Portfolio 7

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Market Outlook

The global economic reopening was a key theme for 2021. The rollout of vaccines around the world helped economies to reopen and shares performed well particularly in the developed regions where vaccination numbers are high. However, the combination of loose government policy, pent up demand over lockdowns, and post-COVID-19 optimism passing, will require the reassessment of interest rates and inflation expectations.

We have seen this to some extent already with longer-term government bonds and are wary of further market volatility on the back of any central bank action. The recent outbreak of the Omicron variant has also caused instability amidst a third wave of cases and potential lockdowns, however we believe that countries are better positioned to react given prior experiences and successful vaccine programmes. Therefore, we are bullish on shares in the medium-term, however are closely monitoring markets and will swiftly adapt the Fund as the environment changes.

Multi Asset Solutions Team

For and on behalf of Santander Asset Management UK Limited

January 2022

Summary of material portfolio changes

for the year ended 1 December 2021

Purchases	Cost £	Note	Sales	Proceeds £	Note
Xtrackers MSCI Emerging Markets UCITS ETF 1C USD	20,798,969		Xtrackers MSCI Emerging Markets UCITS ETF 1C USD	17,627,321	
Invesco S&P 500 UCITS ETF	20,494,023		Xtrackers S&P 500 Swap UCITS ETF 1C USD	14,154,123	
Lyxor S&P 500 UCITS ETF D USD	10,565,130		Vanguard FTSE Developed Europe ex-UK Equity Index Fund A Acc	11,536,556	
Vanguard FTSE Developed Europe ex-UK Equity Index Fund A Acc	10,119,414		iShares £ Ultrashort Bond UCITS ETF	9,979,901	
HSBC FTSE All-Share Index Fund I Inc	10,089,307		Lyxor S&P 500 UCITS ETF D USD	8,715,932	
iShares £ Ultrashort Bond UCITS ETF	10,002,980		Fidelity Index UK Fund P Acc	8,077,805	
Amundi S&P 500 UCITS ETF A EUR	7,822,918		iShares MSCI AC Far East ex-Japan UCITS	7,922,883	
iShares Emerging Markets Equity Index Fund L Acc	7,413,979		Amundi MSCI Em Asia UCITS ETF USD	7,738,521	
UBS ETF - MSCI Japan UCITS ETF A JPY	7,149,421		iShares MSCI Europe ex-UK UCITS ETF EUR	7,733,636	
Xtrackers S&P 500 Swap UCITS ETF 1C USD	6,861,532		iShares Emerging Markets Equity Index Fund L Acc	6,953,247	
Fidelity Index UK Fund P Acc	5,349,691		Amundi Japan Topix UCITS ETF A JPY	6,208,626	
iShares MSCI Europe ex-UK UCITS ETF EUR	4,994,496		iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	6,011,658	
Amundi MSCI Em Asia UCITS ETF USD	3,877,784		iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	5,719,074	
iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	3,495,460		Invesco EQQQ NASDAQ-100 UCITS ETF	4,975,193	
iShares Global Clean Energy UCITS ETF Inc USD	3,495,258		HSBC FTSE All-Share Index Fund I Inc	3,034,260	
iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	3,456,613		iShares Global Clean Energy UCITS ETF Inc USD	2,711,153	
HSBC American Index Fund I INC	2,005,383		HSBC American Index Fund I INC	2,495,133	
Amundi Japan Topix UCITS ETF A JPY	138,504		First State Asian Equity Plus Fund III USD	2,052,975	
iShares NASDAQ 100 UCITS ETF Acc USD	30,751		Pictet - Security Inc USD	1,943,179	
iShares MSCI AC Far East ex-Japan UCITS	4,523		HSBC European Index Fund I Inc	1,810,104	
Total cost of purchases for the period	<u>138,147,978</u>	14	Total proceeds from sales for the period	<u>140,692,897</u>	14

Portfolio statement

as at 1 December 2021

Investment	Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Collective Investment Schemes 94.41% (93.43%)			
Amundi Japan Topix UCITS ETF A JPY*	68,108	5,400,754	2.85
Amundi MSCI Em Asia UCITS ETF USD*	120,865	3,837,464	2.02
Amundi S&P 500 UCITS ETF A EUR*	139,862	9,143,514	4.82
BlackRock European Dynamic Fund A Acc	534,030	5,366,998	2.83
Fidelity Index UK Fund P Acc	8,093,329	11,923,092	6.28
Gold Bullion Securities Limited*	31,116	3,878,298	2.04
HSBC American Index Fund I INC	1,323,976	12,567,182	6.62
HSBC European Index Fund I Inc	325,985	3,664,071	1.93
HSBC FTSE All-Share Index Fund I Inc	2,337,121	8,044,372	4.24
Invesco S&P 500 UCITS ETF*	34,378	22,488,006	11.85
iShares Emerging Markets Equity Index Fund L Acc	3,051,882	5,914,547	3.12
Lyxor S&P 500 UCITS ETF D USD*	758,693	27,042,283	14.25
Pictet - Security Inc USD	22,323	7,694,172	4.05
UBS ETF - MSCI Japan UCITS ETF A JPY*	146,884	5,838,639	3.08
Vanguard FTSE Developed Europe ex-UK Equity Index Fund A Acc	48,859	16,377,417	8.63
Xtrackers MSCI Emerging Markets UCITS ETF 1C USD*	289,383	13,056,228	6.88
Xtrackers S&P 500 Swap UCITS ETF 1C USD*	256,121	16,928,638	8.92
		179,165,675	94.41
Options 0.04% (0.02%)			
Euro Stoxx 50 Weekly Put Option £36.50 Dec '21	(80)	(6,118)	0.00
Euro Stoxx 50 Weekly Put Option £40.00 Dec '21	80	27,192	0.01
S&P 500 Index Put Option £40.50 Dec '21	(19)	(31,802)	(0.02)
S&P 500 Index Put Option £44.00 Dec '21	19	86,992	0.05
		76,264	0.04
Futures 0.18% (0.07%)			
GBP/USD Dec '21	100	(228,927)	(0.12)
S&P 500 Dec '21	164	410,831	0.22
S&P 500 Mini Dec '21	24	157,442	0.08
		339,346	0.18

Portfolio statement (continued)*as at 1 December 2021*

			Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Investment					
Forward currency trades -0.02% (-0.06%)					
				Unrealised	
	Settlement	Buy Amount	Sell Amount	Gains/(losses)	
Buy AUD : Sell JPY	14/01/2022	1,400,421	(1,459,599)	(59,178)	(0.03)
Buy GBP : Sell EUR	14/01/2022	7,667,136	(7,709,634)	(42,498)	(0.02)
Buy JPY : Sell AUD	14/01/2022	1,459,599	(1,389,880)	69,719	0.03
				(31,957)	(0.02)
Portfolio of investments				179,549,328	94.61
Net other assets				10,219,936	5.39
Total net assets				189,769,264	100.00

Figures in brackets represent sector distribution at 1 December 2020.

All Collective Investment Scheme securities are not listed and are valued using publicly available market data unless otherwise stated.

*Collective Investment Scheme securities which are exchange traded funds listed on recognised exchanges.

Futures and option securities are derivative instruments listed on recognised exchanges.

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

Comparative tables

Change in net asset value per share	I Accumulation Shares*			Retail Accumulation Shares*		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Opening net asset value per share	239.71	226.31	206.46	n/a	n/a	258.94
Return before operating charges	40.97	14.92	21.27	n/a	n/a	26.67
Operating charges	(1.72)	(1.52)	(1.42)	n/a	n/a	(1.78)
Return after operating charges	39.25	13.40	19.85	n/a	n/a	24.89
Distributions	(2.05)	(3.28)	(5.75)	n/a	n/a	(7.21)
Retained distributions on accumulation shares	2.05	3.28	5.75	n/a	n/a	7.21
Closing net asset value per share	278.96	239.71	226.31	n/a	n/a	283.83
***after direct transaction costs of	0.00	0.13	0.15	n/a	n/a	0.19
Performance	2021	2020	2019	2021	2020	2019
Return after charges**	16.37%	5.92%	9.61%	n/a	n/a	9.61%
Closing net asset value (£'s)	189,769,264	168,054,294	18,249,788	n/a	n/a	148,902,257
Closing number of shares	68,026,973	70,106,500	8,063,962	n/a	n/a	52,461,744
Operating charges	0.61%	0.69%	0.66%	n/a	n/a	0.66%
Direct transaction costs***	0.00%	0.06%	0.07%	n/a	n/a	0.07%
	p	p	p	p	p	p
Highest share price	286.1	239.6	230.2	n/a	n/a	288.7
Lowest share price	239.9	179.6	195.1	n/a	n/a	244.7

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Institutional Accumulation share class changed its name to I Accumulation Shares.

** 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 period compared to the equivalent for the prior period. 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.

