

# **Santander Managed OEIC**

Annual report for the year ended 31 March 2023

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

## Report of the Authorised Corporate Director

Santander Managed 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. 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.

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

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

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the 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 Sterling Bond Portfolio

Santander Max 50% Shares Portfolio

Santander Max 70% Shares Portfolio

Santander Max 100% Shares Portfolio

Santander Atlas Portfolio 6

Santander Enhanced Income Portfolio

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

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

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

For further information please refer to the latest Prospectus which is available on [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk).

Financial details and the ACD's review of the individual Funds for the year ended 31 March 2023 are given in pages 16 to 199 of this report.

## Report of the Authorised Corporate Director (continued)

As at the year ended 31 March 2023 there were no Funds with holdings in a second Fund within the Santander Managed OEIC.

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

### Significant Information

#### Remuneration Disclosure

Santander Asset Management UK Limited ("SAM UK") has a Remuneration Policy in place which is designed to support prudential soundness and risk management and ensure appropriate outcomes for customers and markets to reduce the likelihood of harm. The Remuneration Policy is aligned to Remuneration Codes under MiFIDPRU, AIFMD and UK UCITS as set out in Chapters 19G, 19B and 19E respectively of the FCA's Senior Management Arrangements, Systems and Controls (SYSC) Handbook (together "the Remuneration Codes"). The Remuneration Policy is subject to review on an at least annual basis and was last updated in June 2023.

As part of its 2023 annual review process, SAM UK created its own Board Remuneration Committee following Group changes which impacted its previous delegation arrangements to a SAM Global Remuneration Committee. No other material changes were made.

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

Pillar 1 - Sound and Effective Risk Management

Pillar 2 - Long Term Sustainability

Pillar 3 - Competitiveness and Fairness

Pillar 4 - Adequate ratio between fixed and variable pay

Pillar 5 - Transparency

#### Salary and Benefits Structure

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

#### Variable Remuneration

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

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

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

## Report of the Authorised Corporate Director (continued)

### Significant Information (continued)

#### Variable Remuneration (continued)

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

Further information with respect to the Policy is available at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk).

The remuneration disclosure has been provided by SAM UK in its capacity as authorised fund manager of UK AIFs as at 31 December 2022. Remuneration information at an individual UK AIF or UCITS level is not readily available. The remuneration information has been calculated based on the application of SAM UK's Remuneration Policy during the year ended 31 December 2022 with respect to all UK AIFs and UK UCITS it manages. It excludes remuneration paid to Material Risk Takers under the MIFIDPRU Remuneration Code. No adjustments were made collectively or individually due to misconduct, failings or other irregularities.

For the year ended 31/12/2022*	Fixed Remuneration	Variable Remuneration	Total Remuneration	No. of Beneficiaries
Total remuneration awarded by SAM UK during the financial year.	£9,069,917	£7,921,066	£16,990,983	78
Remuneration awarded to Code Staff.**	£2,739,375	£4,908,913	£7,648,289	13

\* The remuneration disclosed above is in relation to the remuneration awarded by SAM UK during the financial year 1 January 2022 to 31 December 2022 and includes Remuneration Code Staff relating to SAM UK's Remuneration Code Staff identified under AIFMD and UK UCITS Remuneration Codes.

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

#### Assessment of Value

Under COLL 6.6.20R (1), Santander Asset Management UK limited, the ACD of the Fund, 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](http://www.santanderassetmanagement.co.uk). Our composite reports will be available annually on 30 April.

## Report of the Authorised Corporate Director (continued)

### Significant Information (continued)

#### Enhanced Income Portfolio – Distributions

##### Year in review:

For the year ended 31 March 2023, whilst not part of the Fund's objective, the ACD sought to "smooth" income paid to Shareholders for the Fund. What income smoothing is intended to achieve is that equal amounts are paid for 11 of the 12 monthly income distributions throughout the financial year, with a final balancing payment in month 12. The income distributions paid are in line with a rate set by the ACD for the Fund at the start of that financial year (after consultation with the Fund's Sub-Investment Manager). The rate is not guaranteed, and the Prospectus explained that the ACD may need to adjust the smoothed income rate during periods of market uncertainty.

For the year ended 31 March 2023, market conditions resulted in the Fund not having built up sufficient income in months one to six to maintain the smoothed rate of payment set at the beginning of the year. The ACD wrote to Shareholders on 18 November 2022 to advise of the need to adjust and lower the income payment for the seventh month. The ACD subsequently re-set the rate and on 25 November 2022 wrote to Shareholders to advise them of the new reduced smoothed income rate for months eight to eleven.

The final balancing payment is dependent on the actual level of income earned by a share class during the financial year and is typically higher or lower than the smoothed income rate. The lower smoothed income rate in months eight to 11, combined with the higher actual income earned during the period resulted in Shareholders receiving a substantial balancing payment in month 12.

Despite the market volatility and rate re-adjustment, overall income distributions received by Shareholders for the whole year ending 31 March 2023, were above the target annual income of 5%.

##### Looking ahead:

The Fund can only distribute income which is recorded as income available for distribution in its accounting book of records at the time of announcing the monthly income distribution. In periods of extreme market volatility projecting a smoothed rate and income available for distribution at the start of the financial year is extremely challenging. The ACD reviewed market practice, customer journey and in the context of Consumer Duty, determined that seeking to continue to pay out in a smoothed manner was no longer in the best interest of Shareholders.

The ACD wrote to Shareholders on 17 April 2023 to advise them that from 1 August 2023 the ACD will remove income smoothing and will instead pay out 'natural income' (i.e. all income accrued by the share class they are invested in during each Payment Period of the Fund's financial year). This means that going forward Shareholders will receive all available income earned by the Fund in the following month's distribution.

## Report of the Authorised Corporate Director (continued)

### Significant Information (continued)

#### Change to the application of swing pricing

The value of a holding in the Funds can be diluted because of transaction costs occurring as a result of other investors buying and selling shares in the Funds. To protect the value of Shareholders' holdings against such dilution, SAM UK applies a "dilution adjustment" (also known as "swing pricing") to the price of the Funds. In practice, the intent of this adjustment is to cover transaction costs so that existing Shareholders are not disadvantaged by bearing any of these costs.

Swing pricing can be applied in two ways:

1. Non-dynamic swing pricing (also known as partial swing pricing), where the price of shares in a fund is adjusted when net buy and sell trades exceed a pre-set threshold each day.
2. Dynamic swing pricing (also known as full swing pricing), where the price of shares in a fund is adjusted when net buy and sell trades exceed zero each day - i.e. there is no pre-set threshold.

For the year ended 31 March 2023, non-dynamic swing pricing applied.

The ACD wrote to Shareholders on 23 March 2023 to advise them that the ACD performed an end-to-end review of the way in which shares in our UK fund range are priced, and have updated our Share Pricing Policy so that from 22 May 2023, dynamic swing pricing will be applied at all times. The ACD believes that this is in the best interests of Shareholders as it:

- (i) provides equal treatment of all investors, irrespective of the size of their transactions; and
- (ii) protects existing Shareholders from dilution in the case of a consistent trend of net buy and sell trades which in isolation would not meet the pre-set threshold to apply a dilution adjustment, but could mount over time and cause dilution.

The ACD recognises that applying dynamic swing pricing to the price of shares in a Fund at all times will mean that this share price will swing more frequently than is currently the case applying non-dynamic swing pricing, and therefore could result in greater levels of performance volatility. However, the volatility historic testing the ACD performed as part of the review referenced above showed that any such impact on the volatility of a Fund's price would be minimal, which means in practice Shareholders are unlikely to observe any difference to a Fund's performance.

Nonetheless the ACD will keep under regular review the impact of the dynamic swing pricing policy on volatility, and the appropriateness of the policy in general.

### Changes in the period

#### Santander Max 50% Shares Portfolio

The ACD's periodic charge for the R share classes reduced from 0.60% to 0.55% and the OCF cap reduced from 1.05% to 1.00% on 27 April 2022. This was to align them to the S class.

#### Santander Max 70% Shares Portfolio

The ACD's periodic charge for the R share class reduced from 0.80% to 0.65% and the OCF cap reduced from 1.30% to 1.10% on 27 April 2022. This was to align it to the S class.

#### Santander Max 100% Shares Portfolio

The ACD's periodic charge for the R share class reduced from 0.85% to 0.70% and the OCF cap reduced from 1.30% to 1.15% on 27 April 2022. This was to align it to the S class.

### Authorised Corporate Director's Statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes 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 year, and to comply with the United Kingdom Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In preparing the financial statements the ACD is required to:

- select suitable accounting policies and apply them consistently;
- make appropriate judgements and best estimates;
- state whether applicable 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 25 July 2023.



**Pak Chan**

**Director**

**For and on behalf of Santander Asset Management UK Limited**

**Authorised Corporate Director of Santander Managed OEIC**

**25 July 2023**



# Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of Santander Managed 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 Investment Funds 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 Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

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

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**NatWest Trustee and Depositary Services Limited**

**Edinburgh**

**April 2023**

# Independent auditors' Report to the Shareholders of Santander Managed OEIC

## Report on the audit of the financial statements

### Opinion

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

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 March 2023 and of the net revenue and the net capital losses on the scheme property of the Company and each of the sub-funds for the year ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Santander Managed Investments OEIC is an Open-Ended Investment Company ('OEIC') with 6 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 31 March 2023; 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 & distribution policies 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 Managed 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 Statement of the Authorised Corporate Director's Responsibilities 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 Managed OEIC

## Report on the audit of the financial statements (continued)

### Responsibilities for the financial statements and the audit (continued)

#### *Auditors' responsibilities for the audit of the financial statements (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](http://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**

**25 July 2023**

## Accounting & distribution policies

for the year ended 31 March 2023

### Accounting policies

#### a. Basis of preparation

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

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

#### b. Valuation of investments

Fair Value Hierarchy - Valuation techniques

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

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

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

All investments are valued at market value at close of business on 31 March 2023. 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.

Suspended securities are valued on a case by case basis depending on the circumstances, details of which, if applicable, are disclosed in the portfolio statement of the individual 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 31 March 2023

### 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:

Dividends are recognised as revenue on the date when the securities are quoted ex-dividend. (In some markets in the Far East, dividends are not announced on ex-dividend date. In these cases, dividends will be estimated based on the last dividend received).

Income distributions from UK Real Estate Investment Trusts ('UK REITs') is split into two parts, a Property Income Distribution (PID) made up of rental revenue and a non-PID element, consisting of non-rental revenue. The PID element is subject to corporate tax as schedule A revenue, while the non-PID element is treated as franked revenue.

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 debt securities, bank deposits and short-term deposits is recognised on an earned basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. Debt securities are accounted for on an effective yield basis irrespective of the level of discount or premium. The amortised amount is accounted for as revenue and forms part of the distributable revenue of the Fund.

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.

Ordinary scrip dividends are recognised wholly as revenue on the basis of the market values of the shares on the date that they are quoted ex-dividend. Where an enhancement is offered the amount by which the market value of the shares on the date they are quoted ex-dividend exceeds the cash dividend is taken to capital. The ordinary element of scrip dividends is treated as revenue and forms part of the Fund's distributions.

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

## Accounting & distribution policies (continued)

for the year ended 31 March 2023

### Accounting policies (continued)

#### f. Expenses

All expenses, other than those relating to the purchase and sale of investments, are paid out of the scheme property of the Funds 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 Sterling Bond Portfolio

Santander Max 50% Shares Portfolio

Santander Max 70% Shares Portfolio

Santander Max 100% Shares Portfolio

Santander Atlas Portfolio 6

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

Expenses are charged to the relevant share class against revenue and are then reallocated to capital for the following Fund:

Santander Enhanced Income Portfolio

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.

## Accounting & distribution policies (continued)

for the year ended 31 March 2023

### Accounting policies (continued)

#### h. Efficient portfolio management (continued)

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.

#### 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.

The Santander Sterling Bond Portfolio fund is known as a 'bond fund' and therefore pays interest distributions.

#### 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 Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023

#### Investment commentary

##### 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 will aim to outperform (after the deduction of fees) the following Target Benchmark measured over a rolling 3 year time period: 90% Markit iBoxx Sterling Non Gilts Index TR and 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR.

It is expected that average outperformance for the Fund will typically not be greater than 0.25% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.

##### Investment Policy

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

The Fund invests:

- a minimum of 70% in bonds issued by companies, supranationals, and other non-sovereign entities; and
- a maximum of 30% in bonds issued by governments (typically these will be bonds issued by the UK Government).

The Fund may invest globally (including up to 5% in non-developed markets) but at least 95% of its investments must be denominated in or Hedged to Pounds Sterling, and at least 70% denominated in Pounds Sterling.

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

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

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

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

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

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

## Santander Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process

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

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

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

The investment guidelines the ACD has put in place for the Sub-Investment Manager include:

- an objective to outperform the Target Benchmark on average each year measured over rolling 3 year periods. This will be consistent with the Fund's objective to outperform the Target Benchmark after the deduction of fees, although not identical because the target set for the Sub-Investment Manager will be measured before the deduction of the Fund's fees; and
- risk management measures, including a maximum Tracking Error, detailed below which reference the Target Benchmark. These will be commensurate to the outperformance objective noted above.

The primary way the Sub-Investment Manager aims to achieve the Fund's investment objectives is by selecting bonds which will outperform the Target Benchmark. It is expected that average outperformance for the Fund will typically not be greater than 0.25% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.

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

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

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

The Sub-Investment Manager will also factor in the value of a bond, by assessing the interest payments the bond will make, and look for opportunities where they believe bonds have been mispriced.

## Santander Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process (continued)

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

The Fund overall will typically be managed with a Tracking Error (against the Target Benchmark) of up to 2%. The Tracking Error of the Fund's portfolio may occasionally (for instance during volatile market conditions) be higher than 2% provided this is consistent with the investment strategy of the Fund. The Sub-Investment Manager is also subject to certain investment restrictions which reference an index in the Target Benchmark, relating to the credit rating of bond issuers, and the Duration of bonds, as part of its investment process. These are risk management measures.

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

##### Further Information

The Target Benchmark for the Fund has been selected as it is representative of the Fund's investment policy.

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

In respect of the Fund's objective to outperform the Target Benchmark after the deduction of fees, the term "fees" includes all fees, costs, charges, expenses and liabilities which are deducted from the value of Fund property for the purpose of calculating its NAV.

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.

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

The base currency of the Fund is UK Sterling.

##### Sub-Investment Manager

BlackRock Investment Management (UK) Limited

##### Risk Profile

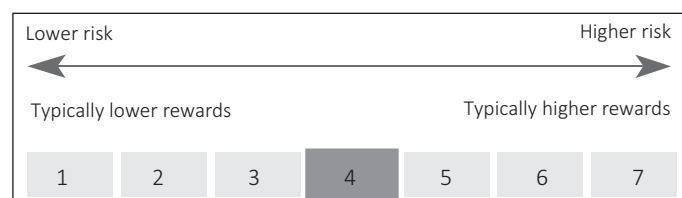
The main risk within the portfolio relate to changes in the prices of securities held. Other risks include: credit risk, interest rate risk, liquidity risk and counterparty risk, which are outlined in more detail in the notes to the financial statements. The ACD reviews policies for managing these risks regularly as part of the process for achieving the investment objective. The Fund does not borrow in the normal course of business.