*** 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 period 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.

Financial Statements - Santander Atlas Portfolio 7

Statement of total return

for the year ended 1 December 2021

	Note	2021		2020	
		£	£	£	£
Income					
Net capital gains	1		25,725,301		6,676,144
Revenue	2	2,185,842		3,043,573	
Expenses	3	(767,705)		(675,785)	
Interest payable and similar charges	4	(4,850)		(2,036)	
Net revenue before taxation		1,413,287		2,365,752	
Taxation	5	—		—	
Net revenue after taxation			1,413,287		2,365,752
Total return before distributions			27,138,588		9,041,896
Distributions	6		(1,413,327)		(2,365,750)
Change in net assets attributable to shareholders from investment activities			25,725,261		6,676,146

Statement of change in net assets attributable to shareholders

for the year ended 1 December 2021

	2021		2020	
	£	£	£	£
Opening net assets attributable to shareholders		168,054,294		167,152,045
Amounts receivable on issue of shares	4,366,862		2,785,501	
Amounts payable on cancellation of shares	(9,790,958)		(10,910,672)	
		(5,424,096)		(8,125,171)
Dilution adjustment		9,569		16,584
Change in net assets attributable to shareholders from investment activities		25,725,261		6,676,146
Retained distributions on accumulation shares		1,404,236		2,334,690
Closing net assets attributable to shareholders		189,769,264		168,054,294

Balance sheet*as at 1 December 2021*

	Note	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		179,917,851	157,313,308
Current assets:			
Debtors	7	528,531	3,579,323
Cash and bank balances	8	13,184,175	12,616,456
Total assets		<u>193,630,557</u>	<u>173,509,087</u>
Liabilities:			
Investment liabilities		(368,523)	(248,283)
Creditors			
Bank overdrafts	8	(2,987,645)	(1,603,058)
Other creditors	9	(505,125)	(3,603,452)
Total liabilities		<u>(3,861,293)</u>	<u>(5,454,793)</u>
Net assets attributable to shareholders		<u>189,769,264</u>	<u>168,054,294</u>

Notes to the financial statements

for the year ended 1 December 2021

1. Net capital gains	2021	2020
	£	£
Realised gains on non-derivative securities	10,729,874	2,006,284
Unrealised gains on non-derivative securities	13,558,059	5,880,455
Realised gains/(losses) on derivative securities	1,346,959	(57,218)
Unrealised (losses)/gains on derivative securities	(47,034)	165,217
Currency losses	(556,887)	(176,335)
Realised gains/(losses) on forward currency contracts	742,965	(1,011,701)
Unrealised losses on forward currency contracts	(14,251)	(103,100)
Transaction charges	(34,384)	(27,458)
Net capital gains	<u>25,725,301</u>	<u>6,676,144</u>
2. Revenue	2021	2020
	£	£
UK dividends	563,136	1,425,040
Overseas UK tax exempt revenue	1,086,119	1,054,756
Overseas UK taxable revenue	16,947	10,011
Unfranked revenue	5,560	27,763
Franked revenue	460,273	–
Option premium revenue	–	453,682
Bank interest	209	12,282
Rebates from holdings in Collective Investment Schemes	53,598	60,039
Total revenue	<u>2,185,842</u>	<u>3,043,573</u>
3. Expenses	2021	2020
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>718,515</u>	<u>632,072</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>21,555</u>	<u>18,962</u>
Other expenses:		
Audit fees*	17,206	12,296
Safe custody fees	9,104	8,520
FCA fee	107	110
Tax service fees	1,218	3,825
	<u>27,635</u>	<u>24,751</u>
Total expenses	<u>767,705</u>	<u>675,785</u>

* The audit fees include a non-recurring element of £4,500 relating to the change of administrator during the period.

Notes to the financial statements (continued)

for the year ended 1 December 2021

4. Interest payable and similar charges	2021	2020
	£	£
Overdraft interest	4,500	2,036
Margin interest	350	–
Total interest payable and similar charges	<u>4,850</u>	<u>2,036</u>

5. Taxation	2021	2020
	£	£
a. Analysis of the tax charge for the year		
UK Corporation tax	–	–
Total tax charge (note 5b)	<u>–</u>	<u>–</u>

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2020 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2021	2020
	£	£
Net revenue before taxation	<u>1,413,287</u>	<u>2,365,752</u>
Corporation tax @ 20%	<u>282,657</u>	<u>473,150</u>
Effects of:		
Revenue exempt from UK Corporation tax	(421,905)	(495,959)
Management expenses not relieved	<u>139,248</u>	<u>22,809</u>
Total tax charge (note 5a)	<u>–</u>	<u>–</u>

c. Deferred taxation

At the year end there is a potential deferred tax asset of £1,387,387 (2020 - £1,248,139) in relation to surplus management expenses and non-trade loan relationship deficits. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

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

	2021	2020
	£	£
Interim accumulation distributions paid	361,724	1,376,264
Final accumulation distributions payable	<u>1,042,512</u>	<u>958,426</u>
	<u>1,404,236</u>	<u>2,334,690</u>
Equalisation:		
Amounts deducted on cancellation of shares	14,438	45,009
Amounts added on issue of shares	<u>(5,347)</u>	<u>(13,949)</u>
Distributions	<u>1,413,327</u>	<u>2,365,750</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2021	2020
	£	£
Net revenue after taxation per Statement of total return	1,413,287	2,365,752
Add:		
Undistributed revenue brought forward	40	38
Deduct:		
Undistributed revenue carried forward	–	(40)
Distributions	<u>1,413,327</u>	<u>2,365,750</u>

Details of the distribution per share are disclosed in the distribution table on page 120.

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	35,613	125,934
Sales awaiting settlement	–	3,406,297
Accrued revenue	468,765	12,086
Prepaid expenses	37	38
Rebates from holdings in Collective Investment Schemes	24,116	29,415
Income tax debtors	–	5,553
Total debtors	<u>528,531</u>	<u>3,579,323</u>

8. Cash and bank balances

	2021	2020
	£	£
Amounts held at futures clearing houses and brokers	190,760	6,615,810
Cash and bank balances	12,993,415	6,000,646
Total cash and bank balances	<u>13,184,175</u>	<u>12,616,456</u>
Bank overdraft*	<u>2,987,645</u>	<u>1,603,058</u>

As at 1 December 2021, the weighted average of the floating interest rate on bank balances was 0.01% (2020 - 0.01%).

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

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	80,491	117,994
Purchases awaiting settlement	327,020	3,402,408
Accrued expenses	97,614	80,957
Sundry creditors	–	2,093
Total other creditors	<u>505,125</u>	<u>3,603,452</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. 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 globally in a wide range of bonds issued by companies, governments, government bodies and supranationals, and in shares of listed companies. To obtain exposure to these assets, at least 85% of the Fund's investments will be accessed indirectly by purchasing units in Collective Investment Schemes. The main risk arising from each 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 within the underlying collectives or may be due to general market factors (such as specific government policies or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers as set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Funds Sourcebook (COLL) mitigates the risk of excessive exposure to any particular type of security or issuer.

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 in holdings in Collective Investment Funds is monitored by the Manager by understanding the investment objectives of each underlying Fund as well as a regular risk and performance review. The overall portfolio is stress tested on an on-going basis to identify and measure market specific risks of the Fund. The Fund is authorised to use derivatives but the usage of such is not expected to alter the overall risk profile of the Fund.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £8,977,466 (2020 - £7,853,251). A 5% 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. Collectives which hold cash balances and invest in fixed interest securities will be subject to such risk.

Interest risk in holdings of Collective Investment Funds is monitored by the Manager by understanding the investment objectives of the underlying Funds as well as a regular risk and performance review with external managers. The Manager manages such risk by maintaining a diversified portfolio taking into account interest rate and duration, credit rating profile and other parameters such as the geographical and currency exposure of the underlying collectives. If interest rates rise, the revenue potential of the Funds will also rise, but the capital value of fixed rate 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 1 December 2021, 5.37% of the Fund's assets were interest bearing (2020 - 7.51%).

As the only interest bearing assets held by the Fund are bank balances and no significant interest was received for the bank balances in note 8, changes in interest rates would have no material impact on assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

c) Currency Risk

The Fund invests in Collective Investment Schemes which may have exposure to foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the collectives can therefore be significantly affected by currency movements.

The ACD assesses the risk and control processes and procedures of the management company of each collective. This ensures the collective is consistent with the risk profile of the Fund.

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

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £6,943,035 (2020 - £6,391,063). A 5% weakening in GBP would increase the value by £7,673,880 (2020 - £7,063,806).

For numerical disclosure see note 15.

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 Fund seeks to minimise counterparty credit risk by investing in a diversified portfolio of regulated Collective Investment Schemes. In addition, the Manager will ensure that underlying schemes have an exposure to credit risk that is consistent with the overall objectives of the Fund.

e) Liquidity risk

Liquidity risk may result in the inability of the Fund to meet redemptions of shares 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 Manager seeks to limit liquidity risk of the sub-funds by selecting collectives with daily liquidity. In addition, the Manager will invest in a diversified portfolio of collectives with different liquidity profiles.