## Santander Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Risk and Reward Indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication of the future risk profile of the Fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

##### Performance

Percentage price change from 31 March 2022 to 31 March 2023		
Santander Sterling Bond Portfolio R Accumulation Share Class		-10.41%
90% Markit iBoxx Sterling Non Gilts Index TR and 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR		-10.81%
Percentage price change from 31 March 2020 to 31 March 2023	Annualised	Cumulative
Santander Sterling Bond Portfolio R Accumulation Share Class	-3.61%	-10.45%
90% Markit iBoxx Sterling Non Gilts Index TR and 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR*	-4.14%	-11.92%
Percentage price change from 30 March 2018 to 31 March 2023	Annualised	Cumulative
Santander Sterling Bond Portfolio R Accumulation Share Class	-1.15%	-5.62%
90% Markit iBoxx Sterling Non Gilts Index TR and 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR*	-1.11%	-5.43%

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

Source Factset - 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.

\* Prior to 6 December 2021 the Fund had a Comparator benchmark which it was not aiming to outperform. The Fund's updated Target Benchmark is effective from 6 December 2021.

## Santander Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review

The reporting period was a notably turbulent one, with policy U-turns by the UK government fuelling disruption in bond markets<sup>116</sup>. Volatility was further fuelled by the war in Ukraine, attempts by investors to anticipate the course of interest rate rises<sup>117</sup> and instability in the banking sector rattled the global financial system<sup>118</sup>.

Against this backdrop, British consumers remain trapped in a deepening cost-of-living crisis<sup>119</sup>, as pay rises fail to keep pace with inflation<sup>120</sup>. These conditions continued through to the end of the reporting period, with data released in March 2023 revealing an unexpected acceleration in inflation in February, along with the fact that, in particular, food costs rose at their quickest pace for 45 years<sup>121</sup>.

Elevated and persistent inflation forced the Bank of England (BoE) into an unbroken string of interest rate hikes during the reporting period, with rates ultimately sitting at a 14-year high in March 2023<sup>122</sup>. The central bank also warned that further hikes might be necessary<sup>123</sup>.

In September, former UK Prime Minister Liz Truss unsettled markets by announcing a raft of tax cuts and spending plans funded through borrowing, causing the pound to slump to a record low against the dollar<sup>124</sup>.

Yields on 10-year UK government bonds also jumped to their highest level since the global financial crisis of 2008<sup>125</sup>, only easing after the BoE bought £19.3 billion of government bonds in a bid to stabilise the financial system<sup>126</sup>. As bond prices and yields move in opposite directions, high yields caused bond prices to fall.

Truss resigned after 44 days in office, the shortest term yet for a British Prime Minister<sup>127</sup>. While her successor, Rishi Sunak, hiked taxes and cut spending in an attempt to restore the UK's economic credibility<sup>128</sup>, 10-year UK government bond yields have still not fully recovered from the Truss 'mini-budget'<sup>129</sup>.

Against this backdrop, the UK economy appears fragile. The International Monetary Fund (IMF) forecasts that it will be the only major economy to shrink in 2023<sup>130</sup>. In March, the UK government also estimated that the economy would contract 0.2% in 2023<sup>131</sup>.

In March, the failures of US lenders Silicon Valley Bank and Signature Bank rippled through markets, amid fears of a broader crisis<sup>132</sup>. Those fears intensified as scandal-tainted financial services giant Credit Suisse lost the backing of a key shareholder<sup>133</sup>. However, some market stability was restored after regulators arranged a takeover by larger Swiss rival UBS<sup>134</sup>.

<sup>116</sup> Reuters, 23 September 2023

<sup>117</sup> The Guardian, 15 June 2022

<sup>118</sup> CBS News, 15 March 2023

<sup>119</sup> Sky News, 14 December 2022

<sup>120</sup> CNN, 16 November 2022

<sup>121</sup> The Guardian, 22 March 2023

<sup>122</sup> The Bank of England, 23 March 2023

<sup>123</sup> Reuters, 23 March 2023

<sup>124</sup> The Guardian, 30 September 2022

<sup>125</sup> Trading Economics, 31 March 2023

<sup>126</sup> Sky News, 13 January 2023

<sup>127</sup> Sky News, 21 October 2022

<sup>128</sup> Deutsche Welle, 17 October 2022

<sup>129</sup> Financial Times, 31 March 2023

<sup>130</sup> BBC, 31 January 2023

<sup>131</sup> Associated Press, 15 March 2023

<sup>132</sup> CNN, 20 March 2023

<sup>133</sup> The Guardian, 15 March 2023

<sup>134</sup> BBC, 20 March 2023

## Santander Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance Review and Investment Activity

The Fund's objective is to provide a combination of capital growth and income over a period of five or more years. It aims to outperform (after fees) the Target Benchmark over a rolling three year period.

Over the 12 months through 31 March 2023, the Fund's Retail Accumulation share class returned -10.41%, compared with -10.81% for the Target Benchmark.

The Fund benefitted from carefully trading corporate bonds amid the heightened volatility that followed both Truss' 'mini-Budget' and the banking woes of March 2023.

The Sub-Investment Manager's holdings of euro-denominated bonds, which performed well over the period, also positively affected the Fund's holdings that aren't included as part of the Target Benchmark.

The Fund was overweight, relative to the Target Benchmark – meaning that it contained more of the relevant asset than the Target Benchmark – in assets expected to benefit once financial markets and economies improve.

The Fund had a significant allocation to bonds in the banking sector. In this category, the Fund benefited from a bias in favour of higher-quality senior bonds, which are paid out before subordinated bonds in the event that the company issuing them becomes insolvent.

From mid-October to mid-February, the Sub-Investment Manager used a pricing gap in the market to reduce risk in some areas of the Fund's holdings, while improving the quality of the bonds it holds. This included reducing positions in companies that are sensitive to economic changes, such as car manufacturers.

At the same time, the Sub-Investment Manager expanded the Fund's positions in UK utilities, focusing on companies involved in shifting away from fossil-based energy production and towards renewable sources. Here, it held a preference for high-quality utilities that would only have a limited involvement in any disruption of gas flows.

New bond sales in November and January were attractively priced and performed well<sup>135</sup>. An increased supply of bonds allowed the Sub-Investment Manager to boost the Fund's holdings of well-known financial institutions with high-quality reserves of capital.

Over three years, the Fund's Retail Accumulation share class has produced a cumulative return of -10.45% (-3.61% annualised). The Target Benchmark returned -11.92% (-4.14% annualised) over the same period.

Over five years, the Fund's Retail Accumulation share class has made a cumulative return of -5.62% (-1.15% annualised). Over the same period, the Target Benchmark has returned -5.43% (-1.11% annualised).

<sup>135</sup> Sub-Investment Manager

## Santander Sterling Bond Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Outlook

Global bond markets continue to experience heightened levels of volatility. We remain cautious on the economic outlook for the year, with the IMF predicting that growth in nine out of 10 advanced countries will decelerate<sup>136</sup>.

As such, the Sub-Investment Manager reduced the Fund's position in corporate bonds to bring it to a neutral stance, in line with that of the Target Benchmark. Interest rate increases and expectations that corporate bond sales will remain high also informed its view.

The Sub-Investment Manager will continue to seek fundamentally strong companies that are able to withstand an uncertain economic backdrop thanks to their high-quality assets, strong cash flows and healthy levels of debt.

It has concentrated on well-known financial institutions with high-quality reserves of capital. The Fund's position here is modestly overweight, relative to the Target Benchmark, with most of its holdings concentrated in the top layer of capital held by banks.

Within the corporate sector, the Fund is overweight utilities, relative to the Target Benchmark. This sector is considered to be more resilient to changes in the economy, while possessing attractive valuations compared to sectors that may be more vulnerable to economic changes. More vulnerable sectors include real estate, building materials and chemicals.

With instability persisting, the Sub-Investment Manager is monitoring risks closely.

**Robert McElvanney**

**Head of UK Front Office**

**For and on behalf of Santander Asset Management UK Limited**

**May 2023**

<sup>136</sup> IMF, 30 January 2023

## Summary of material portfolio changes

for the year ended 31 March 2023

Purchases	Cost £	Note	Sales	Proceeds £	Note
UK Treasury 1% 2032	12,420,419		UK Treasury 1% 2032	12,403,278	
UK Treasury 4.75% 2030	9,001,259		Bank of America 3.584% 2031	5,660,814	
UK Treasury 1.75% 2037	6,843,828		US Treasury 1.6418% 2027	5,474,876	
Bank of America 3.584% 2031	5,878,008		UK Treasury 1.75% 2037	5,237,257	
US Treasury 1.6418% 2027	5,484,233		UK Treasury 0.25% 2031	4,671,972	
UK Treasury 0.25% 2031	4,324,757		Goldman Sachs Group 1% 2025	4,330,677	
Goldman Sachs Group 3.625% 2029	4,233,393		European Investment Bank 1% 2032	3,955,406	
European Investment Bank 0.875% 2026	3,977,278		UK Treasury 0.625% 2025	3,875,202	
UK Treasury 4.25% 2039	3,353,095		BNP Paribas 2% 2031	3,060,450	
Morgan Stanley 2.95% 2032	3,285,643		Bank of America 1.667% 2029	2,944,472	
UK Treasury 3.5% 2025	3,145,094		UK Treasury 4.25% 2032	2,896,696	
Zurich Finance 5.125% 2052	3,118,373		UK Treasury 4.5% 2034	2,821,449	
Wells Fargo 3.473% 2028	2,885,000		UK Treasury 1.25% 2027	2,676,052	
UK Treasury 4.5% 2034	2,828,349		Lloyds Banking 2.25% 2024	2,653,425	
UK Treasury 4.25% 2032	2,700,098		UK Treasury 1.25% 2051	2,572,927	
UK Treasury 1.25% 2027	2,673,089		UK Treasury 1.5% 2026	2,524,928	
BNG Bank 1.625% 2025	2,562,872		Volkswagen Financial Services 1.125% 2026	2,510,938	
UK Treasury 1.5% 2026	2,519,964		UBS Group 4.75% 2032	2,445,917	
UBS Group 4.75% 2032	2,453,745		BAT International Finance 2.25% 2028	2,348,416	
Nederlandse Waterschapsbank 0.25% 2025	2,425,248		Bouygues 5.375% 2042	2,310,025	
Total cost of purchases for the year	<u>221,406,686</u>	14	Total proceeds from sales for the year	<u>269,458,259</u>	14



**Portfolio statement***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Fixed Interest Securities 94.61% (97.07%)</b>			
<b>AAA to AA 27.76% (21.61%)</b>			
Aspire Defence Finance B 4.674% 2040	£290,102	278,493	0.11
BNG Bank 1.625% 2025	£2,600,000	2,440,194	0.98
Chancellor Masters and Scholars of the University of Oxford 2.544% 2117	£278,000	152,145	0.06
Dexia Credit Local 0.25% 2024	£300,000	278,781	0.11
Dexia Credit Local 0.25% 2026	£400,000	344,740	0.14
European Investment Bank 0.75% 2024	£3,500,000	3,303,160	1.33
European Investment Bank 0.875% 2026	£4,250,000	3,861,422	1.55
European Investment Bank 1.125% 2025	£3,500,000	3,283,700	1.32
European Union 3% 2053	€727,120	600,007	0.24
International Dev Association. 0.75% 2024	£337,000	316,645	0.13
Kreditanstalt Fur Wiederaufbau 1.125% 2025	£3,500,000	3,278,415	1.32
Kreditanstalt Fur Wiederaufbau 1.375% 2024	£4,100,000	3,892,244	1.57
Nederlandse Waterschapsbank 0.25% 2025	£2,600,000	2,332,668	0.94
New York Life Global Funding 1.5% 2027	£455,000	397,806	0.16
SNCF Reseau 4.83% 2060	£123,000	126,741	0.05
Telereal Securitisation 5.3887% 2033	£577,391	579,343	0.23
The Wellcome Trust 1.5% 2071	£402,000	170,311	0.07
UK Treasury 0.5% 2029	£2,597,000	2,182,402	0.88
UK Treasury 0.625% 2050	£1,744,000	798,534	0.32
UK Treasury 0.875% 2046	£3,441,000	1,883,861	0.76
UK Treasury 1.125% 2039	£2,302,000	1,566,914	0.63
UK Treasury 1.125% 2073	£1,512,000	674,163	0.27
UK Treasury 1.25% 2041	£3,899,000	2,568,954	1.03
UK Treasury 1.25% 2051	£971,000	539,949	0.22
UK Treasury 1.5% 2047	£4,229,064	2,653,209	1.07
UK Treasury 1.5% 2053	£2,068,000	1,207,453	0.49
UK Treasury 1.625% 2054	£240,000	144,330	0.06
UK Treasury 1.625% 2071	£635,000	355,140	0.14
UK Treasury 1.75% 2037	£7,588,399	5,889,167	2.37
UK Treasury 1.75% 2049	£757,000	496,952	0.20
UK Treasury 1.75% 2057	£193,000	119,424	0.05
UK Treasury 2.5% 2065	£366,000	274,930	0.11
UK Treasury 3.25% 2044	£1,935,000	1,760,028	0.71
UK Treasury 3.5% 2025	£3,147,000	3,119,936	1.26
UK Treasury 3.5% 2068	£349,000	336,916	0.13
UK Treasury 3.75% 2052	£1,640,000	1,610,603	0.65

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>AAA to AA (continued)</b>			
UK Treasury 3.75% 2038	£1,733,000	1,720,652	0.69
UK Treasury 4% 2060	£30,000	31,661	0.01
UK Treasury 4.25% 2039	£1,342,000	1,409,872	0.57
UK Treasury 4.25% 2046	£409,000	431,158	0.17
UK Treasury 4.25% 2049	£2,273,000	2,411,369	0.97
UK Treasury 4.25% 2055	£513,000	553,668	0.22
UK Treasury 4.5% 2042	£300,000	326,842	0.13
UK Treasury 4.75% 2030	£7,117,000	7,770,091	3.13
US Treasury 1.6418% 2027	\$46,794	38,964	0.01
Wellcome Trust 2.517% 2118	£574,000	314,876	0.13
Wellcome Trust 4% 2059	£200,000	185,278	0.07
		69,014,111	27.76
<b>AA- to A+ 5.41% (4.53%)</b>			
Banco Santander 4.75% 2028*	£2,200,000	2,134,000	0.86
Banque Federative Du Credit Mutuel 0.875% 2027	£1,000,000	831,469	0.33
Banque Federative Du Credit Mutuel 1.875% 2028	£900,000	766,926	0.31
Bupa Finance 1.75% 2027	£1,074,000	927,979	0.37
Danske Bank 4.625% 2027	£1,300,000	1,274,000	0.51
DNB Bank ASA 2.625% 2026	£1,155,000	1,092,919	0.44
Metropolitan Life Global Funding 1.625% 2028	£1,245,000	1,053,531	0.42
Metropolitan Life Global Funding 5% 2030	£1,130,000	1,132,407	0.46
Nestle Holdings Inc 2.5% 2032	£650,000	558,727	0.23
Orbit Capital 2% 2038	£166,000	109,446	0.04
PRS Finance 1.75% 2026	£348,135	318,850	0.13
Sovereign Housing Capital 2.375% 2048	£152,000	94,712	0.04
Unite Usaf II 3.921% 2030	£1,886,000	1,810,485	0.73
Zurich Finance 5.125% 2052	£1,484,000	1,345,276	0.54
		13,450,727	5.41
<b>A to A- 14.53% (17.67%)</b>			
America Movil 4.375% 2041	£484,000	418,659	0.17
Anglian Water Services Financing 2.625% 2027	£1,692,000	1,539,974	0.62
Anglian Water Services Financing 4.5% 2026	£242,000	240,161	0.10
Aspire Defence Finance A 4.674% 2040	£111,206	106,756	0.04
Associate 2.5% 2034	£200,000	162,884	0.07
AXA 5.453% Perpetual	£2,523,000	2,465,010	0.99
Bank of America 1.667% 2029	£766,000	637,772	0.26