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 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 16.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

g) Brexit risk

After officially leaving the European Union on 31 January 2020, the United Kingdom and the EU agreed and signed the Trade and Cooperation Agreement on 30 December 2020. This agreement sets out the post-transition phase arrangements in areas such as trade in goods and some services, transportation and fisheries, amongst others.

However, the Agreement omits details on the future relationship with respect to Financial Services, and there is ongoing uncertainty as to its implementation. Failure to find an agreed way forward could potentially result in higher volatility in the financial markets of the United Kingdom and more broadly across Europe, given the ongoing-lack of clarity. Increased currency volatility may mean that the returns of the Fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro. This may also make it more difficult, or more expensive for the Fund to execute prudent currency hedging policies.

It is difficult to forecast the mid to long term impact of Brexit on the UK economy generally and on cross-border investor flows, including demand for Sterling-denominated assets. The ability of the relevant Fund to execute their respective strategies may be adversely impacted, resulting in unattractive investment returns compared to historical standards, and may also result in increased costs to the relevant Fund.

h) COVID 19 risk

In early 2020 the Covid 19 pandemic caused a significant financial market downturn that affected many areas of investments in the UK and globally as most government authorities implemented restrictions on movement, causing substantial reduction in economic activity. The successful vaccination programmes in a number of western countries has led to an increase in economic activity and there is a focus to improve vaccination rates in developing countries. However future mutations of the virus and the ability of vaccines to provide protection pose a risk to the continuing improvement in economic activity. This may impact financial markets via higher levels of market and currency volatility, reduced dividends, and greater credit risk.

i) Investment style and investment management risk

Shareholders in the Fund face a risk that the investment choices made by the ACD and/or Sub-Investment Manager(s) on their behalf deliver returns that are inferior to alternative choices. Depending on market and economic conditions and investor sentiment, specific types of instruments or investment styles may shift in and out of favour. A Fund with one investment style may outperform or underperform other funds that employ different investment styles.

Further, each Fund is subject to the risk that the ACD and/or any Sub-Investment Manager(s) appointed for that Fund may not select instruments which optimally achieve the implementation of an investment style for that Fund.

Notes to the financial statements (continued)

for the year ended 1 December 2021

11. 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 3. 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 period end date are disclosed in notes 7 & 9. £114,244 (2020 - £49,570) was due to the ACD at the period end date.

Material shareholders

As at 1 December 2021, 91.00% (2020 - 90.47%) of the shares in issue in the Santander Atlas Portfolio 7 Fund were held by Allfunds Nominees Ltd which is a separate nominee company but deemed as a related party due to being a material shareholder.

12. Shareholders' funds

The Fund currently has one share class; I Accumulation Shares. The following is a reconciliation of the opening shares in issue to the closing shares in issue for each share class during the period;

	2021	2020
	No of Shares	No of Shares
I Accumulation Shares*		
Opening shares in issue	70,106,500	8,063,962
Shares issued in the period	1,736,800	1,297,656
Shares merged in the period	–	65,795,106
Shares cancelled in the period	(3,816,327)	(5,050,224)
Closing shares in issue	68,026,973	70,106,500
	2021	2020
	No of Shares	No of Shares
Retail Accumulation Shares*		
Opening shares in issue	–	52,461,744
Shares issued in the period	–	–
Shares merged in the period	–	(52,461,744)
Shares cancelled in the period	–	–
Closing shares in issue	–	–

* The Retail Accumulation share class merged with the Institutional Accumulation share class on 2 December 2019. On the same date, the Institutional Accumulation share class changed its name to I Accumulation Shares.

Notes to the financial statements (continued)

for the year ended 1 December 2021

13. Fair value disclosure

	2021	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	108,296,274	266,847
Observable inputs using market data*	71,621,577	101,676
	<u>179,917,851</u>	<u>368,523</u>

	2020	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	90,607,103	145,183
Observable inputs using market data*	66,706,205	103,100
	<u>157,313,308</u>	<u>248,283</u>

* Details of the securities included within the fair value hierarchy are detailed on page 11, accounting policy (b) valuation of investments.

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Purchases after transaction costs	Commission as % of Purchases	Tax as % of Purchases
2021	£	£	£	%	%
Collective Investment Schemes	138,147,978	–	138,147,978	–	–
Total purchases	138,147,978	–	138,147,978		
2020	£	£	£	%	%
Collective Investment Schemes	144,118,151	54,170	144,172,321	0.04	–
Total purchases	144,118,151	54,170	144,172,321		

Asset Class	Sales before transaction costs	Broker Commission	Sales after transaction costs	Commission as % of Sales	Tax as % of Sales
2021	£	£	£	%	%
Collective Investment Schemes	140,692,897	–	140,692,897	–	–
Total sales	140,692,897	–	140,692,897		
2020	£	£	£	%	%
Collective Investment Schemes	149,697,270	(39,463)	149,657,807	0.03	–
Total sales	149,697,270	(39,463)	149,657,807		

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs (continued)

	Broker Commission	Transfer Taxes
2021	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–
2020	£	£
Total costs from purchases & sales	93,633	–
Total costs as % of Average NAV	0.06%	–

There were direct transaction costs associated with derivatives in the year of £Nil (2020 - £10,544) which is 0.00% of the Average NAV of the Fund (2020 - 0.01%).

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 0.09% (2020 - 0.27%) of the transaction value.

15. Currency risk

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

Currency	Net foreign currency assets		Total £
	Monetary exposures £	Non-monetary exposures £	
2021			
UK Sterling	17,962,499	77,412,080	95,374,579
Euro	(7,624,928)	9,143,514	1,518,586
Japanese Yen	–	5,400,754	5,400,754
US Dollar	247,540	87,209,327	87,456,867
Australian Dollar	18,478	–	18,478
2020			
UK Sterling	19,878,427	13,968,332	33,846,759
Euro	(5,513,883)	31,492,206	25,978,323
Japanese Yen	2,470,137	11,492,615	13,962,752
US Dollar	(4,307,341)	100,049,755	95,742,414
Hong Kong Dollar	111,965	–	111,965
Australian Dollar	(1,587,919)	–	(1,587,919)

Notes to the financial statements (continued)

for the year ended 1 December 2021

16. Derivatives and Counterparty Exposure

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

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 £
2021			
Forward currency contracts			
Goldman Sachs	(31,957)	(31,957)	(31,957)
2020			
Forward currency contracts			
Goldman Sachs	–	–	–

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.

17. Post balance sheet events

Subsequent to the year end, the net asset value per share of the I Accumulation Shares class has decreased from 279.0p to 260.6p as at 14 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

Russia/Ukraine conflict

Following the year end, volatility has been observed in global capital markets due to the ongoing geopolitical situation in Europe. A number of multinational companies have ceased operations in Russia and this coupled with rising energy prices may adversely impact the global economy. It is difficult to quantify the longer term impacts of these events but the value of assets may be adversely impacted.

Distribution tables

for the year ended 1 December 2021

Distributions on I Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.08.21	interim	0.5223	–	0.5223	1.9176
	01.02.22	final	1.5325	–	1.5325	1.3671
Group 2						
	01.08.21	interim	0.2199	0.3024	0.5223	1.9176
	01.02.22	final	1.0555	0.4770	1.5325	1.3671

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.

International Multi-Index* (formerly known as Balanced International Tracking)

Final Report and Financial Statements for the year ended 1 December 2021

Investment commentary

Prior to 7 July 2021

Investment Objective*

The Fund's objective is to provide a combination of capital growth and income over a 5+ year time horizon.

The Fund will aim to outperform (after the deduction of fees) the following composite Target Benchmark over a rolling 3 year time period: 37.5% FTSE All Share, 8.6% FTSE World Europe Ex UK, 22.8% FTSE USA, 6.1% FTSE World Japan, 10% FTSE Actuaries UK Conventional Gilts All Stock and 15% Markit iBoxx £ Non Gilt.

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.

Investment Policy*

The Fund aims to achieve its objective by investing globally in a wide range of bonds issued by companies and governments and shares issued by listed companies.

To obtain exposure to these assets, the Funds' investments will be accessed indirectly, by purchasing units in index-tracking Collective Investment Schemes managed by other companies and / or the ACD or other companies within the Santander Group.

The Fund may also invest directly.

The ACD has the discretion to manage the Fund according to its investment views and opportunities identified as market and economic conditions change. It will select investments that it believes will best achieve the Fund's objective. An assessment will be completed on all investment opportunities before any investment decisions are made.

At least 70% of the Fund will at all times be invested in the asset classes described above, but it has the flexibility to invest in other assets globally, such as cash, near cash and other money market instruments, real estate and commodities.

The Fund is managed to stay within a Medium High Risk category in accordance with Santander UK's Risk Categorisation Process.