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>A to A- (continued)</b>			
Blend Funding 2.922% 2056	£1,063,000	706,355	0.28
BNP Paribas 5.75% 2032	£2,400,000	2,420,568	0.97
Clarion Funding 1.875% 2035	£1,662,000	1,177,704	0.47
Clarion Funding 3.125% 2048	£429,000	298,936	0.12
Cooperatieve Rabobank 1.875% 2028	£1,300,000	1,131,000	0.45
DNB Bank 4% 2027	£1,340,000	1,274,675	0.51
Dwr Cymru Financing 2.5% 2036	£114,000	88,393	0.04
ENBW Intl Finance 4% 2035	€580,000	506,987	0.20
Experian Finance 0.739% 2025	£1,577,000	1,428,257	0.57
GlaxoSmithKline Capital 1.625% 2035	£641,000	459,631	0.19
GlaxoSmithKline Capital 5.25% 2033	£697,000	735,445	0.30
Guinness 4% 2044	£826,000	709,402	0.29
HSBC 1.75% 2027	£488,000	426,967	0.17
HSBC 3% 2028	£1,690,000	1,511,749	0.61
Ing Groep N.V 5% 2026	£1,100,000	1,081,757	0.44
JPMorgan Chase & Co 0.991% 2026	£1,942,000	1,771,748	0.71
Legal & General Finance 5.875% 2031	£119,000	127,995	0.05
London & Quadrant Housing 4.625% 2033	£804,000	773,890	0.31
London & Quadrant Housing 5.5% 2040	£1,150,000	1,165,438	0.47
London & Quadrant Housing Trust 3.125% 2053	£101,000	67,383	0.03
Meadowhall Finance 4.986% 2037	£167,755	154,608	0.06
Morgan Stanley 2.95% 2032	€990,000	791,817	0.32
Morgan Stanley 2.95% 2032	€1,320,000	1,055,756	0.43
Morgan Stanley 5.789% 2033	£1,675,000	1,707,210	0.69
Motability Operations Group 1.75% 2029	£1,341,000	1,135,076	0.46
NatWest Markets PLC 6.375 2027	£1,030,000	1,071,715	0.43
Northern Powergrid Northeast 1.875% 2062	£818,000	407,771	0.16
Northern Powergrid Yorkshire 2.25% 2059	£278,000	155,866	0.06
Realty Income Corp 1.875% 2027	£1,130,000	996,118	0.40
Sanctuary Capital 2.375% 2050	£1,209,000	728,694	0.29
Sanctuary Capital 5% 2047	£129,000	124,929	0.05
Sky 6% 2027	£850,000	887,916	0.36
Society of Lloyds 4.875% 2047	£730,000	678,161	0.27
Svenska Handelsbanken 4.625% 2032	£755,000	698,375	0.28
THFC 5.125% 2037	£660,000	663,044	0.27
THFC 5.2% 2043	£423,000	418,561	0.17
Wales & West Utilities Finance 3% 2038	£370,000	280,963	0.11
Yorkshire Water Finance 1.75% 2032	£970,000	722,999	0.29
		36,115,075	14.53

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB 33.62% (38.91%)</b>			
Aegon 6.125% 2031	£980,000	1,030,241	0.42
Aegon 6.625% 2039	£61,000	69,599	0.03
Amgen 4% 2029	£476,000	447,705	0.18
Annington Funding 3.685% 2034	£1,125,000	886,081	0.36
AT&T 4.375% 2029	£597,000	566,643	0.23
AT&T 4.875% 2044	£357,000	316,932	0.13
AT&T 5.5% 2027	£350,000	352,434	0.14
AT&T 7% 2040	£1,100,000	1,242,431	0.50
Aviva 5.125% 2050	£317,000	287,414	0.12
Aviva 6.125% 2036	£540,000	536,927	0.22
Aviva 6.875% 2058	£617,000	640,562	0.26
AXA 6.6862% Perpetual	£244,000	244,367	0.10
Barclays 1.7% 2026	£1,211,000	1,091,159	0.44
Barclays 3% 2026	£2,655,000	2,439,771	0.98
Barclays 5.262% 2034	€835,000	745,601	0.30
Barclays 6.369% 2031	£2,095,000	2,112,975	0.85
BAT International Finance 4% 2026	£1,144,000	1,077,265	0.43
BAT International Finance 6% 2034	£448,000	405,539	0.16
BP Capital Markets 3.25% Perpetual	€800,000	649,238	0.26
BPCE 2.125% 2046	€1,600,000	1,006,941	0.41
BPCE 5.25% 2029	£1,300,000	1,202,062	0.48
British Telecommunications 3.125% 2031	£1,449,000	1,227,176	0.49
British Telecommunications 5.75% 2028	£2,000	2,047	0.00
Bupa Finance 5% 2026	£1,974,000	1,894,389	0.76
Cadent Finance 2.125% 2028	£1,558,000	1,324,082	0.53
Cadent Finance 3.125% 2040	£196,000	140,835	0.06
Centrica 4.375% 2029	£700,000	657,183	0.26
Centrica 5.375% 2043	\$200,000	151,011	0.06
Centrica 7% 2033	£899,000	995,985	0.40
Channel Link Enterprises Finance 3.043% 2050	£439,000	373,062	0.15
Citigroup 7.375% 2039	£498,000	623,519	0.25
Digital 0.625% 2031	€360,000	217,733	0.09
Digital Dutch 1.5% 2030	€186,000	127,185	0.05
Digital Euro Finco 1.125% 2028	€820,000	590,442	0.24
Dong Energy 5.75% 2040	£334,000	346,238	0.14
Dwr Cymru Financing UK 1.625% 2026	£437,000	395,358	0.16
E.On International Finance 5.875% 2037	£100,000	101,709	0.04
E.On International Finance 6.375% 2032	£270,000	290,139	0.12

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB (continued)</b>			
Électricité de France 2% 2049	€200,000	105,597	0.04
Électricité de France 4.625% 2043	€900,000	747,828	0.30
Electricite de France 5.125% 2050	£150,000	127,350	0.05
Électricité de France 5.625% 2053	£700,000	628,705	0.25
Electricite de France 6% 2114	£900,000	823,544	0.33
Enel Finance International 5.75% 2040	£190,000	188,989	0.08
Enel Finance International 7.75% 2052	\$845,000	797,240	0.32
Engie 5% 2060	£550,000	506,850	0.20
Engie 7% 2028	£1,450,000	1,573,531	0.63
Goldman Sachs Group 3.625% 2029	£2,860,000	2,582,065	1.04
Goldman Sachs Group 7.25% 2028	£210,000	226,334	0.09
Great Rolling Stock 6.5% 2031	£344,280	354,306	0.14
Greene King Finance 3.593% 2035	£383,742	324,511	0.13
Greene King Finance 4.0643% 2035	£236,499	202,138	0.08
Heathrow Funding 2.75% 2031	£279,000	238,930	0.10
Heathrow Funding 5.875% 2043	£820,000	839,860	0.34
Heathrow Funding 6.45% 2031	£162,000	172,127	0.07
HSBC 8.201% 2034	£2,130,000	2,244,914	0.90
HSBC Bank 6.25% 2041	£110,000	106,061	0.04
Imperial Brands Finance 5.5% 2026	£789,000	777,638	0.31
Ing Groep N.V 6.25% 2033	£900,000	879,750	0.35
Innogy Finance 6.125% 2039	£350,000	365,072	0.15
Innogy Finance 6.25% 2030	£4,236,000	4,454,571	1.79
Legal & General 3.75% 2049	£170,000	142,666	0.06
Legal & General 4.5% 2050	£352,000	305,297	0.12
Legal & General 5.125% 2048	£807,000	756,320	0.30
Legal & General 5.375% 2045	£811,000	790,657	0.32
Lloyds Banking 1.875% 2026	£2,100,000	1,954,853	0.79
Lloyds Banking 7.625% 2025	£889,000	911,602	0.37
Mexico 5.625% 2114	£481,000	360,428	0.14
Mitchells & Butlers Finance 5.574% 2030	£483,011	465,079	0.19
National Grid Electricity Transmission 2% 2038	£393,000	253,564	0.10
National Grid Electricity Transmission 2% 2040	£826,000	518,012	0.21
National Grid Gas Finance 2.625% 2038	£1,224,000	839,461	0.34
Nationwide Building Society 6.178% 2027	£635,000	644,493	0.26
NatWest Group 2.057% 2028	£266,000	227,640	0.09
NatWest Group 3.619% 2029	£735,000	663,507	0.27
NIE Finance 5.875% 2032	£730,000	771,150	0.31

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB (continued)</b>			
NIE Finance 6.375% 2026	£197,000	204,192	0.08
Orange 5.25% 2025	£1,200,000	1,212,944	0.49
Orange 8.125% 2028	£140,000	161,624	0.07
Orsted 5.375% 2042	£610,000	604,797	0.24
Pension Insurance 8% 2026	£556,000	572,191	0.23
Porterbrook Rail 7.125% 2026	£492,000	521,846	0.21
Prudential 3.875% 2049	£510,000	492,897	0.20
Prudential 5.625% 2051	£995,000	905,143	0.36
Prudential 6.125% 2031	£324,000	322,093	0.13
Quadgas Finance 3.375% 2029	£940,000	778,964	0.31
Rabobank Nederland 4.625% 2029	£1,971,000	1,798,246	0.72
Rentokil 5% 2032	£264,000	257,833	0.10
RL Finance 6.125% 2028	£170,000	165,004	0.07
Santander UK 2.92% 2026*	£229,000	212,970	0.09
Santander UK 7.098% 2027*	£1,840,000	1,886,000	0.76
Scotland Gas Network 4.875% 2034	£57,000	53,800	0.02
Scottish Widows 2.125% 2036	£700,000	497,647	0.20
Severn Trent Utilities Finance 2% 2040	£442,000	276,758	0.11
Severn Trent Utilities Finance 2.625% 2033	£1,315,000	1,056,984	0.43
Severn Trent Utilities Finance 4.625% 2034	£430,000	406,286	0.16
Southern Water Services Finance 1.625% 2027	£1,453,000	1,254,477	0.50
Southern Water Services Finance 6.64% 2026	£563,000	581,706	0.23
SP Manweb 4.875% 2027	£332,000	330,968	0.13
SP Transmission 2% 2031	£240,000	194,153	0.08
SSE 8.375% 2028	£633,000	728,298	0.29
Sweden Bank 7.272% 2032	£1,180,000	1,207,421	0.49
Thames Water Utilities Finance 4.375% 2031	€535,000	470,415	0.19
Thames Water Utilities Finance 6.75% 2028	£740,000	789,285	0.32
Trafford Centre Finance Ltd 7.03% 2029	£320,622	304,636	0.12
Tritax Big Box Reit 1.5% 2033	£511,000	343,520	0.14
United Utilities Water Finance 0.875% 2029	£259,000	200,579	0.08
United Utilities Water Finance 2% 2025	£1,700,000	1,608,689	0.65
Verizon Communications 2.5% 2031	£2,800,000	2,328,804	0.94
Verizon Communications 2.875% 2038	€425,000	320,989	0.13
Verizon Communications 3.375% 2036	£600,000	489,282	0.20
Volkswagen Financial Services 2.25% 2025	£98,000	92,702	0.04
Volkswagen Financial Services 5.5% 2026	£800,000	800,176	0.32
Volkswagen Financial Services 4.25% 2025	£600,000	582,982	0.23

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB (continued)</b>			
Wells Fargo 2.5% 2029	£470,000	395,741	0.16
Wells Fargo 2.5% 2029	£342,000	287,965	0.12
Wells Fargo 3.473% 2028	£915,000	838,680	0.34
Welltower 4.8% 2028	£137,000	129,740	0.05
Western Power Distribution 5.75% 2032	£1,183,000	1,220,343	0.49
		83,572,390	33.62
<b>Below BBB to unrated 13.29% (14.35%)</b>			
Anglian Water Services Financing 2% 2028	£1,398,000	1,121,913	0.45
Barclays 3.75% 2030	£376,000	342,592	0.14
Barclays 8.407% 2032	£620,000	640,150	0.26
Centrica 5.25% 2075	£114,000	107,017	0.04
Charter Communications OPER LLC 5.25% 2053	\$500,000	326,678	0.13
Credit Suisse 0.625% 2033	€940,000	536,970	0.22
Credit Suisse 2.125% 2025	£308,000	283,514	0.11
Credit Suisse 2.25% 2028	£2,002,000	1,672,618	0.67
Credit Suisse 2.875% 2032	€2,250,000	1,641,031	0.66
Credit Suisse 7.75% 2029	€431,000	413,201	0.16
Credit Suisse Group 2.125% 2029	£2,257,000	1,781,856	0.72
Deutsche Bank 4% 2026	£1,800,000	1,685,706	0.68
Deutsche Bank 6.125% 2030	£1,700,000	1,616,751	0.65
Dignity Finance 4.6956% 2049	£530,000	325,388	0.13
Dignity Finance 4.6956% 2049	£145,000	89,021	0.04
Electricite De France 5.875% Perpetual	£500,000	413,750	0.17
Électricité de France 5.875% Perpetual	£600,000	496,500	0.20
Electricite De France 6% Perpetual	£600,000	532,500	0.21
Ford Motor Credit 4.535% 2025	£1,729,000	1,655,811	0.66
Heathrow Funding 2.625% 2028	£1,400,000	1,177,091	0.47
Iberdrola International 1.575% Perpetual	€100,000	72,819	0.03
Iberdrola International 2.25% Perpetual	€300,000	214,741	0.09
Intu Metrocentre Finance 4.125% 2028	£764,572	272,504	0.11
Mitchells & Butlers Finance 6.013% 2030	£620,375	578,099	0.23
NatWest 2.105% 2031	£658,000	553,180	0.22
NatWest 7.416% 2033	£535,000	539,029	0.22
NGG Finance 5.625% 2073	£3,218,000	3,116,453	1.25
Republic of Italy 5.25% 2034	£221,000	216,843	0.09
SSE PLC 4% Perpetual	€884,000	699,875	0.28
Telefonica Emisiones 5.445% 2029	£100,000	101,188	0.04

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Below BBB to unrated (continued)</b>			
Telefonica Emisiones 5.445% 2029	£200,000	202,375	0.08
Tesco Corporate Treasury 2.75% 2030	£400,000	339,141	0.14
Tesco Property Finance 5.4111% 2044	£152,077	144,617	0.06
Tesco Property Finance 5.744% 2040	£1,616,421	1,597,064	0.64
Tesco Property Finance 5.8006% 2040	£421,089	417,205	0.17
Tesco Property Finance 7.6227% 2039	£1,298,425	1,464,029	0.59
Teva Pharmaceutical Finance 4.375% 2030	€1,100,000	816,296	0.33
Teva Pharmaceutical Finance 7.875% 2031	€625,000	567,009	0.23
Thames Water Utilities Cayman Finance 2.875% 2027	£2,129,000	1,843,118	0.74
Time Warner Cable 5.75% 2031	£2,528,000	2,430,045	0.98
		33,045,688	13.29
Total Fixed interest securities		235,197,991	94.61
<b>Money Market Securities 0.64% (0.66%)</b>			
Bupa Finance 5% 2023	£155,000	154,859	0.06
Scottish Widows 5.5% 2023	£900,000	897,741	0.36
Siemens Financieringsmaatschappij 0.875% 2023	£200,000	198,436	0.08
Telecom Italia 5.875% 2023	£250,000	249,437	0.10
Travis Perkins 4.5% 2023	£100,000	98,640	0.04
Total Money Market Securities		1,599,113	0.64
<b>Futures -0.04% (0.19%)</b>			
10 Yr Japan Bond Jun '23	(7)	(11,303)	(0.01)
10 Yr US Ultra Jun '23	(8)	(23,247)	(0.01)
3 Month ICE SONIA Jun '24	96	(69,350)	(0.03)
30 Yr Euro BUXL Jun '23	(6)	(50,987)	(0.02)
Euro BOBL Jun '23	(20)	39,563	0.02
Euro BUND Jun '23	(67)	(8,801)	0.00
Euro Schatz Jun'23	(133)	59,015	0.02
Long Glit Jun '23	113	(29,341)	(0.01)
		(94,451)	(0.04)



**Portfolio statement (continued)***as at 31 March 2023*

				Unrealised	Percentage
Forward currency trades 0.12% (-0.13%)	Settlement	Buy Amount	Sell Amount	Gains/(losses)	of total net assets
Buy GBP : Sell EUR	18/04/2023	15,545,608	(15,314,022)	231,586	0.10
Buy GBP : Sell EUR	18/04/2023	80,086	(79,120)	967	0.00
Buy GBP : Sell EUR	18/04/2023	1,121,440	(1,107,673)	13,766	0.01
Buy GBP : Sell EUR	18/04/2023	132,410	(131,866)	544	0.00
Buy GBP : Sell EUR	18/04/2023	748,711	(747,240)	1,471	0.00
Buy GBP : Sell EUR	18/04/2023	184,959	(184,612)	347	0.00
Buy GBP : Sell EUR	18/04/2023	17,728	(17,582)	146	0.00
Buy GBP : Sell EUR	18/04/2023	267,345	(263,732)	3,614	0.00
Buy GBP : Sell EUR	18/04/2023	527,282	(527,463)	(181)	0.00
Buy GBP : Sell EUR	18/04/2023	79,113	(79,120)	(6)	0.00
Buy GBP : Sell JPY	18/04/2023	15,071	(14,857)	214	0.00
Buy GBP : Sell JPY	18/04/2023	23,855	(23,443)	412	0.00
Buy GBP : Sell USD	18/04/2023	1,620,816	(1,600,895)	19,921	0.01
Buy GBP : Sell USD	18/04/2023	48,937	(48,512)	425	0.00
Buy GBP : Sell USD	18/04/2023	24,515	(24,256)	259	0.00
Buy GBP : Sell USD	18/04/2023	40,319	(40,427)	(108)	0.00
Buy GBP : Sell USD	18/04/2023	16,561	(16,171)	390	0.00
Buy GBP : Sell USD	18/04/2023	99,682	(97,024)	2,658	0.00
Buy GBP : Sell USD	18/04/2023	107,340	(105,109)	2,231	0.00
Buy GBP : Sell USD	18/04/2023	41,831	(40,427)	1,405	0.00
Buy GBP : Sell USD	18/04/2023	24,925	(24,256)	669	0.00
Buy GBP : Sell USD	18/04/2023	16,613	(16,171)	442	0.00
Buy GBP : Sell USD	18/04/2023	41,530	(40,427)	1,104	0.00
Buy GBP : Sell USD	18/04/2023	100,199	(97,024)	3,175	0.00
Buy GBP : Sell USD	18/04/2023	16,536	(16,171)	365	0.00
Buy GBP : Sell USD	18/04/2023	33,400	(32,341)	1,059	0.00
Buy GBP : Sell USD	18/04/2023	16,616	(16,171)	445	0.00
Buy GBP : Sell USD	18/04/2023	16,616	(16,171)	445	0.00
Buy GBP : Sell USD	18/04/2023	143,497	(137,451)	6,046	0.00
Buy GBP : Sell USD	18/04/2023	67,376	(64,683)	2,693	0.00
Buy GBP : Sell USD	18/04/2023	476,928	(468,949)	7,979	0.00
Buy GBP : Sell USD	18/04/2023	5,214,055	(5,166,525)	47,530	0.02
Buy GBP : Sell USD	18/04/2023	40,891	(40,427)	464	0.00
Buy EUR : Sell GBP	18/04/2023	2,584,571	(2,606,523)	(21,952)	(0.01)
Buy EUR : Sell GBP	18/04/2023	1,151,629	(1,158,363)	(6,735)	0.00
Buy EUR : Sell GBP	18/04/2023	246,150	(247,268)	(1,118)	0.00
Buy EUR : Sell GBP	18/04/2023	316,478	(315,923)	555	0.00
Buy EUR : Sell GBP	18/04/2023	984,598	(985,506)	(907)	0.00
Buy EUR : Sell GBP	18/04/2023	114,284	(114,382)	(98)	0.00
Buy EUR : Sell GBP	18/04/2023	96,702	(96,732)	(31)	0.00
Buy USD : Sell GBP	18/04/2023	485,120	(486,283)	(1,164)	0.00

**Portfolio statement (continued)***as at 31 March 2023*

				Unrealised	Percentage
Forward currency trades (continued)	Settlement	Buy Amount	Sell Amount	Gains/(losses)	of total net assets
Buy USD : Sell GBP	18/04/2023	291,072	(294,943)	(3,871)	0.00
Buy USD : Sell GBP	18/04/2023	339,584	(346,809)	(7,225)	0.00
Buy USD : Sell GBP	18/04/2023	299,157	(312,315)	(13,158)	(0.01)
Buy USD : Sell GBP	18/04/2023	88,939	(89,192)	(254)	0.00
				296,519	0.12
<b>Portfolio of investments</b>				<b>236,999,172</b>	<b>95.33</b>
<b>Net other assets</b>				<b>11,598,267</b>	<b>4.67</b>
<b>Total net assets</b>				<b>248,597,439</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31 March 2022.

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

Futures securities are derivative instruments listed on recognised exchanges.

\* Related party to the Fund.

## Comparative tables

Change in net asset value per share	Retail Accumulation Shares		
	2023 p	2022 p	2021 p
Opening net asset value per share	267.87	281.53	268.62
Return before operating charges	(25.96)	(12.21)	15.03
Operating charges	(1.29)	(1.45)	(2.11)
Return after operating charges	(27.25)	(13.66)	12.91
Distributions	(5.60)	(3.72)	(4.23)
Retained distributions on accumulation shares	5.60	3.72	4.23
Closing net asset value per share	240.62	267.87	281.53
**after direct transaction costs of	0.00	0.00	0.00
<b>Performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Return after charges*	(10.17)%	(4.85)%	4.81%
Closing net asset value (£'s)	248,597,439	335,456,837	383,752,173
Closing number of shares	103,315,015	125,230,767	136,307,195
Operating charges	0.53%	0.52%	0.74%
Direct transaction costs**	0.00%	0.00%	0.00%
	<b>p</b>	<b>p</b>	<b>p</b>
Highest share price	271.1	291.6	295.0
Lowest share price	211.3	265.7	270.4

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

## Financial Statements - Santander Sterling Bond Portfolio

### Statement of total return

for the year ended 31 March 2023

	Note	2023		2022	
		£	£	£	£
Income					
Net capital losses	1		(40,018,387)		(22,109,496)
Revenue	2	7,758,063		6,842,833	
Expenses	3	(1,447,548)		(1,942,599)	
Interest payable and similar charges	4	(31,090)		(14,672)	
Net revenue before taxation		6,279,425		4,885,562	
Taxation	5	9		(2,809)	
Net revenue after taxation			6,279,434		4,882,753
Total return before distributions			(33,738,953)		(17,226,743)
Gross distributions	6		(6,279,377)		(4,882,705)
Change in net assets attributable to shareholders from investment activities			(40,018,330)		(22,109,448)

### Statement of change in net assets attributable to shareholders

for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Opening net assets attributable to shareholders		335,456,837		383,752,173
Amounts receivable on issue of shares	71,255		662,850	
Amounts payable on cancellation of shares	(53,152,320)		(31,730,896)	
		(53,081,065)		(31,068,046)
Dilution adjustment		131,953		68,032
Change in net assets attributable to shareholders from investment activities		(40,018,330)		(22,109,448)
Retained distributions on accumulation shares		6,108,044		4,814,126
Closing net assets attributable to shareholders		248,597,439		335,456,837

**Balance sheet****as at 31 March 2023**

	Note	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		237,249,009	328,880,956
Current assets:			
Debtors	7	3,954,306	7,877,663
Cash and bank balances	8	24,479,128	19,918,923
Total assets		<u>265,682,443</u>	<u>356,677,542</u>
Liabilities:			
Investment liabilities		(249,837)	(823,584)
Creditors			
Bank overdrafts	8	(15,936,879)	(11,156,567)
Other creditors	9	(898,288)	(9,240,554)
Total liabilities		<u>(17,085,004)</u>	<u>(21,220,705)</u>
<b>Net assets attributable to shareholders</b>		<u><u>248,597,439</u></u>	<u><u>335,456,837</u></u>

## Notes to the financial statements

for the year ended 31 March 2023

1. Net capital losses	2023	2022
	£	£
Realised (losses)/gains on non-derivative securities	(28,593,252)	33,821,997
Unrealised losses on non-derivative securities	(11,492,830)	(58,504,773)
Gains on derivative contracts	129,130	2,415,063
Gains/(losses) on forward currency contracts	26,259	(429,189)
Currency (losses)/gains	(60,641)	563,483
Rebates from holdings in Collective Investment Schemes	–	35,288
Transaction charges	(27,053)	(11,365)
Net capital losses	<u>(40,018,387)</u>	<u>(22,109,496)</u>
2. Revenue	2023	2022
	£	£
Overseas UK taxable revenue	–	897,714
Unfranked revenue	–	3,780,685
Interest on debt securities	7,701,804	1,622,125
Bank interest	43,927	7,237
Rebates from holdings in Collective Investment Schemes	12,332	535,072
Total revenue	<u>7,758,063</u>	<u>6,842,833</u>
3. Expenses	2023	2022
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>1,383,781</u>	<u>1,861,516</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>32,383</u>	<u>41,007</u>
Other expenses:		
Audit fees	13,759	15,902
Safe custody fees	16,162	22,863
FCA fee	115	70
Tax service fees	1,348	1,241
	<u>31,384</u>	<u>40,076</u>
Total expenses	<u>1,447,548</u>	<u>1,942,599</u>

**Notes to the financial statements (continued)***for the year ended 31 March 2023*

4. Interest payable and similar charges	2023	2022
	£	£
Overdraft interest	6,468	9,665
Interest on margin	24,622	5,007
	<u>31,090</u>	<u>14,672</u>

5. Taxation	2023	2022
	£	£
<b>a. Analysis of the tax charge for the year</b>		
Overseas Tax	(9)	2,809
Total tax charge (note 5b)	<u>(9)</u>	<u>2,809</u>

**b. Factors affecting the tax charge for the year**

The tax assessed for the year is lower (2022 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2022 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2023	2022
	£	£
Net revenue before taxation	<u>6,279,425</u>	<u>4,885,562</u>
Corporation tax @ 20%	1,255,885	977,112
Effects of:		
Capitalised income subject to tax	–	7,058
Overseas tax	(9)	2,809
Revenue not subject to tax	6	4
Tax deductible interest distributions	(1,255,891)	(913,839)
Indexation allowance	–	(70,335)
Total tax charge (note 5a)	<u>(9)</u>	<u>2,809</u>

**6. Distributions**

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

	2023	2022
	£	£
Gross Interim accumulation distributions paid	4,408,590	3,512,765
Gross final accumulation distributions payable	1,699,454	1,301,361
	<u>6,108,044</u>	<u>4,814,126</u>
Equalisation:		
Amounts deducted on cancellation of shares	171,446	70,247
Amounts added on issue of shares	(113)	(1,668)
Gross distributions	<u>6,279,377</u>	<u>4,882,705</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 6. Distributions (continued)

Reconciliation between net revenue and distributions:

	2023	2022
	£	£
Net revenue after taxation per Statement of total return	6,279,434	4,882,753
Add:		
Undistributed revenue brought forward	57	9
Deduct:		
Undistributed revenue carried forward	(114)	(57)
Gross distributions	<u>6,279,377</u>	<u>4,882,705</u>

Details of the distribution per share are disclosed in the distribution table on page 48.

### 7. Debtors

	2023	2022
	£	£
Sales awaiting settlement	–	3,720,317
Accrued revenue	3,935,227	3,954,123
Rebates from holdings in Collective Investment Schemes	19,079	199,126
Sundry debtor	–	4,097
Total debtors	<u>3,954,306</u>	<u>7,877,663</u>

### 8. Cash and bank balances

	2023	2022
	£	£
Amounts held at futures clearing houses and brokers	1,704,904	1,803,253
Cash and bank balances	<u>22,774,224</u>	<u>18,115,670</u>
Total cash and bank balances	<u>24,479,128</u>	<u>19,918,923</u>
Bank overdraft*	<u>15,936,879</u>	<u>11,156,567</u>

As at 31 March 2023, the weighted average of the floating interest rate on bank balances was 0.18% (2022 - 0.00%).

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

### 9. Other creditors

	2023	2022
	£	£
Amounts payable on cancellation of shares	769,860	1,827,933
Purchases awaiting settlement	–	6,950,845
Accrued expenses	<u>128,428</u>	<u>461,776</u>
Total other creditors	<u>898,288</u>	<u>9,240,554</u>



## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 at least 95% in a wide range of bonds issued by companies, supranationals, other non-sovereign entities and governments and is made up of directly held securities. At least 95% of investments will be denominated in or hedged to UK Pounds Sterling, and at least 90% will be investment grade at the time of purchase. The main risk arising from the Fund's financial instruments is market price. The value of securities is not fixed and may go down as well as up. This may be the result of specific factors affecting the value of individual securities held or may be due to general market factors (such as government policy or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers set out in the Prospectus and in the Financial Conduct Authority's Collective Investment funds Sourcebook (COLL) mitigates the risk of excessive 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 is monitored by the Manager and appropriate Sub-Investment Manager by understanding the risk and return characteristics of the underlying investments as well as a regular performance review. The overall portfolio is stress tested to capture market specific risks of the Fund. The use of the derivatives is monitored using the commitment approach. The Fund is authorised to use derivatives to manage the duration of the Fund or the currency risk of the Fund.

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £23,699,917 (2022 - £32,805,738\*). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

\* The prior year comparative disclosure has been restated to reflect the calculation of these figures on a consistent basis with the current year.

#### b) Interest rate risk

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

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

As at 31 March 2023, 98.69% of the Fund's assets were interest bearing (2022 - 103.67%).

As at the balance sheet date, a decrease in interest rates by 300 basis points (2022 - 25 basis points), with all other variables remaining constant, the investment portfolio would increase in value by £59,308,182 (2022 - £6,696,277). An increase in interest rates would have an equal but opposite effect. It is expected that a change in interest rates of similar magnitude would not have a material impact on the portfolio's income stream generated from fixed income assets. In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Numerical disclosure of the interest rate risk is made in note 15.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### c) Currency Risk

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

By diversifying the portfolio of the Fund, where this is appropriate and consistent with the Fund's objectives, the foreign currency risk of a particular investment is reduced. The Manager and appropriate Sub-Investment Manager monitors the currency exposure of the portfolio on an on-going basis to make sure the actual exposure is consistent with his understanding of future currency movements. Where applicable, currency hedging strategies may be employed to reduce currency risks.

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

#### 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 main contributor to credit risk is the risk of default from underlying issuers of fixed income securities.