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs. There may be circumstances where this cap is exceeded due to external factors such as an increase in the fees associated with the Fund's investment in Collective Investment Schemes, in which case the ACD will aim to bring fees back below it as soon as reasonably possible and Fund any excess OCF costs over the OCF Cap.

Further Information

The Fund will aim to outperform (after the deduction of fees) the following composite Target Benchmark over a rolling 3 year time period: 37.5% FTSE All Share, 8.6% FTSE World Europe Ex UK, 22.8% FTSE USA, 6.1% FTSE World Japan, 10% FTSE Actuaries UK Conventional Gilts All Stock and 15% Markit iBoxx £ Non Gilt.

The Target Benchmark for the Fund has been selected as it contains a broad mix of different asset classes and countries/regions which are broadly in line with the investment objective of the Fund. Note that the ACD does not employ risk limits in managing the Fund that are related to the Target Benchmark.

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Prior to 7 July 2021 (continued)

Further Information (continued)

The base currency of the Fund is UK Sterling.

From 7 July 2021

Investment Objective*

The Fund's objective is to provide capital growth (to grow the value of your investment) with the potential for income over a 5+ year time horizon.

The Fund will aim to outperform (before the deduction of fees) the following composite Target Benchmark measured over a rolling 3 year time period: 37.5% FTSE All Share Index TR, 22.8% FTSE USA Index TR, 15% Markit iBoxx GBP Non-Gilts Index TR, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, 8.6% FTSE World Europe Ex UK Index TR and 6.1% FTSE Japan Index TR.

It is expected that average outperformance for the Fund will typically not be greater than 0.75% per annum (before the deduction of fees) in excess of the Target Benchmark over a rolling 3 year period, although no level of outperformance is guaranteed.

Investment Policy*

The Fund is actively managed and aims to achieve its objectives by obtaining exposure globally through investment in Collective Investment Schemes:

- between 70% and 85% to shares in companies;
- between 15% and 30% to bonds issued by companies, governments, government bodies and supranationals. These bonds can be investment grade or sub-investment grade but a maximum of 10% of the Fund can be exposed to sub-investment grade bonds. Although the Fund will invest globally, typically it will have a higher exposure to bonds denominated in or Hedged to Pounds Sterling; and
- up to 5% in cash, cash like and other money market instruments.

Between 80% and 100% of the Fund will obtain exposure to the above asset classes through investment in Passively Managed Collective Investment Schemes. These will be managed by other companies (not the ACD or other companies within the Santander Group), and may have different investment restrictions or strategies when compared to the Fund, for example they will seek to track a specific Index or Indices. As these will each seek to track an Index or Indices, the Fund will have exposure to multiple Indices and these will generally differ to the Indices in the Target Benchmark. Further information on the holding of Passively Managed Collective Investment Schemes is detailed in "Investment Strategy and Process" below.

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Policy* (continued)

The Fund may also seek exposure to the above asset classes through investing up to 5% in Actively Managed Collective Investment Schemes (which can be managed by the ACD or other companies including within the Santander Group). The Fund can also invest directly in the above asset classes, although this will not be a key part of its investment strategy because of the level of investment in Collective Investment Schemes described above.

Up to 30% of the Fund can have exposure to non-developed markets, however it is not a key part of the Fund's investment strategy to invest in these markets and so typically the level of exposure will be less than 30%.

The ACD will aim to achieve the Fund's investment objectives by seeking exposure to asset or sub-asset classes, geographies and sectors which it believes, based on its views on market and economic outlook, and geopolitical considerations, will outperform the Target Benchmark. This is the key strategy by which the ACD seeks to achieve the investment objectives.

In implementing this asset or sub-asset class, geography and sector led strategy, the Fund is permitted to invest up to 100% in Passively Managed Collective Investment Schemes for a sustained period.

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. This may include passive Derivatives, for example Derivatives which track the performance of an Index such as index futures, which, if used, will increase the Fund's exposure to passive investments.

*With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Investment Objective & Investment Policies of the Fund changed. On the same date, the Fund changed its name to International Multi-Index, share class I Accumulation Shares closed and share class R Accumulation Shares changed its name to CTF (Child Trust Fund) Accumulation Shares. We wrote out to shareholders advising them of these changes. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Investment Strategy and Process

The Fund is actively managed which means that the ACD uses its expertise and discretion, in accordance with its investment views and opportunities identified as market and economic conditions change, to select investments with the aim of achieving the Fund's investment objectives.

The ACD seeks exposure to asset or sub-asset classes, geographies and sectors which it believes will outperform the Target Benchmark. It is expected that average outperformance by the Fund of the Target Benchmark will typically not be greater than 0.75% per annum (before the deduction of fees) over a rolling 3 year period (although any such outperformance is a target only and is not guaranteed). Additional detail is included in the "Further Information" section below.

As part of its investment process the ACD will consider the composition of the Target Benchmark but it is not constrained by reference to, nor does it track, the Target Benchmark. This means that it does not have to seek exposure to the same constituents that make up the Target Benchmark or in the same amounts, although there may be times when the Fund's investment exposures are similar to those of the Target Benchmark.

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Investment Strategy and Process (continued)

The ACD will complete an assessment before any investment decisions are made. This ongoing process will generally consist of:

- Developing an investment strategy based on market and economic outlook and geopolitical considerations to determine which asset or sub-asset classes, geographies and sectors to invest in, both on a longer term (strategic) and shorter term (tactical) basis.
- Observing an internally approved list of Passively Managed Collective Investment Schemes available for investment when implementing the asset or sub-asset class, geographical and sector led investment strategy.
- Performing investment and operational due diligence on Passively Managed Collective Investment Schemes, by either the ACD and/or other companies within the Santander Group, to inform the approved list.
- Selecting Passively Managed Collective Investment Schemes from the approved list for investment which, although they may have different overall investment strategies and restrictions than the Fund, have an investment policy and strategy that is consistent with the asset or sub-asset class, geographical and sector investment strategy decision.

The ACD will favour Passively Managed Collective Investment Schemes which offer attractive returns and therefore generate capital growth and income for the Fund, relative to other Passively Managed Collective Investment Schemes on the approved list. As the Fund's fees will be deducted from its income, the Fund may not always provide an income return.

In implementing the ACD's investment strategy there may be times when up to 100% of the Fund may be held in Passively Managed Collective Investment Schemes for a sustained period.

The ACD will operate limits to ensure that the Fund does not have excessive exposure to any one: individual Passively Managed Collective Investment Scheme; or Derivative counterparty.

To help monitor the Fund, the ACD will consider a range of risk measures, which may inform its investment processes. Some measures will reference an Index or Indices in the Target Benchmark.

Where investments are made in instruments other than units in Collective Investment Schemes, these are also subject to investment due diligence.

The Fund's strategy is complemented by the deployment of Derivatives for Efficient Portfolio Management. It is expected that Derivatives will be used regularly (for example to manage risk or to respond quickly to developments in financial markets).

Further Information

The Target Benchmark for the Fund has been selected as it contains a broad mix of different asset and sub-asset classes and countries/regions which are broadly in line with the investment policy of the Fund.

The Indices which together make up the composite Target Benchmark are provided by FTSE International Limited and IHS Markit Benchmark respectively. As at the date of this Prospectus, these index providers are on 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.

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

From 7 July 2021 (continued)

Further information (continued)

The outperformance target is set before the Fund's fees are charged. In order to determine the Fund's outperformance of the Target Benchmark, if any, after the Fund's fees are applied, the OCF (1.5%) and transaction costs will need to be deducted. Once the OCF and transaction costs are deducted, it is unlikely that the Fund will outperform the Target Benchmark. The past performance shown in the NURS Key Investor Information represents the past performance after the OCF and transaction costs have been deducted.

The Fund operates with an OCF cap of 1.5% in relation to the CTF Share Class. The OCF is expected to exceed its cap of 1.5%. This means, for this Share Class, the ACD will pay all OCF costs which exceed 1.5% out of its own resources.

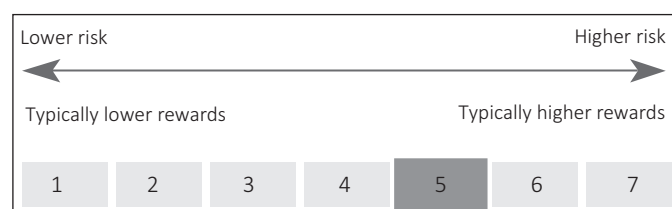
Investment Manager

Santander Asset Management UK Limited

Risk Profile

The main risks within the portfolio relate to changes in the prices of securities held. Other risks include risks of adverse effects from changes in interest rates, foreign exchange and stock market fluctuations. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Fund does not borrow in the normal course of business.

Risk and Reward Indicator



The lowest risk and reward indicator does not mean risk free. The Fund is rated at 5 due to the nature of the assets it invests in and the extent to which they are affected by the below risks. The value of your investment is not guaranteed and you may get back less than the original amount you invested.