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

#### Credit Ratings

	Market	Percentage of
	value	total net
2023		assets
Investments	£	%
Investment grade (AAA - BBB)	202,152,303	81.32
Below investment grade (BBB to unrated)	33,045,688	13.29
<b>Total fixed interest securities</b>	<b>235,197,991</b>	<b>94.61</b>
	Market	Percentage of
	value	total net
2022		assets
Investments	£	%
Investment grade (AAA - BBB)	277,441,674	82.72
Below investment grade (BBB to unrated)	48,158,810	14.35
<b>Total fixed interest securities</b>	<b>325,600,484</b>	<b>97.07</b>

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

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### 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 investment adviser 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.

#### g) Investment Style and Investment Management Risk

Shareholders in the Fund face a risk that the investment choices made by the ACD and/or any Sub-Investment Manager(s) for that Fund 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.

#### h) Recession risk

We are currently living in a high inflation environment. Interest rates rose, causing both equities and bonds (which are historical diversifiers) to severely fall in value. Most markets had negative performance and are experiencing heightened volatility. We have even seen the Bank of England step-in as the Purchaser of Last Resort to try and calm long-term government bonds so that Pension funds relieve some of the stress they are under. If central banks manage to control inflation, we will see a slowdown in economic growth however this would not be a worrying situation. Instead, if inflation spirals out of control we will enter a Recessionary environment and can expect especially volatile markets for a prolonged amount of time.

### 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 year end date are disclosed in notes 7 & 9. £875,851 (2022 - £2,259,258) was due to the ACD at the year end date.

As at 31 March 2023 0.00% (2022 - 0.00%) of the shares in issue of the Santander Sterling Corporate Bond Fund I Accumulation share class\*, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £125,624,583).
- b) Revenue receivable for the year was nil (2022 - £648,078) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

\* Fund terminated 31 May 2022.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 11. Related party transactions (continued)

As at 31 March 2023, 0.00% (2022 - 0.00%) of the shares in issue of the Santander Sterling Government Bond Fund I Income share class\*, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £63,626,083).
- b) Revenue receivable for the year was nil (2022 - £83,938) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

\* Fund terminated 31 May 2022.

As at 31 March 2023, the Fund held assets which are related to the ultimate holding company, Banco Santander S.A. The holdings and the associated transactions in this period and the comparative period are as follows:

#### Banco Santander 2.25% 2032

- a) The value of purchase transactions was nil (2022 - £1,588,970) and sales transactions was £734,200 (2022 - £566,400).
- b) Revenue receivable for the year was £22,500 (2022 - nil) and the outstanding amount was nil (2022 - £10,973).
- c) The aggregate value of investments held at the year end was nil (2022 - £920,000).

#### Santander UK 2.92% 2026

- a) The value of purchase transactions was nil (2022 - £717,525) and sales transactions was £430,335 (2022 - nil).
- b) Revenue receivable for the year was £20,119 (2022 - nil) and the outstanding amount was £5,991 (2022 - £18,025).
- c) The aggregate value of investments held at the year end was £212,970 (2022 - £681,249).

#### Santander UK 3.625% 2026

- a) The value of purchase transactions was nil (2022 - £1,212,490) and sales transactions was £1,034,544 (2022 - nil).
- b) Revenue receivable for the year was £20,300 (2022 - £20,300) and the outstanding amount was nil (2022 - £8,524).
- c) The aggregate value of investments held at the year end was nil (2022 - £1,141,505).

#### Santander UK Group Holdings 2.421% 2029

- a) The value of purchase transactions was nil (2022 - £2,201,014) and sales transactions was £1,896,116 (2022 - nil).
- b) Revenue receivable for the year was £56,262 (2022 - nil) and the outstanding amount was nil (2022 - £10,652).
- c) The aggregate value of investments held at the year end was nil (2022 - £2,090,176).

#### Banco Santander 3.125% 2026

- a) The value of purchase transactions was nil (2022 - £1,894,623) and sales transactions was £1,757,340 (2022 - nil).
- b) Revenue receivable for the year was £29,769 (2022 - nil) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - £1,894,623).

#### Banco Santander 4.75% 2028

- a) The value of purchase transactions was £2,184,248 (2022 - nil) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was nil (2022 - nil) and the outstanding amount was £60,982 (2022 - nil).
- c) The aggregate value of investments held at the year end was £2,134,000 (2022 - nil).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 11. Related party transactions (continued)

Santander UK 7.098% 2027

a) The value of purchase transactions was £1,845,990 (2022 - nil) and sales transactions was nil (2022 - nil).

b) Revenue receivable for the year was nil (2022 - nil) and the outstanding amount was £48,305 (2022 - nil).

c) The aggregate value of investments held at the year end was £1,886,000 (2022 - nil).

#### Material shareholders

As at 31 March 2023, 99.31% (2022 - 99.07%) of the shares in issue in the Santander Sterling Bond Portfolio 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; R 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;

	2023	2022
	No of Shares	No of Shares
R Accumulation Shares		
Opening shares in issue	125,230,767	136,307,195
Shares issued in the period	32,084	240,095
Shares cancelled in the period	(21,947,836)	(11,316,523)
Closing shares in issue	<u>103,315,015</u>	<u>125,230,767</u>

### 13. Fair value disclosure

	2023	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	42,975,720	193,029
Observable inputs using market data*	<u>194,273,289</u>	<u>56,808</u>
	<u>237,249,009</u>	<u>249,837</u>
	2022	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	42,302,435	365,489
Observable inputs using market data*	<u>286,578,521</u>	<u>458,095</u>
	<u>328,880,956</u>	<u>823,584</u>

\* Details of the securities included within the fair value hierarchy are detailed on page 12, accounting policy (b) valuation of investments. Debt securities included in the highest fair value hierarchy level relating to government bonds, where their valuation is determined to be sufficiently close to a binding quoted price, amount to £42,877,142 for assets as at 31 March 2023 (2022 - £45,147,311).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as a % of Purchases
<b>2023</b>	£	£	£	£	%	%
Debt instruments (direct)	221,406,686	–	–	221,406,686	–	–
Total purchases	221,406,686	–	–	221,406,686		
<b>2022</b>	£	£		£	%	
Debt instruments (direct)	424,971,000	–	–	424,971,000	–	–
In-specie transfers	174,771,831	–	–	174,771,831	–	–
Total purchases	599,742,831	–	–	599,742,831		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as a % of Sales
<b>2023</b>	£	£	£	£	%	%
Debt instruments (direct)	269,458,259	–	–	269,458,259	–	–
Total sales	269,458,259	–	–	269,458,259		
<b>2022</b>	£	£		£	%	
Debt instruments (direct)	259,942,167	–	–	259,942,167	–	–
Collective investment schemes	357,572,223	–	–	357,572,223	–	–
Total sales	617,514,390	–	–	617,514,390		

	Broker Commission	Transfer Taxes
<b>2023</b>	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–
<b>2022</b>	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–

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 dealing spread for this Fund is 0.53% (2022 - 0.48%) of the transaction value.

There were direct transaction costs associated with derivatives in the year of nil (2022 - nil) which is 0.00% of the Average NAV of the Fund (2022 - 0.00%).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 15. Interest rate risk profile of financial assets and liabilities

The analysis and tables provided below refer to the narrative disclosure on Interest rate risk disclosure in note 10.

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2023 was:

	Floating Rate	Fixed Rate	Financial	
	financial assets	financial assets	assets not	
Currency	£	£	carrying interest	Total
			£	£
<b>2023</b>				
Euro	7,047	12,898,478	5,818,887	18,724,412
Japanese Yen	48,358	–	–	48,358
UK Sterling	2,956,045	222,584,733	30,544,925	256,085,703
US Dollar	5,530,799	1,313,893	1,543,326	8,388,018

	Financial	
	(liabilities) not	
Currency	carrying interest	Total
	£	£
<b>2023</b>		
Euro	18,512,218	18,512,218
Japanese Yen	49,603	49,603
UK Sterling	7,954,399	7,954,399
US Dollar	8,132,832	8,132,832

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2022 was:

	Floating Rate	Fixed Rate	Financial	
	financial assets	financial assets	assets not	
Currency	£	£	carrying interest	Total
			£	£
<b>2022</b>				
Euro	893,024	23,942,896	5,016,701	29,852,621
UK Sterling	17,263,742	303,478,515	40,061,311	360,803,568
US Dollar	1,762,157	414,364	3,654,423	5,830,944

	Financial	
	(liabilities) not	
Currency	carrying interest	Total
	£	£
<b>2022</b>		
Euro	29,656,177	29,656,177
UK Sterling	25,700,422	25,700,422
US Dollar	5,673,697	5,673,697

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 £
<b>2023</b>			
<b>Forward currency contracts</b>			
Barclays Bank	236,838	236,838	236,838
HSBC	27,037	27,037	27,037
Morgan Stanley	1,214	1,214	1,214
Goldman Sachs	67,894	67,894	67,894
Standard Chartered Bank	20,198	20,198	20,198
Westpac Banking Corporation	146	146	146
	<u>353,327</u>	<u>353,327</u>	<u>353,327</u>
<b>2022</b>			
<b>Forward currency contracts</b>			
Goldman Sachs	8,394	8,394	8,394
Morgan Stanley	19,543	19,543	19,543
Standard Chartered Bank	969	969	969
	<u>28,906</u>	<u>28,906</u>	<u>28,906</u>

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 R Accumulation Shares class has decreased from 240.62p to 232.90p as at 18 July 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.



**Distribution table****for the year ended 31 March 2023**

Gross distributions on R Accumulation Shares in pence per share

	Payment date	Payment type	Gross revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1						
	31.08.2022	quarter 1	1.1440	–	1.1440	0.4675
	30.11.2022	interim	1.3173	–	1.3173	1.1791
	28.02.2023	quarter 3	1.4978	–	1.4978	1.0340
	31.05.2023	final	1.6449	–	1.6449	1.0392
Group 2						
	31.08.2022	quarter 1	0.7010	0.4430	1.1440	0.4675
	30.11.2022	interim	0.5160	0.8013	1.3173	1.1791
	28.02.2023	quarter 3	0.9974	0.5004	1.4978	1.0340
	31.05.2023	final	0.7195	0.9254	1.6449	1.0392

**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 Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023

#### Investment commentary

##### 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 also aim to outperform (after the deduction of fees) the following composite Target Benchmark measured over a rolling 3 year time period: 42.25% Markit iBoxx Sterling Non-Gilts Index TR, 18% MSCI UK Index TR, 15.75% ICE BofA UK Gilts All Stocks Index TR, 7.5% MSCI Europe Ex UK Index TR, 5.5% MSCI USA Index TR, 5% Sterling Overnight Index Average (SONIA), 4% MSCI Japan Index TR and 2% MSCI AC Asia Pacific Ex Japan Index TR.

It is expected that average outperformance for the Fund will typically not be greater than 0.45% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.

##### Investment Policy

The Fund is actively managed by the appointed Sub-Investment Manager and aims to achieve the investment objectives by obtaining exposure to the constituents included in the Indices which make up the Target Benchmark.

The Fund invests its assets directly, or indirectly through Derivatives or Collective Investment Schemes in the following:

- between 40% and 80% in bonds. The Fund can obtain exposure to investment grade bonds denominated in Pounds Sterling issued by companies, supranationals and other non-sovereign entities as well as bonds issued by the UK Government;
- between 20% and 50% in shares in companies which are, at the time of purchase, listed. These comprise direct investment in shares or equity related securities (i.e. other investments whose value is related to shares); and
- up to 10% in cash.

As exposure to bonds and shares can be obtained indirectly through Derivatives (if in the interest of realising the Fund's objectives more efficiently), investment in ancillary assets such as cash, cash like and/or money market instruments could be up to 100%, dependent on market conditions and investment views (see Investment Strategy and Process below).

As a result of the Fund's potential investment in bonds and money market instruments the Fund may have more than 35% invested in these assets issued by the UK Government.

The Fund may invest globally (including up to 15% in non-developed markets).

Up to 10% of the Fund can be invested indirectly, and for a sustained period, by purchasing units of Passively Managed Collective Investment Schemes managed by other companies (not the ACD or other companies within the Santander Group).

The Fund will use Derivatives (including Derivatives which track the performance of an Index such as index futures) for Efficient Portfolio Management (including hedging), where Derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Fund.

## Santander Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process

The ACD has appointed one Sub-Investment Manager, based on their expertise, to manage the entire Fund and will put in place the investment guidelines which the Sub-Investment Manager must follow. In these investment guidelines the ACD will set the Sub-Investment Manager a target to outperform the Target Benchmark. Although this is calculated on a different basis to the Fund's outperformance target (i.e. before the deduction of the Fund's fees (other than transaction costs)), it is aligned with the investment objectives of the Fund overall. In addition, the investment guidelines agreed with the Sub-Investment Manager include risk management measures which will reference the Target Benchmark (described below).

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

The Investment Manager actively manages the Fund which means it exercises its discretion when making its investment decisions. In aiming to achieve the Fund's investment objectives the Sub-Investment Manager uses an internal systematic, rules-based investment process to inform the exposure it will seek in each type of asset (represented by each Index in the Target Benchmark). The Sub-Investment Manager decides whether to implement its investment decision based on the output of the systematic, rules-based investment process.

It is expected that the average outperformance for the Fund will typically not be greater than 0.45% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.

The Sub-Investment Manager's investment process seeks exposure only to constituents included in the Indices which make up the composite Target Benchmark. It will attempt to achieve the investment objectives with similar volatility (how much the returns of the Fund's investments fluctuate around their average return) and lower drawdown (the amount of the decline in value of the Fund's investments from their previous highest value) when compared to the Target Benchmark, but this is not guaranteed.

The Sub-Investment Manager's systematic, rules-based investment process does not consider individual assets or sectors, but instead informs the exposure the Fund will seek in each type of asset (represented by each Index in the Target Benchmark) by using the following strategies:

- (1) the "Risk Parity Strategy", the main goal of which is to generate less volatile returns (but not by a set amount) than the Target Benchmark for the Fund over a 5+ year time horizon. This strategy involves selecting shares and bonds such that each type of asset (represented by Indices in the Target Benchmark) contributes an equal amount of volatility. This strategy will be applied to 55% of the Fund. The Risk Parity Strategy employed by the Sub-Investment Manager does not use borrowing or leverage; and
- (2) the "Momentum Strategy", which is the principal way in which the Sub-Investment Manager aims to outperform the Target Benchmark. This strategy seeks exposure to those shares and bonds (represented by Indices in the Target Benchmark) whose returns have been more favourable when measured over specific time periods, compared to other Indices in the Target Benchmark. In addition, the strategy takes into consideration the consistency and stability of returns over time and favours those types of shares and bonds with higher and more stable returns. The strategy does not take account of why the return has been more favourable. This strategy will be applied to 45% of the Fund.

Cash can also be held in either of the above strategies.

## Santander Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process (continued)

The systematic investment process will inform the exposure to each type of asset (represented by each Index in the Target Benchmark), and decide how to most efficiently implement the proposed investment decision(s) for review and process by the Sub-Investment Manager (an "Active Investment Decision").

Whilst in efficiently implementing its Active Investment Decision the Sub-Investment Manager will only obtain exposure to constituents included in the Indices in the Target Benchmark, it is not constrained by the amount allocated to each Index in the composite Target Benchmark (for example, more than 7.5% of the Fund could be exposed to the MSCI World Europe Ex UK Index TR even though this makes up 7.5% of the Target Benchmark). Neither is the Fund required to always have exposure to each Index within the Target Benchmark. This freedom allows the Sub-Investment Manager to seek to outperform the returns of the Target Benchmark and therefore generate capital growth with the potential for income for the Fund.

In implementing its Active Investment Decision, the Sub-Investment Manager will seek to efficiently replicate the performance of the relevant Indices. As part of the overall investment process consideration will be given to the key characteristics that drive the performance of each Index and replication will be via investment in significantly fewer constituents than the total number of constituents of each Index and in different weights.

The Sub-Investment Manager will also obtain exposure to each Index through holding Derivatives which track the performance of an Index (such as index futures). The Sub-Investment Manager will combine its investments in shares and equity-related securities, if it considers that the combination might more efficiently realise the Fund's investment objectives. As a result, generally, the Fund will both invest directly in shares, and indirectly via Derivatives (i.e. equity index futures), for Efficient Portfolio Management, to achieve its exposure to equity markets as well as for hedging purposes. The Fund may have long and short Derivative positions (i.e. buy or sell a Derivative with the expectation that the underlying asset will rise or fall in value), but will only be net long when long and short positions are combined.

Whilst the Sub-Investment Manager's investment strategy favours Derivative use for seeking exposure to shares, Derivatives may also be held to seek exposure to bonds for efficient portfolio management. This means that a substantial amount, or even all, of the Fund may be held in cash, cash like and/or money market instruments for the purpose of managing the exposure created by Derivative use. The market exposure as a result of holding these Derivatives will be limited to 100% of the Net Asset Value of the Fund. These cash, cash like and money market instruments may not be included in the Target Benchmark. The Fund may use Derivatives extensively but the level of the Fund's use of Derivatives will fluctuate dependent on the investment decision being implemented. As the Fund is not constrained by the amount allocated to each Index in the Target Benchmark, the level of exposure the Fund is seeking to each Index will also change.

The Sub-Investment Manager may also obtain exposure to each Index through holding Passively Managed Collective Investment Schemes which invest in the relevant Index (for up to 10% of the Fund).

To help monitor the Fund, the Sub-Investment Manager will consider a range of risk measures, which may inform its investment processes. Some measures will reference the Target Benchmark.

## Santander Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Further Information

The Indices which together make up the Target Benchmark have been selected as they include the types of assets the Fund will invest in.

The Indices are provided by IHS Markit Benchmark Administration Limited, MSCI Limited, ICE Benchmark Administration Limited and the Bank of England respectively. The IHS Markit Benchmark Administration Limited, MSCI Limited and ICE Benchmark Administration Limited are on the public register of administrators and benchmarks established and maintained by the FCA (this register does not apply to the Bank of England).

In respect of the Fund's objective to outperform the Target Benchmark after the deduction of fees, the term "fees" includes all fees, costs, charges, expenses and liabilities which are deducted from the value of the Fund's property for the purpose of calculating its NAV.

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.

Please see the Risk Factor section of the Prospectus for details of the specific risks associated with the systematic, rules-based investment process.

The Fund has a Risk Category of Lower Medium in accordance with Santander UK plc's Risk Categorisation Process. The General Information and Glossary of Terms at the start of this Appendix 1 explains what this means.

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.

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

The base currency of the Fund is UK Sterling.

##### Sub-Investment Manager

Santander Asset Management, S.A, SGIC

##### Risk Profile

The main risk within the portfolio relate to changes in the prices of securities held. Other risks include: quantitative model risk; investment style and management risk; credit risk; interest rate risk; liquidity risk; derivatives risk; counterparty risk and currency risk, which are outlined in more detail in the notes to the financial statements. 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 Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Risk and Reward Indicator



The risk and reward indicator shown above is based on historical data which may not be a reliable indication of the future risk profile of the Fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

Percentage price change from 31 March 2022 to 31 March 2023		
Santander Max 50% Shares Portfolio R Accumulation Shares		-5.66%
Santander Max 50% Shares Portfolio R Income Shares		-5.67%
Santander Max 50% Shares Portfolio S Accumulation Shares		-5.64%
42.25% Markit iBoxx Sterling Non-Gilts Index TR, 18% MSCI UK Index TR, 15.75% ICE BofA UK Gilts All Stocks Index TR, 7.5% MSCI Europe Ex UK Index TR, 5.5% MSCI USA Index TR, 5% Sterling Overnight Index Average (SONIA), 4% MSCI Japan Index TR and 2% MSCI AC Asia Pacific Ex Japan Index TR		-5.09%
Percentage price change from 31 March 2020 to 31 March 2023	Annualised	Cumulative
Santander Max 50% Shares Portfolio R Accumulation Shares	2.83%	8.74%
Santander Max 50% Shares Portfolio R Income Shares	2.82%	8.71%
Santander Max 50% Shares Portfolio S Accumulation Shares	2.86%	8.84%
42.25% Markit iBoxx Sterling Non-Gilts Index TR, 18% MSCI UK Index TR, 15.75% ICE BofA UK Gilts All Stocks Index TR, 7.5% MSCI Europe Ex UK Index TR, 5.5% MSCI USA Index TR, 5% Sterling Overnight Index Average (SONIA), 4% MSCI Japan Index TR and 2% MSCI AC Asia Pacific Ex Japan Index TR*	3.00%	9.26%
Percentage price change from 30 March 2018 to 31 March 2023	Annualised	Cumulative
Santander Max 50% Shares Portfolio R Accumulation Shares	1.20%	6.16%
Santander Max 50% Shares Portfolio R Income Shares	1.20%	6.14%
Santander Max 50% Shares Portfolio S Accumulation Shares	1.24%	6.36%
42.25% Markit iBoxx Sterling Non-Gilts Index TR, 18% MSCI UK Index TR, 15.75% ICE BofA UK Gilts All Stocks Index TR, 7.5% MSCI Europe Ex UK Index TR, 5.5% MSCI USA Index TR, 5% Sterling Overnight Index Average (SONIA), 4% MSCI Japan Index TR and 2% MSCI AC Asia Pacific Ex Japan Index TR*	2.36%	12.36%

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

Source Factset - 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.

\* The constituents of the Target Benchmark were updated with effect from 22 December 2021.

## Santander Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review

The war in Ukraine sparked a volatile year for financial markets, contributing to rocketing inflation and the fastest pace of interest rate increases in decades.

Wild swings in asset prices have been fuelled by investors persistently second-guessing the course of interest rates<sup>1</sup>. Central banks face the dilemma of whether to continue raising interest rates at the same pace, slow these hikes, or halt them entirely to prevent the global economy from slowing too much and sliding into a recession<sup>2</sup>.

Investors' focus over the past year has been firmly fixed on inflation, which rocketed to 40-year highs in the US<sup>3</sup> and UK<sup>4</sup> and made history by soaring into the double digits in Europe<sup>5</sup>.

Although US inflation has cooled from the highs witnessed in the summer of 2022<sup>6</sup>, Federal Reserve (Fed) Chairman Jerome Powell has nonetheless emphasised that interest rate rises will continue to increase until inflation is brought under control<sup>7</sup>. This message was echoed by European Central Bank (ECB) President Christine Lagarde<sup>8</sup>.

Investor expectations of the path the Fed would take have fluctuated significantly<sup>9</sup>, contributing to stock market volatility as investors struggled to accurately predict how frequent and aggressive interest rate hikes would be<sup>10</sup>.

Ultimately, in a bid to counteract surging inflation, the Fed hiked rates to their highest level since 2007<sup>11</sup> and did so at the fastest pace since the 1980s<sup>12</sup>. The ECB also raised interest rates at record speed<sup>13</sup>, while the Bank of England boosted rates to their highest level since 2008<sup>14</sup>.

A worsening outlook for the global economy compounded investor uncertainty, causing shares and bonds to decline in the 12 months through 31 March 2023<sup>15</sup>. To put the reporting period into perspective, 2022 was the second-worst year for stock markets on record<sup>16</sup> and the worst year for US bonds<sup>17</sup>.

To make matters worse, shares and bonds moved in the same direction. This hadn't happened in three decades<sup>18</sup> and marked a major break from convention, with shares normally rising as bonds fall, and vice versa. Historically, bonds have often been considered a safe haven in times of stock market tumult, but the similar performance of these asset classes limited the ability of investors to diversify their portfolios over the reporting period.

##### Performance Review and Investment Activity

The Fund's objective is to provide capital growth with the potential for income over a period of five or more years. It aims to outperform (after fees) the Target Benchmark over a rolling three year period.

Over the 12 months through 31 March 2023, the Retail Accumulation share class returned -5.66%, the S Accumulation share class delivered a return of -5.64% and the Retail Income share class returned -5.67%. The Target Benchmark returned -5.09% over the same period.

<sup>1</sup> CNBC, 9 March 2023

<sup>2</sup> United Nations, 1 February 2023

<sup>3</sup> CBS News, 13 July 2022

<sup>4</sup> CNN, 16 November 2022

<sup>5</sup> The New York Times, 31 October 2022

<sup>6</sup> Trading Economics, 31 March 2023

<sup>7</sup> NPR, 22 March 2023

<sup>8</sup> Barron's, 8 March 2023

<sup>9</sup> Simply Wall Street, 30 March 2023

<sup>10</sup> CNBC, 28 March 2023, 2023

<sup>11</sup> Sky News, 14 December 2022

<sup>12</sup> NBC News, 7 March 2023

<sup>13</sup> ING, 27 October 2022

<sup>14</sup> Yahoo Finance UK, 23 March 2023

<sup>15</sup> MSCI ACWI Index, 31 March 2023

<sup>16</sup> Reuters, December 30 2022

<sup>17</sup> CNBC, 7 January 2023

<sup>18</sup> MarketWatch, 1 March 2023

## Santander Max 50% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance Review and Investment Activity (continued)

The Fund uses a systematic approach that combines risk parity and momentum strategies.

In the risk parity strategy, the model seeks to balance the level of volatility of, and correlation between, each asset class in a portfolio.

In the momentum strategy, the model chooses assets with the most substantial growth potential over the medium to long term, while opportunistically seeking favourable entry and exit points for investments in the short term.

The risk parity model has a slightly higher allocation to the Max 50% Shares Portfolio, as 55% of the Fund's investment approach is determined by this model.

Sharp market fluctuations triggered frequent tactical asset changes in the models, as they adapted to shifting market conditions.

In the final three months of the reporting period, the models reduced their position in shares, but their position was still overweight when compared to the Target Benchmark. The models also increased their holdings in bonds; however, they were still underweight when compared to the Target Benchmark. The Fund's holdings of both asset classes were therefore moderated and brought closer to the standard suggested by the Target Benchmark.

The Fund's performance was enhanced by the use of options contracts, which are contracts that allow their holder to buy or sell an asset for a pre-determined price in the future.

In the first week of August, the Sub-Investment Manager bought option contracts that would benefit the Fund if UK and US shares fell, which they did. At the end of September, the Fund's performance was also enhanced by the decision to cash in an overweight position in the US dollar relative to the British pound. This followed the pound weakening against the dollar, making holdings of dollars more valuable.

The Fund was underweight bonds and overweight dollar-based assets, relative to the Target Benchmark. This more than compensated for the Fund's overweight stance in shares, which struggled amid stock market turbulence.

UK, European and Japanese shares – as well as an underweight position in high-quality corporate bonds – all contributed positively to performance. US and Asia Pacific shares (excluding Japan) and UK bonds all hindered the Fund's returns over the 12 months.

From 14 January 2022 the Fund transitioned to a new investment strategy, with performance prior to this date having been achieved under different circumstances that no longer apply.

Over the past three years, the Retail Accumulation share class cumulatively returned 8.74% (2.83% annualised), and the S Accumulation share class cumulatively returned 8.84% (2.86% annualised), underperforming the Target Benchmark, which cumulatively returned 9.26% (3.00% annualised). The Retail Income shares cumulatively returned 8.71% (2.82% annualised).

The Retail Accumulation share class had a cumulative return of 6.16% (1.20% annualised) over the last five years, while the S Accumulation share class cumulatively returned 6.36% (1.24% annualised). The Retail Income shares cumulatively returned 6.14% (1.20% annualised). The Target Benchmark cumulatively returned 12.36% (2.36% annualised).



## **Santander Max 50% Shares Portfolio**

### **Final Report and Financial Statements for the year ended 31 March 2023 (continued)**

#### **Investment commentary (continued)**

##### **Market Outlook**

There is more to be hopeful about as inflation shows signs of cooling, which may result in the market coming closer to a consensus on interest rates. However, our outlook is still cautious.

Systematic models remove bias from decision-making in the investment process, eliminating political and cultural considerations to focus solely on data.

The models consider only changing relationships between peers and how asset classes perform relative to each other, facilitating decision making based on these factors.

While the Sub-Investment Manager expects volatility to smooth out by the fourth quarter of this year or the first quarter of next, risk still remains and must be carefully navigated. Moving forward, we intend to continue to closely monitor the markets and invest in our capabilities in the interest of customers.

##### **Multi Asset Solutions Team**

**For and on behalf of Santander Asset Management UK Limited**

**May 2023**

## Summary of material portfolio changes

for the year ended 31 March 2023

Purchases	Cost £	Note	Sales	Proceeds £	Note
iShares Core £ Corporate Bond UCITS ETF	243,849,206		iShares Core £ Corporate Bond UCITS ETF	245,534,098	
UK Treasury 0.75% 2023	107,883,279		UK Treasury 0.125% 2023	83,287,299	
UK Treasury 0.125% 2023	82,703,270		UK Treasury 1.75% 2022	55,600,000	
UK Treasury 0.125% 2024	14,857,468		UK Treasury 0.5% 2022	41,180,694	
UK Treasury 1% 2024	12,625,019		UK Treasury 0.75% 2023	23,784,887	
UK Treasury 4.25% 2032	11,583,653		UK Treasury 4.25% 2032	19,461,759	
UK Treasury 0.375% 2030	10,041,574		UK Treasury 4.25% 2036	12,500,328	
UK Treasury 2% 2025	9,644,084		UK Treasury 1% 2024	10,621,001	
UK Treasury 4% 2060	8,295,613		UK Treasury 0.5% 2061	10,374,037	
UK Treasury 4.25% 2039	6,696,992		UK Treasury 1.25% 2027	10,269,556	
UK Treasury 1.5% 2047	6,645,739		UK Treasury 0.125% 2028	10,240,615	
UK Treasury 3.5% 2068	6,623,846		UK Treasury 1.5% 2026	8,831,483	
UK Treasury 0.625% 2050	4,978,754		UK Treasury 0.625% 2025	8,403,594	
Cooperatieve Rabobank 1.875% 2028	4,222,526		UK Treasury 1.625% 2054	6,378,948	
Cadent Finance 2.125% 2028	3,725,908		UK Treasury 1.25% 2041	6,273,099	
Western Power Distribution 5.75% 2032	3,360,418		UK Treasury 3.75% 2052	5,554,069	
Metlife	3,055,675		UK Treasury 1.75% 2037	5,385,996	
Anheuser-Busch InBev 2.85% 2037	3,015,000		UK Treasury 3.5% 2045	5,084,044	
Barratt Developments	3,005,612		UK Treasury 0.875% 2029	4,813,161	
Annington Funding 3.184% 2029	2,746,976		UK Treasury 0.625% 2035	4,059,052	
Total cost of purchases for the year	<u>653,648,732</u>	14	Total proceeds from sales for the year	<u>668,848,650</u>	14