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Performance

Percentage price change from 1 December 2020 to 1 December 2021	Gross*	Net**
International Multi-Index CTF Accumulation Shares	13.77%	10.40%
37.5% FTSE All Share Index TR, 22.8% FTSE USA Index TR, 15% Markit iBoxx GBP Non-Gilts Index TR, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, 8.6% FTSE World Europe Ex UK Index TR and 6.1% FTSE Japan Index TR	13.33%	–
Percentage price change from 4 October 2019 [^] to 7 July 2021		
Balanced International Tracking I Accumulation Shares***	7.28%	
37.5% FTSE All Share Index TR, 22.8% FTSE USA Index TR, 15% Markit iBoxx GBP Non-Gilts Index TR, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, 8.6% FTSE World Europe Ex UK Index TR and 6.1% FTSE Japan Index TR	15.83%	

Percentage price change from 30 November 2018 to 1 December 2021	Annualised		Cumulative	
	Gross*	Net**	Gross*	Net**
International Multi-Index CTF Accumulation Shares	8.93%	6.78%	29.32%	21.79%
37.5% FTSE All Share Index TR, 22.8% FTSE USA Index TR, 15% Markit iBoxx GBP Non-Gilts Index TR, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, 8.6% FTSE World Europe Ex UK Index TR and 6.1% FTSE Japan Index TR	9.41%	–	31.03%	–

Percentage price change from 1 December 2016 to 1 December 2021	Annualised		Cumulative	
	Gross*	Net**	Gross*	Net**
International Multi-Index CTF Accumulation Shares	8.03%	6.10%	47.16%	34.49%
37.5% FTSE All Share Index TR, 22.8% FTSE USA Index TR, 15% Markit iBoxx GBP Non-Gilts Index TR, 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, 8.6% FTSE World Europe Ex UK Index TR and 6.1% FTSE Japan Index TR	8.49%	–	50.34%	–

[^] The I Accumulation Shares class performance return has been calculated from its launch date. This share class closed on the 7 July 2021.

* Source Internal – NAV at noon, bid to bid, gross of fees, revenue reinvested.

** Source Lipper – NAV at noon, bid to bid, net of fees, revenue reinvested.

*** Source Morningstar – NAV at noon, bid to bid, net of fees, revenue reinvested.

Market index returns are based on daily index valuations as at close-of-business of the relevant market and are not subject to fees.

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

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Market Review

Over the 12 months to 1 December 2021, global markets have seen volatility due to uncertainty around the COVID-19 pandemic, a potential rising inflation, and the Chinese Government's crackdown on large technology companies. Developed economies have successfully rolled out vaccination programmes, allowing their economies to somewhat reopen and fuelling expectations of higher economic growth, as evidenced by positive market returns in the UK, Europe and US¹. However, emerging markets have lagged on the vaccination front as some regions are experiencing spikes in cases and hospitalisation rates.² The emerging market region has been the worst performing areas and provided negative returns as China's stock market was rattled.³ The Chinese Government continued to suppress technology, education and gaming companies, whilst the potential default of a major Chinese property developer impacted global markets. Note that Chinese companies make up over 30.00% of major emerging market indices.⁴

Inflation expectations increased in anticipation of global economies reopening from national lockdowns, causing longer-term government bonds to increase in yield. This meant that their prices fell, and these bonds underperformed.⁵ Global credit markets have been supported by significant fiscal and monetary packages, as businesses have come under pressure to survive during the pandemic. This coupled with the underperforming government bonds had maintained the demand for corporate bonds.⁶ High yield bonds (typically bonds with higher interest rates than investment grade bonds due to a higher risk of default) have outperformed investment grade bonds as fixed income investors looked for positive returns to offset poor government bond performance.⁷

Performance Review and Investment Activity (Reporting Period)

Over the 12 months to 1 December 2021, the CTFA Share Class delivered a return* of 13.77%, outperforming the benchmark, which delivered a 13.33% return.

The Fund's performance was driven by holding a larger position in shares than the benchmark. This extra allocation to shares had come at the expense of fixed income assets as we anticipated a challenging period for bonds ahead. Within fixed income, we had reduced the Fund's duration (price sensitivity to interest rate changes) by significantly lowering the Fund's allocation to government bonds given their heightened sensitivity to interest rate changes.

Tactical views were also implemented throughout the year, most of which added value and delivered positive returns. As we entered 2021, the Fund held a clear preference to value-oriented shares (companies considered undervalued by the market) than growth-style shares (companies perceived to outperform the market for a period of time) within its US and European allocation. This positioning was closed and a preference to growth-style shares reinstalled in July, with this providing a positive contribution to the Fund. A thematic position was held in clean energy as this theme gathered support, with major governments focusing their fiscal spending plans on green energy investments. However, an increase in its volatility and deterioration on its short-term outlook triggered the sale of this position.

¹Refinitiv Datastream, Equity Index Performance

²Our World in Data, Coronavirus (COVID-19) Cases [website], <https://ourworldindata.org/covid-cases>

³Refinitiv Datastream, Equity Index Performance

⁴MSCI Emerging Markets Index, MSCI Emerging Markets Index (USD), 2021, p. 2, <https://www.msci.com/documents/10199/c0db0a48-01f2-4ba9-ad01-226fd5678111>

⁵Refinitiv Datastream, Bond Index Performance

⁶Refinitiv Datastream, Bond Index Performance

⁷Refinitiv Datastream, Bond Index Performance

*See performance table for source and calculation

International Multi-Index

Final Report and Financial Statements for the year ended 1 December 2021 (continued)

Investment commentary (continued)

Performance Review and Investment Activity (Last 3 and 5 years)

Over the last 3 years to 1 December 2021, the CTFA Share Class delivered a cumulative return* of 29.32% (8.93% annualised return), underperforming the benchmark, which delivered a 31.03% cumulative return (9.41% annualised return).

The Fund's performance was driven by holding an overweight (greater exposure than the target benchmark) in shares through bullish market environments, however the Fund's tactical allocations remained dynamic as we managed portfolio risk through episodes of increased volatility and other significant markets events, such as the US Presidential Elections, Brexit and the COVID-19 outbreak.

Over the last 5 years to 1 December 2021, the CTFA Share Class delivered a cumulative return* of 47.16% (8.03% annualised return), underperforming the benchmark, which delivered a 50.34% cumulative return (8.49% annualised return).

The Fund has remained dynamic and adjusted its positioning versus the benchmark as we move through significant market events, as explained in the 3-year performance review. The Fund by design, however, has always held a bias to home assets (UK shares, UK corporate and UK Government bonds) which have experienced a turbulent path since Brexit was announced in June 2016. Nonetheless the team take all investment views on a measured basis to ensure the Fund remains within its target risk profile.

**See performance table for source and calculation*

Market Outlook

The global economic reopening was a key theme for 2021. The rollout of vaccines around the world helped economies to reopen and shares performed well particularly in the developed regions where vaccination numbers are high. However, the combination of loose government policy, pent up demand over lockdowns, and post-COVID-19 optimism passing, will require the reassessment of interest rates and inflation expectations.

We have seen this to some extent already with longer-term government bonds and are wary of further market volatility on the back of any central bank action. The recent outbreak of the Omicron variant has also caused instability amidst a third wave of cases and potential lockdowns, however we believe that countries are better positioned to react given prior experiences and successful vaccine programmes. Therefore, we are bullish on shares in the medium-term, however are closely monitoring markets and will swiftly adapt the Fund as the environment changes.

Multi Asset Solutions Team

For and on behalf of Santander Asset Management UK Limited

January 2022

Summary of material portfolio changes

for the year ended 1 December 2021

Purchases	Cost £	Note	Sales	Proceeds £	Note
Invesco S&P 500 UCITS ETF	54,079,280		iShares North American Equity Index Fund L Acc	70,725,873	
HSBC FTSE All-Share Index Fund I Inc	33,272,381		iShares Core FTSE 100 UCITS ETF*	51,463,305	
HSBC European Index Fund I Inc	25,930,493		iShares UK Gilts All Stocks Index Fund L Acc	28,087,517	
iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	18,427,627		iShares Continental European Equity Index Fund L Acc	24,066,593	
iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	18,422,791		iShares Edge MSCI Europe Value Factor UCITS ETF Acc EUR	20,162,361	
iShares Corporate Bond Index Fund L Acc	13,488,951		iShares Edge MSCI USA Value Factor UCITS ETF Acc USD	19,656,400	
Amundi MSCI Em Asia UCITS ETF USD	12,084,627		iShares Corporate Bond Index Fund L Acc	15,789,831	
Xtrackers S&P 500 Swap UCITS ETF 1C USD	11,781,620		Xtrackers S&P 500 Swap UCITS ETF 1C USD	12,159,012	
Invesco EQQQ NASDAQ-100 UCITS ETF	11,707,499		Invesco EQQQ NASDAQ-100 UCITS ETF	11,753,179	
iShares £ Ultrashort Bond UCITS ETF	10,002,240		Amundi MSCI Em Asia UCITS ETF USD	10,968,055	
iShares Global Clean Energy UCITS ETF	8,155,609		iShares Japan Equity Index Fund L Acc	7,488,174	
Vanguard UK Investment Grade Bond Index Fund Acc	7,981,157		iShares Global Clean Energy UCITS ETF	6,326,030	
Pictet - Security Inc USD	7,732,689		iShares £ Ultrashort Bond UCITS ETF	4,997,463	
UBS MSCI Japan Index Fund	6,972,129		Invesco S&P 500 UCITS ETF	4,477,307	
iShares UK Gilts All Stocks Index Fund L Acc	6,099,274		HSBC FTSE All-Share Index Fund I Inc	3,979,577	
iShares North American Equity Index Fund L Acc	534,359		HSBC European Index Fund I Inc	1,991,720	
iShares Japan Equity Index Fund L Acc	357,456		UBS MSCI Japan Index Fund	1,000,844	
iShares Continental European Equity Index Fund L Acc	285,465		Pictet - Security Inc USD	302,086	
Total cost of purchases for the period	<u>247,315,647</u>	14	Total proceeds from sales for the period	<u>295,395,327</u>	14

All purchases and sales during the period are disclosed above.