**Portfolio statement***as at 31 March 2023*

	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Investment</b>			
<b>Fixed Interest Securities 41.80% (45.90%)</b>			
<b>AAA to AA 25.51% (33.32%)</b>			
Allianz Finance II 4.5% 2043	£1,300,000	1,255,748	0.15
Chancellor Masters and Scholars of the University of Oxford 2.544% 2117	£1,100,000	602,015	0.07
CPPIB Capital Inc 1.625% 2071	£1,100,000	485,595	0.06
European Investment Bank 1% 2026	£2,900,000	2,618,850	0.31
European Investment Bank 1.375% 2025	£3,700,000	3,500,422	0.42
European Investment Bank 6% 2028	£2,000,000	2,204,460	0.26
Inter-American Development Bank 1.25% 2025	£2,500,000	2,309,155	0.28
Inter-American Development Bank 1.375% 2024	£3,800,000	3,602,416	0.43
International Bank for Reconstruction & Development 0.75% 2026	£3,200,000	2,825,828	0.34
International Bank for Recovery & Development 0.25% 2026	£2,600,000	2,298,400	0.28
International Development Association 0.75% 2028	£2,600,000	2,180,833	0.26
KfW 6% 2028	£2,300,000	2,532,407	0.30
Kreditanstalt Fur Wiederaufbau 1.375% 2024	£2,500,000	2,373,320	0.28
Lloyds Bank 4.875% 2027	£1,600,000	1,614,841	0.19
Lloyds Bank 5.125% 2025	£1,600,000	1,609,986	0.19
Lloyds Bank 6% 2029	£1,400,000	1,506,358	0.18
Network Rail 4.75% 2035	£3,600,000	3,810,096	0.46
Nordrhein Westfalen 0.625% 2024	£2,500,000	2,340,275	0.28
Santander UK 5.75% 2026*	£6,300,000	6,508,875	0.78
SNCF Réseau 5% 2052	£1,100,000	1,125,642	0.14
UK Treasury 0.125% 2028	£7,793,000	6,652,533	0.80
UK Treasury 0.375% 2030	£12,314,000	9,844,612	1.18
UK Treasury 0.625% 2025	£9,844,000	9,257,347	1.11
UK Treasury 0.625% 2035	£11,707,000	8,200,461	0.98
UK Treasury 0.625% 2050	£9,809,000	4,491,296	0.54
UK Treasury 0.875% 2029	£13,449,000	11,469,509	1.38
UK Treasury 1% 2024	£23,411,000	22,674,841	2.72
UK Treasury 1.25% 2027	£7,266,000	6,635,566	0.80
UK Treasury 1.25% 2041	£7,153,000	4,712,933	0.57
UK Treasury 1.5% 2026	£8,864,000	8,315,895	1.00
UK Treasury 1.5% 2047	£9,791,000	6,142,629	0.74
UK Treasury 1.625% 2054	£4,922,000	2,959,968	0.36
UK Treasury 1.75% 2037	£8,300,000	6,441,423	0.77
UK Treasury 2% 2025	£9,917,000	9,542,683	1.14
UK Treasury 3.5% 2045	£9,930,000	9,356,791	1.12
UK Treasury 3.5% 2068	£6,114,000	5,902,303	0.71

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>AAA to AA (continued)</b>			
UK Treasury 3.75% 2052	£4,625,000	4,542,097	0.55
UK Treasury 4% 2060	£7,124,000	7,518,492	0.90
UK Treasury 4.25% 2032	£7,522,000	8,018,264	0.96
UK Treasury 4.25% 2039	£6,047,000	6,352,827	0.76
Wal-Mart Stores 5.25% 2035	£675,000	723,628	0.09
Wal-Mart Stores 5.625% 2034	£1,828,000	2,021,413	0.24
Wellcome Trust 2.517% 2118	£800,000	438,851	0.05
Westfield Stratford City Finance 1.642% 2031	£3,600,000	3,144,369	0.38
		212,666,253	25.51
<b>AA- to A+ 1.78% (1.45%)</b>			
Banque Federative du Credit Mutuel 1.75% 2024	£2,500,000	2,352,275	0.28
Nestle Holdings Inc 2.5% 2032	£2,400,000	2,062,992	0.25
OP Corporation 3.375% 2026	£2,200,000	2,097,656	0.25
Pfizer 2.735% 2043	£3,800,000	2,775,870	0.33
Statoil 6.875% 2031	£1,500,000	1,721,355	0.21
Toyota Motor Credit 0.75% 2025	£4,207,000	3,800,141	0.46
		14,810,289	1.78
<b>A to A- 3.08% (2.10%)</b>			
Aspire Defence Finance A 4.674% 2040	£483,504	464,154	0.06
Bank of America 1.667% 2029	£4,100,000	3,413,660	0.41
Bank of America 7% 2028	£2,300,000	2,472,888	0.30
Clarion Funding 3.125% 2048	£2,850,000	1,985,940	0.24
Cooperatieve Rabobank 1.875% 2028	£4,900,000	4,255,574	0.51
GlaxoSmithKline Capital 1.625% 2035	£622,000	446,007	0.05
GlaxoSmithKline Capital 1.625% 2035	£1,578,000	1,131,510	0.13
GlaxoSmithKline Capital 4.25% 2045	£900,000	807,902	0.10
GlaxoSmithKline Capital 5.25% 2033	£900,000	949,642	0.11
GlaxoSmithKline Capital 5.25% 2042	£800,000	827,601	0.10
HSBC 1.75% 2027	£1,900,000	1,662,372	0.20
JPMorgan Chase & Co 0.991% 2026	£2,600,000	2,372,062	0.28
JPMorgan Chase & Co 1.895% 2033	£1,300,000	995,792	0.12
London & Quadrant Housing 5.5% 2040	£1,800,000	1,824,163	0.22
THFC 5.2% 2043	£2,100,000	2,077,961	0.25
		25,687,228	3.08

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB 10.72% (8.50%)</b>			
Anheuser-Busch InBev 2.85% 2037	£3,350,000	2,660,584	0.32
AT&T 2.9% 2026	£2,975,000	2,759,789	0.33
AT&T 4.875% 2044	£1,200,000	1,065,318	0.13
AT&T 7% 2040	£1,400,000	1,581,276	0.19
AXA 5.453% 2171	£1,491,000	1,456,730	0.17
Banco Santander 2.25% 2032*	£3,200,000	2,583,188	0.31
Barclays 1.7% 2026	£2,500,000	2,252,600	0.27
Barclays 3% 2026	£2,400,000	2,205,443	0.27
Barclays 3.25% 2033	£2,400,000	1,900,538	0.23
BAT International Finance 4% 2026	£2,300,000	2,165,831	0.26
BNP Paribas 2% 2031	£1,900,000	1,634,000	0.20
Cadent Finance 2.125% 2028	£4,050,000	3,441,933	0.41
Credit Suisse 2.125% 2025	£3,000,000	2,761,500	0.33
E.ON International Finance 6.75% 2039	£800,000	885,383	0.11
Électricité de France 5.125% 2050	£700,000	594,299	0.07
Électricité de France 5.5% 2041	£3,100,000	2,843,039	0.34
Électricité de France 6.125% 2034	£1,800,000	1,831,922	0.22
Enel 5.75% 2037	£1,950,000	1,952,018	0.23
Enel Finance International 5.75% 2040	£724,000	720,147	0.09
Enel Finance International NV 1% 2027	£3,000,000	2,518,325	0.30
ENGIE 5% 2060	£1,600,000	1,474,473	0.18
GE Capital UK Funding 5.875% 2033	£1,400,000	1,442,538	0.17
General Motors Financial 2.35% 2025	£1,600,000	1,493,152	0.18
Goldman Sachs 1% 2025	£1,900,000	1,759,423	0.21
Goldman Sachs 1.5% 2027	£973,000	823,821	0.10
Goldman Sachs 1.5% 2027	£1,627,000	1,377,550	0.17
Goldman Sachs 3.125% 2029	£2,300,000	2,001,609	0.24
Heathrow Funding 4.625% 2046	£1,000,000	856,867	0.10
Heathrow Funding 5.875% 2043	£1,700,000	1,741,174	0.21
HSBC 6% 2040	£1,300,000	1,164,571	0.14
HSBC 7% 2038	£1,300,000	1,307,902	0.16
Imperial Brands Finance 5.5% 2026	£1,700,000	1,675,519	0.20
Innogy Finance 6.125% 2039	£800,000	834,450	0.10
Innogy Finance 6.25% 2030	£2,500,000	2,628,996	0.32
Intesa Sanpaolo 2.625% 2036	£1,800,000	1,246,506	0.15
Orange 3.25% 2032	£1,900,000	1,674,177	0.20
Phoenix 5.625% 2031	£1,600,000	1,444,052	0.17
Prudential 5.625% 2051	£3,376,000	3,071,118	0.37

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB (continued)</b>			
Rabobank 4.625% 2029	£2,100,000	1,915,939	0.23
Sage 2.875% 2034	£2,100,000	1,690,269	0.20
Thames Water Utilities Cayman Finance 5.5% 2041	£800,000	771,540	0.09
Thames Water Utilities Finance 5.125% 2037	£1,900,000	1,777,522	0.21
Verizon Communications 1.125% 2028	£2,585,000	2,107,609	0.25
Verizon Communications 3.375% 2036	£3,950,000	3,221,107	0.39
Volkswagen Financial Services 4.25% 2025	£1,100,000	1,068,800	0.13
Wells Fargo 2% 2025	£3,800,000	3,522,581	0.42
Wells Fargo 2.5% 2029	£884,000	744,330	0.09
Wells Fargo 2.5% 2029	£916,000	771,275	0.09
Western Power Distribution 5.75% 2032	£3,800,000	3,919,951	0.47
		89,342,684	10.72
<b>Below BBB to unrated 0.71% (0.53%)</b>			
Lloyds Banking 2.707% 2035	£1,900,000	1,464,980	0.18
Royal Bank of Scotland 3.622% 2030	£1,200,000	1,108,003	0.13
Tesco Corporate Treasury Services 2.75% 2030	£2,900,000	2,458,772	0.30
Tesco Property Finance 4 5.8006% 2040	£445,257	441,151	0.05
Tesco Property Finance 7.6227% 2039	£398,290	449,089	0.05
		5,921,995	0.71
Total Fixed interest securities		348,428,449	41.80
<b>Money Market Securities 11.90% (10.32%)</b>			
UK Treasury 0.125% 2024	15,346,000	14,867,128	1.78
UK Treasury 0.75% 2023	85,279,000	84,362,677	10.12
Total Money Market Securities		99,229,805	11.90
<b>Equities 32.53% (28.42%)</b>			
<b>Belgium 0.35% (0.24%)</b>			
Bruxelles Lambert	42,839	2,952,545	0.35
		2,952,545	0.35
<b>Denmark 0.53% (0.47%)</b>			
Novo Nordisk 'B'	34,774	4,459,446	0.53
		4,459,446	0.53

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Eire 0.37% (0.16%)</b>			
CRH	63,876	2,608,134	0.31
Linde	1,654	475,044	0.06
		<hr/> 3,083,178	<hr/> 0.37
<b>France 2.38% (1.57%)</b>			
Air Liquide	18,818	2,549,632	0.31
BNP Paribas	51,905	2,517,947	0.30
L'Oréal	5,899	2,131,592	0.26
LVMH Moët Hennessy	6,195	4,592,498	0.55
Sanofi	29,332	2,575,989	0.31
Schneider Electric	18,364	2,472,629	0.30
Total	61,807	2,952,138	0.35
		<hr/> 19,792,425	<hr/> 2.38
<b>Germany 2.19% (1.29%)</b>			
Adidas	12,627	1,801,575	0.22
Allianz	17,580	3,294,030	0.40
Daimler	29,855	1,855,411	0.22
Deutsche Telekom	127,513	2,506,900	0.30
Infineon Technologies	81,487	2,699,288	0.32
SAP	30,786	3,142,168	0.38
Siemens	22,520	2,953,858	0.35
		<hr/> 18,253,230	<hr/> 2.19
<b>Italy 0.31% (0.31%)</b>			
Enel	525,051	2,595,960	0.31
		<hr/> 2,595,960	<hr/> 0.31
<b>Jersey 0.70% (1.08%)</b>			
Experian	109,365	2,909,109	0.35
Glencore	634,658	2,948,621	0.35
		<hr/> 5,857,730	<hr/> 0.70
<b>Netherlands 1.31% (0.78%)</b>			
Adyen	1,009	1,293,676	0.16
Airbus	16,772	1,816,758	0.22

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Netherlands (continued)</b>			
ASML	7,380	4,054,104	0.49
Heineken	34,176	2,537,450	0.30
Prosus	18,636	1,177,993	0.14
		<hr/> 10,879,981	<hr/> 1.31
<b>Norway 0.21% (nil)</b>			
DNB Bank	122,204	1,768,016	0.21
		<hr/> 1,768,016	<hr/> 0.21
<b>Spain 0.57% (0.24%)</b>			
Banco Santander EUR 0.5*	863,184	2,598,426	0.31
Iberdrola	215,327	2,172,001	0.26
		<hr/> 4,770,427	<hr/> 0.57
<b>Sweden 0.69% (0.27%)</b>			
Atlas Copco AB	212,730	1,980,057	0.24
Investor AB	122,241	2,012,649	0.24
Sandvik	101,066	1,732,589	0.21
		<hr/> 5,725,295	<hr/> 0.69
<b>Switzerland 2.17% (1.55%)</b>			
Alcon	33,151	1,898,871	0.23
Compagnie Financière Richemont	16,178	2,089,655	0.25
Geberit	5,500	2,479,394	0.30
Nestlé	51,626	5,093,357	0.61
Novartis	49,085	3,639,386	0.43
Roche Holding	12,537	2,895,758	0.35
		<hr/> 18,096,421	<hr/> 2.17
<b>United Kingdom 12.97% (11.90%)</b>			
Anglo American	94,266	2,524,444	0.30
Ashtead	49,543	2,454,856	0.30
AstraZeneca	102,340	11,494,829	1.38
BAE Systems	281,564	2,766,648	0.33
Barclays	1,959,256	2,856,595	0.34
Barratt Developments	610,561	2,848,267	0.34
BP	1,304,377	6,662,758	0.80
British American Tobacco	156,501	4,445,411	0.53



**Portfolio statement (continued)***as at 31 March 2023*

<b>Investment</b>	<b>Holding or nominal value of positions at 31 March</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>United Kingdom (continued)</b>			
Compass	219,075	4,453,795	0.54
Diageo	187,390	6,771,338	0.81
GSK	337,781	4,826,891	0.58
HSBC	1,399,065	7,689,261	0.92
Lloyds Banking	8,230,543	3,923,911	0.47
London Stock Exchange	25,845	2,033,485	0.24
National Grid	348,286	3,817,215	0.46
Prudential	297,482	3,278,252	0.39
Reckitt Benckiser	53,864	3,316,945	0.40
RELX	231,303	6,053,200	0.73
Rio Tinto	78,116	4,278,413	0.51
Shell	488,845	11,282,543	1.35
Unilever	198,058	8,297,640	1.00
Vodafone	2,249,715	2,008,996	0.25
		108,085,693	12.97
<b>United States of America 7.78% (8.56%)</b>			
Abbott Laboratories	20,082	1,644,468	0.20
AbbVie	7,040	907,180	0.11
Adobe Systems	2,322	723,313	0.09
Alphabet class 'A' shares	37,323	3,129,041	0.38
Amazon	27,364	2,285,700	0.27
American Express	6,690	892,325	0.11
Apple	42,301	5,638,765	0.68
Applied Materials	12,590	1,250,701	0.15
Bank of America	41,015	947,712	0.11
Berkshire Hathaway 'B'	6,394	1,593,936	0.19
Bio Rad Laboratories	1,787	691,878	0.08
Boeing	2,828	485,685	0.06
Broadcom	2,210	1,146,673	0.14
Camden Property Trust	17,199	1,457,905	0.17
Centerpoint Energy	59,772	1,424,144	0.17
Chevron	6,661	878,651	0.11
Cisco Systems	26,343	1,113,630	0.13
Comcast class 'A' shares	34,859	1,068,789	0.13
Costco Wholesale	2,521	1,013,110	0.12
Eli Lilly	3,444	956,086	0.11
Equitable	60,050	1,232,131	0.15