Portfolio statement

as at 1 December 2021

Investment	Holding or nominal value of positions at 1 December	Market value £	Percentage of total net assets %
Collective Investment Schemes 90.13% (91.00%)			
HSBC European Index Fund I Inc	2,160,309	24,281,873	6.03
HSBC FTSE All-Share Index Fund I Inc	8,363,118	28,785,852	7.15
Invesco S&P 500 UCITS ETF*	85,940	56,216,745	13.96
iShares £ Ultrashort Bond UCITS ETF*	164,796	16,550,462	4.11
iShares Continental European Equity Index Fund L Acc	4,795,667	15,633,875	3.88
iShares Core FTSE 100 UCITS ETF*	10,573,795	74,344,353	18.46
iShares Corporate Bond Index Fund L Acc	28,408,439	50,112,487	12.44
iShares Japan Equity Index Fund L Acc	9,262,821	24,629,842	6.12
iShares North American Equity Index Fund L Acc	5,857,282	36,151,145	8.98
iShares UK Gilts All Stocks Index Fund L Acc	7,062,200	13,375,806	3.32
Pictet - Security Inc USD	25,824	8,900,878	2.21
UBS MSCI Japan Index ETF*	149,032	5,924,022	1.47
Vanguard UK Investment Grade Bond Index Fund Acc	74,780	8,058,532	2.00
		362,965,872	90.13
Futures 0.33% (- 0.16%)			
E-Mini S&P 500 Dec' 21	57	373,925	0.09
FTSE 100 Dec '21	654	967,920	0.24
		1,341,845	0.33
Portfolio of investments		364,307,717	90.46
Net other assets		38,433,215	9.54
Total net assets		402,740,932	100.00

Figures in brackets represent sector distribution at 1 December 2020.

All Collective Investment Scheme securities are not listed and are valued using publicly available market data unless otherwise stated.

*Collective Investment Scheme securities which are exchange traded funds listed on recognised exchanges.

Futures securities are derivative instruments listed on recognised exchanges.

Comparative tables

Change in net asset value per share	CTF Accumulation*			I Accumulation**		
	2021 p	2020 p	2019 p	02.12.2020 to 07.07.2021 p	2020 p	2019 p
Opening net asset value per share	364.36	361.38	329.42	156.80	153.73	100.00
Return before operating charges	44.62	8.16	37.13	13.47	3.59	54.25
Operating charges	(6.11)	(5.18)	(5.17)	(0.57)	(0.52)	(0.52)
Return after operating charges	38.51	2.98	31.96	12.90	3.07	53.73
Distributions	(0.38)	(1.24)	(1.61)	(0.78)	(2.23)	–
Retained distributions on accumulation shares	0.38	1.24	1.61	0.78	2.23	–
Closing net asset value per share	402.87	364.36	361.38	169.70	156.80	153.73
****after direct transaction costs of	0.00	0.02	0.00	0.00	0.01	0.00
Performance	2021	2020	2019	02.12.2020 to 07.07.2021	2020	2019
Return after charges***	10.57%	0.82%	9.70%	8.23%	2.00%	53.73%
Closing net asset value (£'s)	402,740,932	415,229,088	409,790,310	698,677	643,436	10,249
Closing number of shares	99,967,656	113,961,632	113,395,014	411,713	410,356	6,667
Operating charges	1.50%	1.50%	1.50%	0.35%	0.35%	0.35%
Direct transaction costs****	0.00%	0.01%	0.01%	0.00%	0.01%	0.01%
	p	p	p	p	p	p
Highest share price	412.6	371.7	365.1	170.1	158.4	153.9
Lowest share price	364.2	288.2	312.4	157.0	123.0	148.9

* The Retail Accumulation share class changed its name to R Accumulation Shares on 2 December 2019 and subsequently to CTF Accumulation on 7 July 2021.

** The I Accumulation share class commenced on 4 October 2019 and closed on 7 July 2021.

*** 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 period compared to the equivalent for the prior period. 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.

**** Direct transaction costs include broker commissions and taxes paid by the sub-fund on each purchase or sale transaction, there were no direct transaction costs for the period under review. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

Financial Statements - International Multi-Index

Statement of total return

for the year ended 1 December 2021

	Note	2021		2020	
		£	£	£	£
Income					
Net capital gains	1		41,632,925		2,366,670
Revenue	2	6,515,626		7,246,206	
Expenses	3	(6,235,931)		(5,937,661)	
Interest payable and similar charges	4	(4,518)		—	
Net revenue before taxation	5	275,177		1,308,545	
Taxation		—		—	
Net revenue after taxation			275,177		1,308,545
Total return before distributions			41,908,102		3,675,215
Distributions	6		(410,199)		(1,431,578)
Change in net assets attributable to shareholders from investment activities			41,497,903		2,243,637

Statement of change in net assets attributable to shareholders

for the year ended 1 December 2021

		2021		2020	
		£	£	£	£
Opening net assets attributable to shareholders			415,872,524		409,800,559
Amounts receivable on issue of shares		1,116,060		9,459,923	
Amounts payable on cancellation of shares		(56,192,009)		(7,062,215)	
			(55,075,949)		2,397,708
Dilution adjustment			62,238		4,421
Change in net assets attributable to shareholders from investment activities			41,497,903		2,243,637
Retained distributions on accumulation shares			384,216		1,426,199
Closing net assets attributable to shareholders			402,740,932		415,872,524

Balance sheet*as at 1 December 2021*

	Note	2021 £	2020 £
Assets:			
Fixed assets:			
Investments		364,307,717	379,091,836
Current assets:			
Debtors	7	860,658	2,307,106
Cash and bank balances	8	45,842,385	39,052,465
Total assets		<u>411,010,760</u>	<u>420,451,407</u>
Liabilities:			
Creditors			
Bank overdrafts	8	(7,064,669)	(3,600,086)
Other creditors	9	(1,205,159)	(978,797)
Total liabilities		<u>(8,269,828)</u>	<u>(4,578,883)</u>
Net assets attributable to shareholders		<u><u>402,740,932</u></u>	<u><u>415,872,524</u></u>

Notes to the financial statements

for the year ended 1 December 2021

1. Net capital gains	2021	2020
	£	£
Realised gains on non-derivative securities	43,905,257	12,584,015
Unrealised losses on non-derivative securities	(11,463,398)	(4,759,677)
Realised gains/(losses) on derivative contracts	8,807,011	(6,720,751)
Unrealised (losses)/gains on derivative securities	(278,263)	647,885
Currency losses	(12,346)	–
Rebates from holdings in Collective Investment Schemes	674,664	615,198
Net capital gains	<u>41,632,925</u>	<u>2,366,670</u>
2. Revenue	2021	2020
	£	£
UK dividends	1,743,528	2,202,553
Overseas UK tax exempt revenue	3,675,297	3,379,808
Overseas UK taxable revenue	77,343	58,863
Unfranked revenue	1,018,578	1,586,819
Bank Interest	880	18,163
Total revenue	<u>6,515,626</u>	<u>7,246,206</u>
3. Expenses	2021	2020
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>6,235,931</u>	<u>5,937,661</u>
4. Interest payable and similar charges	2021	2020
	£	£
Overdraft interest	1,144	–
Margin interest	3,374	–
Total interest payable and similar charges	<u>4,518</u>	<u>–</u>

Notes to the financial statements (continued)

for the year ended 1 December 2021

5. Taxation

	2021	2020
	£	£
a. Analysis of the tax charge for the year		
Total tax charge (note 5b)	–	–

b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2020 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2021	2020
	£	£
Net revenue before taxation	275,177	1,308,545
Corporation tax @ 20%	55,035	261,709
Effects of:		
Revenue exempt from UK Corporation tax	(1,083,766)	(1,116,472)
Capital taxable revenue not in net revenue	134,933	123,040
Management expenses not relieved	893,798	731,723
Total tax charge (note 5a)	–	–

c. Deferred taxation

At the year end there is a potential deferred tax asset of £5,138,463 (2020 - £4,244,665) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or prior year.

6. Distributions

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

	2021	2020
	£	£
Interim accumulation distributions paid	5,729	459,588
Final accumulation distributions payable	378,487	966,610
	384,216	1,426,198
Equalisation:		
Amounts deducted on cancellation of shares	28,726	18,398
Amounts added on issue of shares	(2,743)	(13,018)
Distributions	410,199	1,431,578

Notes to the financial statements (continued)

for the year ended 1 December 2021

6. Distributions (continued)

Reconciliation between net revenue and distributions:	2021	2020
	£	£
Net revenue after taxation per Statement of total return	275,177	1,308,545
Add:		
Undistributed revenue brought forward	89	82
Capital tax relief	134,933	123,040
Deduct:		
Undistributed revenue carried forward	–	(89)
Distributions	410,199	1,431,578

Details of the distribution per share are disclosed in the distribution table on page 144.

7. Debtors

	2021	2020
	£	£
Amounts receivable on issue of shares	83,169	250,072
Sales awaiting settlement	–	1,998,874
Rebates from holdings in Collective Investment Schemes	270,683	53,440
Sundry debtors	–	4,720
Accrued revenue	506,806	–
Total debtors	860,658	2,307,106

8. Cash and bank balances

	2021	2020
	£	£
Amounts held at futures clearing houses and brokers	3,692,079	4,655,784
Cash and bank balances	42,150,306	34,396,681
Total cash and bank balances	45,842,385	39,052,465
Bank overdraft*	7,064,669	3,600,086

As at 1 December 2021, the weighted average of the floating interest rate on bank balances was 0.01% (2020 - 0.01%).

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

9. Other creditors

	2021	2020
	£	£
Amounts payable on cancellation of shares	650,740	446,487
Accrued expenses	554,419	532,310
Total other creditors	1,205,159	978,797

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. 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 globally in a wide range of bonds issued by companies, governments, government bodies and supranationals, and in shares of listed companies. To obtain exposure to these assets, between 80% and 100% of the Fund's investments will be accessed indirectly by purchasing units in Passively Managed Collective Investment Schemes. The main risk arising from each 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 within the underlying collectives or may be due to general market factors (such as specific government policies or the health of the underlying economy).

Adherence to investment guidelines and to investment and borrowing powers as set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Funds Sourcebook (COLL) mitigates the risk of excessive exposure to any particular type of security or issuer.

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 in holdings in Collective Investment Funds is monitored by the Manager by understanding the investment objectives of each underlying Fund as well as a regular risk and performance review. The overall portfolio is stress tested on an on-going basis to identify and measure market specific risks of the Fund. The Fund is authorised to use derivatives but the usage of such is not expected to alter the overall risk profile of the Fund.

A 5% increase in the value of Fund's portfolio would have the effect of increasing the return and net assets by £18,215,386 (2020- £18,954,592). A 5% 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. Collectives which hold cash balances and invest in fixed interest securities will be subject to such risk.

Interest risk in holdings of Collective Investment Schemes is monitored by the Manager by understanding the investment objectives of the underlying sub-funds as well as a regular risk and performance review with external managers. The Manager manages such risk by maintaining a diversified portfolio taking into account interest rate and duration, credit rating profile and other parameters such as the geographical and currency exposure of the underlying collectives. If interest rates rise, the revenue potential of the sub-funds will also rise, but the capital value of fixed rate 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 1 December 2021, 9.63% (2020 - 9.39%) of the Fund's assets were interest bearing.

As the only interest bearing assets held by the Fund are bank balances and no significant interest was received for the bank balances in note 8, changes in interest rates would have no material impact on assets or liabilities as at the balance sheet date. Consequently, no sensitivity analysis has been presented.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

c) Currency Risk

The Fund invests in Collective Investment Schemes which may have exposure to foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the collectives can therefore be significantly affected by currency movements.

The ACD assesses the risk and control processes and procedures of the management company of each collective. This ensures the collective is consistent with the risk profile of the Fund.

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

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £8,215,386 (2020 - £7,751,783). A 5% weakening in GBP would increase the value by £9,080,163 (2020 - £8,567,760).

For numerical disclosure see note 15.

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 Fund seeks to minimise counterparty credit risk by investing in a diversified portfolio of regulated Collective Investment Schemes. In addition, the Manager will ensure that underlying schemes have an exposure to credit risk that is consistent with the overall objectives of the Fund.

e) Liquidity risk

Liquidity risk may result in the inability of the Fund to meet redemptions of shares 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 Manager seeks to limit liquidity risk of the sub-funds by selecting collectives with daily liquidity. In addition, the Manager will invest in a diversified portfolio of collectives with different liquidity profiles.

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 are subject to a strict selection process as well as an on-going monitoring to ensure that counterparty risk is minimised.

Notes to the financial statements (continued)

for the year ended 1 December 2021

10. Risk disclosures (continued)

g) Brexit risk

After officially leaving the European Union on 31 January 2020, the United Kingdom and the EU agreed and signed the Trade and Cooperation Agreement on 30 December 2020. This agreement sets out the post-transition phase arrangements in areas such as trade in goods and some services, transportation and fisheries, amongst others.

However, the Agreement omits details on the future relationship with respect to Financial Services, and there is ongoing uncertainty as to its implementation. Failure to find an agreed way forward could potentially result in higher volatility in the financial markets of the United Kingdom and more broadly across Europe, given the ongoing-lack of clarity. Increased currency volatility may mean that the returns of the Fund and its investments are adversely affected by market movements, potential decline in the value of the British Pound and/or Euro. This may also make it more difficult, or more expensive for the Fund to execute prudent currency hedging policies.

It is difficult to forecast the mid to long term impact of Brexit on the UK economy generally and on cross-border investor flows, including demand for Sterling-denominated assets. The ability of the relevant Fund to execute their respective strategies may be adversely impacted, resulting in unattractive investment returns compared to historical standards, and may also result in increased costs to the relevant Fund.

h) COVID 19 risk

In early 2020 the Covid 19 pandemic caused a significant financial market downturn that affected many areas of investments in the UK and globally as most government authorities implemented restrictions on movement, causing substantial reduction in economic activity. The successful vaccination programmes in a number of western countries has led to an increase in economic activity and there is a focus to improve vaccination rates in developing countries. However future mutations of the virus and the ability of vaccines to provide protection pose a risk to the continuing improvement in economic activity. This may impact financial markets via higher levels of market and currency volatility, reduced dividends, and greater credit risk.

i) Investment style and investment management risk

Shareholders in the Fund face a risk that the investment choices made by the ACD and/or Sub-Investment Manager(s) on their behalf deliver returns that are inferior to alternative choices. Depending on market and economic conditions and investor sentiment, specific types of instruments or investment styles may shift in and out of favour. A Fund with one investment style may outperform or underperform other funds that employ different investment styles.

Further, each Fund is subject to the risk that the ACD and/or any Sub-Investment Manager(s) appointed for that Fund may not select instruments which optimally achieve the implementation of an investment style for that Fund.

Notes to the financial statements (continued)

for the year ended 1 December 2021

11. 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 3. 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 period end date are disclosed in notes 7 & 9. Amounts payable to the ACD in respect of management fees are disclosed in note 3. £1,121,989 (2020 - £728,725) was due to the ACD at the period end date.

Material shareholders

As at 1 December 2021, 100.00% (2020 - 97.09%) of the shares in issue in the International Multi-Index Fund were held by Family Investments Client Asset which is a separate nominee company but deemed as a related party due to being a material shareholder.

12. Shareholders' funds

The Fund currently has one share class; CTF Accumulation shares. The following is a reconciliation of the opening shares in issue to the closing shares in issue for each share class during the period;

	2021	2020
	No of Shares	No of Shares
CTF Accumulation Shares*		
Opening shares in issue	113,961,632	113,395,014
Shares issued in the period	206,653	2,569,971
Shares cancelled in the period	(14,200,629)	(2,003,353)
Closing shares in issue	<u>99,967,656</u>	<u>113,961,632</u>
	2021	2020
	No of Shares	No of Shares
I Accumulation Shares**		
Opening shares in issue	410,356	6,667
Shares issued in the period	357,785	441,710
Shares cancelled in the period	(768,141)	(38,021)
Closing shares in issue	<u>-</u>	<u>410,356</u>

* The Retail Accumulation share class changed its name to R Accumulation Shares on 2 December 2019 and subsequently to CTF Accumulation on 7 July 2021.

** The I Accumulation share class commenced on 4 October 2019 and closed on 7 July 2021.

Notes to the financial statements (continued)

for the year ended 1 December 2021

13. Fair value disclosure

	2021	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	154,377,427	–
Observable inputs using market data*	209,930,290	–
	<u>364,307,717</u>	<u>–</u>
	2020	
	Investment	Investment
	Assets	Liabilities
	£	£
Quoted prices for identical instruments in active markets*	126,074,875	–
Observable inputs using market data*	253,016,961	–
	<u>379,091,836</u>	<u>–</u>

* Details of the securities included within the fair value hierarchy are detailed on page 11, accounting policy (b) valuation of investments.

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Purchases after transaction costs	Commission as % of Purchases
2021	£	£	£	%
Collective Investment Schemes	247,315,647	–	247,315,647	–
Total purchases	247,315,647	–	247,315,647	
2020	£	£	£	%
Collective Investment Schemes	84,558,953	20,463	84,579,416	0.02
Total purchases	84,558,953	20,463	84,579,416	

Asset Class	Sales before transaction costs	Broker Commission	Sales after transaction costs	Commission as % of Sales
2021	£	£	£	%
Collective Investment Schemes	295,395,327	–	295,395,327	–
Total purchases	295,395,327	–	295,395,327	
2020	£	£	£	%
Collective Investment Schemes	67,084,228	(1,491)	67,082,737	–
Total purchases	67,084,228	(1,491)	67,082,737	

Notes to the financial statements (continued)

for the year ended 1 December 2021

14. Purchases, sales and transaction costs (continued)

	Broker Commission
2021	£
Total costs from purchases & sales	–
Total costs as % of Average NAV	–
2020	£
Total costs from purchases & sales	21,954
Total costs as % of Average NAV	0.01%

There were direct transaction costs associated with derivatives in the year of £Nil (2020 - £6,809) which is 0.00% of the Average NAV of the Fund (2020 - 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 estimated average dealing spread including the effects of foreign exchange for this Fund is 0.15% (2020 - 0.21%) of the transaction value.

15. Currency risk

The analysis and tables provided below refer to the narrative disclosure on Risk disclosures in note 10.

Currency	Net foreign currency assets		Total £
	Monetary exposures £	Non-monetary exposures £	
2021			
UK Sterling	39,110,392	297,848,249	336,958,641
US Dollar	664,668	65,117,623	65,782,291
2020			
UK Sterling	37,428,574	215,656,513	253,085,087
Euro	–	37,083,598	37,083,598
Japanese Yen	–	31,056,446	31,056,446
US Dollar	–	94,647,393	94,647,393

16. Post balance sheet events

Subsequent to the year end, the net asset value per share of the CTF Accumulation Shares class has decreased from 402.9p to 385.6p as at 14 March 2022. This movement takes into account routine transactions but also reflects the market movements of recent months.

Russia/Ukraine conflict

Following the year end, volatility has been observed in global capital markets due to the ongoing geopolitical situation in Europe. A number of multinational companies have ceased operations in Russia and this coupled with rising energy prices may adversely impact the global economy. It is difficult to quantify the longer term impacts of these events but the value of assets may be adversely impacted.

Distribution tables*for the year ended 1 December 2021*

Distributions on CTF Accumulation Shares in pence per share*

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.08.21	interim	0.0000	–	0.0000	0.3979
	01.02.22	final	0.3786	–	0.3786	0.8438
Group 2						
	01.08.21	interim	0.0000	–	0.0000	0.3979
	01.02.22	final	0.2543	0.1243	0.3786	0.8438

Distributions on I Accumulation Shares in pence per share**

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2021/2022	Distribution paid 2020/2021
Group 1						
	01.08.21	interim	0.7785	–	0.7785	1.0133
	01.02.22	final	n/a	n/a	n/a	1.2190
Group 2						
	01.08.21	interim	0.2268	0.5517	0.7785	1.0133
	01.02.22	final	n/a	n/a	n/a	1.2190

*The Retail Accumulation share class changed its name to R Accumulation Shares on 2 December 2019 and subsequently to CTF Accumulation on 7 July 2021.

**The I Accumulation share class commenced on 4 October 2019 and closed on 7 July 2021.

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 1 December, and the interim reporting period ends on 1 June.

The annual reports of the Company are published on or before 1 April and half yearly reports by 1 August each year.

Classes of Share

The Santander Atlas Portfolio 3 and Santander Atlas Portfolio 4 Funds currently have two share classes each, these being:

- I Accumulation Shares
- I Income Shares

The Santander Atlas Portfolio 5 and Santander Atlas Portfolio 7 Funds currently have one share class each, being:

- I Accumulation Shares

The International Multi-Index Fund* currently has one share class, being:

- CTF Accumulation Shares

* With effect from 7 July 2021, as part of a project to enhance investor disclosures, the Fund changed its name to International Multi-Index. On the same date, share class I Accumulation Shares closed and share class R Accumulation Shares changed its name to CTF (Child Trust Fund) Accumulation Shares. We wrote out to shareholders advising them of this change. Please refer to the Santander Asset Management Fund Centre for the most up to date Prospectus.

Income attributable to income shares is distributed to shareholders in respect of each accounting period. 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 interim and/or annual accounting period and is reflected in the relevant share price.

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

With the exception of International Multi-Index, the minimum initial investment that can be made for all I Accumulation and I Income share classes is £500.

For Santander Atlas Portfolio 3 and Santander Atlas Portfolio 4, the minimum subsequent investment that can be made to both the I Accumulation and I Income share class is £250.

For Santander Atlas Portfolio 5 and Santander Atlas Portfolio 7, the minimum subsequent investment that can be made to the I Accumulation share class is £250.

For International Multi-Index, the minimum initial and subsequent investment for the CTF Accumulation share class is £1.

Further information (continued)

Annual Management Charge

The annual management charge for International Multi-Index CTF Accumulation Shares is 1.5%. The annual management charge for I Accumulation Shares and I Income Shares for all other Funds is 0.40%.

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.

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 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 must 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 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;

Further information (continued)

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

- (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 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);
- (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 any 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 and 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 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 Funds are 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.

Please contact FNZ TA Services Limited at investorqueries@fnztaservices.com for any enquiries related to applications and instructions to buy, redeem (sell) or switch Shares.

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

- requests received prior to the 12noon Valuation Point are dealt that day;
- if requests are received after the Valuation Point, they are marked at the price at the next Valuation Point; and
- valid instructions to purchase or sell Shares 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 Fund will normally be calculated at 12noon UK time on each Business Day.

The ACD reserves the right to revalue a class or Fund at any time at its discretion.

Further information (continued)

Pricing and dilution adjustment (continued)

For the purpose of calculating the price at which shares in a Fund 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 Fund's investments may be 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 midmarket price. Under certain circumstances this will have an adverse effect on the continuing shareholders in a Fund. This effect is called "dilution".

For the purpose of reducing dilution in a Fund, 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 Fund's investments. This will give a more accurate value of the actual price paid or received.

A dilution adjustment may be applied where a Fund is experiencing large levels or trends of issues and sales relative to its size, or in any other circumstances where the ACD is of the opinion that the interests of shareholders require the imposition of a dilution adjustment.

The dilution adjustment is calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commissions and transfer taxes.

As dilution is directly related to the issues and sales of shares in a Fund, 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.

For the CTF Share Class in International Multi-Index the OCF is expected to exceed its cap of 1.5%. This means, for this Share Class, the ACD will pay all OCF costs which exceed 1.5% out of its own resources.

Taxation

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

For investments into an ISA, the returns will be free from income tax or capital gains tax.

Where a Fund pays dividend distributions, these are paid without any deduction of tax. Since 6 April 2016, the first £5,000 of dividends paid to an individual in any tax year are tax-free. If an individual utilises their tax-free allowance they could be liable to pay additional tax which will depend on the individual's circumstances.

A Fund which is over 60% invested in interest paying and economically equivalent investments for the whole of its distribution period can pay interest distributions, these are generally known as 'bond funds'. Currently only Santander Atlas Portfolio 3 Fund is classed as a bond Fund. Since 6 April 2017 all interest distributions are being paid Gross. 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.

Further information (continued)

Taxation (continued)

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.

Please refer to the Prospectus for further information. 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.

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 shares and any revenue 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 Fund 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

Mehdi Kadhimi

Robert Noach

Jack Treunen (resigned 18 November 2021)

Huw Price (resigned 31 August 2021)

Dr Jocelyn Dehnert

Lazaro de Lazaro Torres

Jacqueline Hughes (appointed 24 November 2021)

Depository

NatWest Trustee and Depository Services Limited

House A, Floor 0

Gogarburn

175 Glasgow Road

Edinburgh EH12 1HQ, United Kingdom

Authorised and regulated by the Financial Conduct Authority

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

141 Bothwell Street

Glasgow G2 7EQ, United Kingdom

Santander Asset Management UK Limited (Company Registration No. SC106669) is registered in Scotland at 287 St Vincent Street, Glasgow G2 5NB, United Kingdom. Authorised and regulated by the Financial Conduct Authority. FCA registered number 122491.

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