**Portfolio statement (continued)**

as at 31 March 2023

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>United States of America (continued)</b>			
Exxon Mobil	15,050	1,333,679	0.16
Facebook	5,930	1,016,222	0.12
Fortune Brands Home & Security	14,366	682,718	0.08
Genuine Parts	4,650	629,101	0.08
Hess	7,761	830,237	0.10
Home Depot	6,698	1,598,484	0.19
Ingersoll Rand	21,686	1,019,712	0.12
Johnson & Johnson	12,972	1,625,421	0.19
JPMorgan Chase & Co	12,511	1,318,135	0.16
Mastercard 'A'	3,868	1,136,577	0.14
Merck	12,149	1,045,062	0.13
Metlife	25,555	1,196,886	0.14
Microsoft	20,339	4,741,079	0.57
Netflix	1,901	531,133	0.06
Nvidia	6,785	1,524,149	0.18
Pfizer	21,864	721,107	0.09
Philip Morris International	11,973	941,223	0.11
Procter & Gamble	13,465	1,618,152	0.19
Salesforce.com	4,890	790,143	0.10
Tesla Motors	6,562	1,100,964	0.13
Trimble	24,021	1,017,607	0.12
UnitedHealth	5,009	1,913,665	0.23
VICI Properties	49,753	1,312,180	0.16
Visa	7,588	1,383,079	0.17
Wabtec	20,538	1,678,652	0.20
Walt Disney Company	10,865	879,341	0.11
Williams	32,243	778,139	0.09
		64,844,670	7.78
Total Equities		271,165,017	32.53
<b>Collective Investment Schemes 8.64% (9.11%)</b>			
iShares Core £ Corporate Bond UCITS ETF**	593,917	72,036,193	8.64
		72,036,193	8.64

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Futures -0.05% (0.83%)</b>			
EURO/GBP Jun'23	(207)	137,272	0.02
FTSE 100 Index JUN'23	140	271,424	0.03
GBP/USD Jun '23	(452)	(484,010)	(0.06)
GBP/Yen Jun'23	(411)	(481,053)	(0.06)
Long Gilt Jun '23	161	(94,930)	(0.01)
MSCI Asia JUN'23	1,048	1,451,918	0.17
MSCI Europe Jun'23	(1,054)	(1,031,933)	(0.12)
S&P500 Emini Jun'23	(3)	(12,993)	0.00
Topix Index Jun'23	472	(134,524)	(0.02)
		(378,829)	(0.05)
<b>Options (0.07%) (nil)</b>			
ESTX 50 Call Option May'23 4,325	(384)	(248,330)	(0.03)
S&P 500 Call Option Apr'23 4,125	(63)	(357,379)	(0.04)
		(605,709)	(0.07)
<b>Portfolio of Investments</b>		<b>789,874,926</b>	<b>94.75</b>
<b>Net other assets</b>		<b>43,793,069</b>	<b>5.25</b>
<b>Total net assets</b>		<b>833,667,995</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31 March 2022.

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

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

Options are derivative Investments and are listed on recognised exchanges.

Futures securities are derivative instruments listed on recognised exchanges.

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

\* Related party to the Fund.

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

## Comparative tables

Change in net asset value per share	R Accumulation Shares			R Income Shares		
	2023 p	2022 p	2021 p	2023 p	2022 p	2021 p
Opening net asset value per share	317.91	317.19	277.12	256.51	258.97	228.61
Return before operating charges	(15.38)	2.83	42.64	(12.52)	2.36	35.12
Operating charges	(1.71)	(2.11)	(2.57)	(1.37)	(1.72)	(2.12)
Return after operating charges	(17.09)	0.72	40.07	(13.89)	0.64	33.00
Distributions	(5.28)	(3.81)	(3.21)	(4.23)	(3.10)	(2.64)
Retained distributions on accumulation shares	5.28	3.81	3.21	–	–	–
Closing net asset value per share	300.82	317.91	317.19	238.39	256.51	258.97
**after direct transaction costs of	0.04	0.22	0.05	0.04	0.18	0.04
<b>Performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Return after charges*	(5.38)%	0.23%	14.46%	(5.41)%	0.25%	14.44%
Closing net asset value (£'s)	431,664,306	505,689,538	534,552,682	8,612,312	10,044,188	11,435,152
Closing number of shares	143,493,819	159,067,248	168,525,670	3,612,704	3,915,646	4,415,619
Operating charges***	0.57%	0.65%	0.84%	0.57%	0.65%	0.84%
Direct transaction costs**	0.01%	0.09%	0.02%	0.01%	0.09%	0.02%
	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Highest share price	320.0	333.7	324.5	258.2	271.3	265.6
Lowest share price	272.0	307.5	275.4	217.4	249.1	227.1

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

\*\*\* The ACD's periodic charge for the R share classes reduced from 0.60% to 0.55% on 27 April 2022. This was to align them to the S class.

## Comparative tables

Change in net asset value per share	S Accumulation Shares		
	2023 p	2022 p	2021 p
Opening net asset value per share	193.14	192.63	168.23
Return before operating charges	(9.33)	1.69	25.87
Operating charges	(1.04)	(1.18)	(1.47)
Return after operating charges	(10.37)	0.51	24.40
Distributions	(3.21)	(2.40)	(2.03)
Retained distributions on accumulation shares	3.21	2.40	2.03
Closing net asset value per share	182.77	193.14	192.63
**after direct transaction costs of	0.02	0.13	0.03

Performance	2023	2022	2021
	(5.37)%	0.26%	14.51%
Return after charges*			
Closing net asset value (£'s)	393,391,377	424,336,355	400,122,617
Closing number of shares	215,240,640	219,700,982	207,715,582
Operating charges	0.57%	0.60%	0.79%
Direct transaction costs**	0.01%	0.09%	0.02%
	p	p	p
Highest share price	194.4	202.7	197.0
Lowest share price	165.3	186.8	167.2

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

## Financial Statements - Santander Max 50% Shares Portfolio

### Statement of total return

for the year ended 31 March 2023

	Note	2023		2022	
		£	£	£	£
Income					
Net capital losses	1		(66,375,479)		(9,137,626)
Revenue	2	22,576,000		18,299,773	
Expenses	3	(4,834,849)		(5,819,381)	
Interest payable and similar charges	4	(591,046)		(121,808)	
Net revenue before taxation		17,150,105		12,358,584	
Taxation	5	(2,090,275)		(712,490)	
Net revenue after taxation			15,059,830		11,646,094
Total return before distributions			(51,315,649)		2,508,468
Distributions	6		(15,059,830)		(11,657,777)
Change in net assets attributable to shareholders from investment activities			(66,375,479)		(9,149,309)

### Statement of change in net assets attributable to shareholders

for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Opening net assets attributable to shareholders		940,070,081		946,110,451
Amounts receivable on issue of shares	13,501,193		33,738,935	
Amounts payable on cancellation of shares	(68,361,714)		(42,096,736)	
		(54,860,521)		(8,357,801)
Dilution adjustment		48,298		(9,763)
Change in net assets attributable to shareholders from investment activities		(66,375,479)		(9,149,309)
Retained distributions on accumulation shares		14,785,616		11,476,503
Closing net assets attributable to shareholders		833,667,995		940,070,081

**Balance sheet****as at 31 March 2023**

	Note	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		792,720,078	891,564,961
Current assets:			
Debtors	7	5,913,431	8,266,880
Cash and bank balances	8	84,013,605	71,147,505
Total assets		<u>882,647,114</u>	<u>970,979,346</u>
Liabilities:			
Investment liabilities		(2,845,152)	(2,420,793)
Creditors			
Bank overdrafts	8	(44,110,631)	(22,750,927)
Distribution payable	6	(38,433)	(38,508)
Other creditors	9	(1,984,903)	(5,699,037)
Total liabilities		<u>(48,979,119)</u>	<u>(30,909,265)</u>
<b>Net assets attributable to shareholders</b>		<u><u>833,667,995</u></u>	<u><u>940,070,081</u></u>

## Notes to the financial statements

for the year ended 31 March 2023

1. Net capital losses	2023	2022
	£	£
Realised (losses)/gains on non-derivative securities	(47,270,385)	74,437,952
Unrealised losses on non-derivative securities	(30,684,113)	(92,781,398)
Realised gains on derivative contracts	20,857,652	4,926,083
Unrealised (losses)/gains on derivative contracts	(8,521,657)	5,165,318
Currency losses	(736,175)	(846,115)
Realised losses on forward currency contracts	–	(9,487)
Unrealised losses on forward currency contracts	–	(7,041)
CSDR Fee	6,685	–
Rebates from holdings in Collective Investment Schemes	–	58,061
Transaction charges	(27,486)	(80,999)
Net capital losses	<u>(66,375,479)</u>	<u>(9,137,626)</u>
2. Revenue	2023	2022
	£	£
UK dividends	4,110,604	5,862,017
Interest on debt securities	10,002,687	1,350,998
Overseas UK tax exempt revenue	5,441,526	3,399,551
Overseas UK taxable revenue	2,769,269	2,435,081
Unfranked revenue	–	4,254,667
Bank interest	264,583	21,520
Rebates from holdings in Collective Investment Schemes	(12,669)	975,939
Total revenue	<u>22,576,000</u>	<u>18,299,773</u>



## Notes to the financial statements (continued)

for the year ended 31 March 2023

3. Expenses	2023	2022
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>4,716,208</u>	<u>5,644,091</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>73,762</u>	<u>81,083</u>
Other expenses:		
Audit fees	14,741	22,526
Safe custody fees	27,913	70,365
FCA fee	115	70
Tax service fees	<u>2,110</u>	<u>1,246</u>
	<u>44,879</u>	<u>94,207</u>
Total expenses	<u><u>4,834,849</u></u>	<u><u>5,819,381</u></u>
4. Interest payable and similar charges	2023	2022
	£	£
Overdraft interest	123,462	13,455
Interest on margin	<u>467,584</u>	<u>108,353</u>
	<u><u>591,046</u></u>	<u><u>121,808</u></u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

5. Taxation	2023	2022
	£	£
<b>a. Analysis of the tax charge for the year</b>		
Corporation tax	1,519,991	624,695
Prior year adjustment	(16,744)	(2,523)
Overseas tax	587,028	88,739
Current tax charge	<u>2,090,275</u>	<u>710,911</u>
Deferred tax (credit)/charge (note 5c)	(99)	1,579
Total tax charge (note 5b)	<u>2,090,176</u>	<u>712,490</u>
<b>b. Factors affecting the tax charge for the year</b>		
The tax assessed for the year is lower (2022 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2022 - 20%) when applied to the net revenue before taxation. The differences are explained below:		
	2023	2022
	£	£
Net revenue before taxation	<u>17,150,105</u>	<u>12,358,584</u>
Corporation tax @ 20%	3,430,021	2,471,717
Effects of:		
Taxable income in net capital gains	–	11,612
Double taxation relief	(16,447)	(4,738)
Overseas tax	587,028	88,739
Prior year adjustment	–	(2,523)
Revenue exempt from UK corporation tax	<u>(1,910,426)</u>	<u>(1,852,317)</u>
Total tax charge (note 5a)	<u>2,090,176</u>	<u>712,490</u>
<b>c. Provision for deferred taxation</b>	<b>2023</b>	<b>2022</b>
	£	£
Opening provision	1,579	–
Deferred tax credit (note 5a)	(99)	1,579
Closing provision	<u>1,480</u>	<u>1,579</u>

A deferred tax liability has been recognised for the taxable revenue which will be suffered on the receipt of taxable revenue accrued at the year end.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 6. Distributions

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

	2023	2022
	£	£
Interim income distribution paid	119,036	107,875
Interim accumulation distributions paid	11,119,790	7,891,410
Final income distribution payable	38,433	38,508
Final accumulation distributions payable	3,665,826	3,585,093
	<u>14,943,085</u>	<u>11,622,886</u>
Equalisation:		
Amounts deducted on cancellation of shares	143,574	84,032
Amounts added on issue of shares	(26,829)	(49,141)
Distributions	<u>15,059,830</u>	<u>11,657,777</u>

Reconciliation between net revenue and distributions:

	2023	2022
	£	£
Net revenue after taxation per Statement of total return	15,059,830	11,646,094
Add:		
Undistributed revenue brought forward	235	306
Deduct:		
Capital tax relief	–	11,612
Undistributed revenue carried forward	(235)	(235)
Distributions	<u>15,059,830</u>	<u>11,657,777</u>

Details of the distribution per share are disclosed in the distribution tables on page 86 and 87.

### 7. Debtors

	2023	2022
	£	£
Amounts receivable on issues of shares	938,722	172,051
Sales awaiting settlement	–	3,066,161
Accrued revenue	4,819,024	4,418,422
Rebates from holdings in Collective Investment Schemes	–	504,421
Foreign currency contracts awaiting settlement	6,980	41,378
Overseas withholding tax	148,705	64,447
Total debtors	<u>5,913,431</u>	<u>8,266,880</u>

### 8. Cash and bank balances

	2023	2022
	£	£
Amounts held at futures clearing houses and brokers	13,891,418	6,942,000
Cash and bank balances	70,122,187	64,205,505
Total cash and bank balances	<u>84,013,605</u>	<u>71,147,505</u>
Bank overdraft*	<u>44,110,631</u>	<u>22,750,927</u>

As at 31 March 2023, the weighted average of the floating interest rate on bank balances was 0.31% (2022 - 0.00%).

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

## Notes to the financial statements (continued)

for the year ended 31 March 2023

9. Other creditors	2023	2022
	£	£
Amounts payable on cancellation of shares	749,284	928,952
Accrued expenses	418,437	1,921,976
Corporation tax	808,614	418,807
Deferred taxation	1,579	1,579
Foreign currency contracts awaiting settlement	6,989	41,571
Purchases awaiting settlement	–	2,386,152
Total other creditors	<u>1,984,903</u>	<u>5,699,037</u>

### 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 and governments and shares issued by listed companies. The Fund's exposure to global shares will never exceed 50%. 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 is monitored by the Manager and appropriate Sub-Investment Manager by understanding the risk and return characteristics of the underlying investments as well as a regular performance review. The overall portfolio is stress tested to capture market specific risks of the Fund. The use of the derivatives is monitored using the commitment approach. The Fund is authorised to use derivatives for efficient portfolio management, 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. Derivatives may also be used to hedge and manage risk.

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £78,987,492 (2022 - £88,914,416\*). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

\* The prior year comparative disclosure has been restated to reflect the calculation of these figures on a consistent basis with the current year.

#### 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. Investments in fixed interest securities and fixed income collective investment schemes will be subject to such risk.

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

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### b) Interest rate risk (continued)

As at 31 March 2023, 53.70% of the Fund's assets were interest bearing (2022 - 63.78%).

As at the balance sheet date, a decrease in interest rates by 300 basis points (2022 - 25 basis points), with all other variables remaining constant, the investment portfolio would increase in value by £120,859,929 (2022 - £8,890,796). An increase in interest rates would have an equal but opposite effect. It is expected that a change in interest rates of similar magnitude would not have a material impact on the portfolio's income stream generated from fixed income assets. In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Numerical disclosure of the interest rate risk is made in note 16.

#### c) Currency Risk

The Fund may invest in instruments denominated in foreign currencies. As a result, the value of these investments can be affected by currency movements.

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 and appropriate Sub-Investment Manager monitor the Currency exposure of the portfolio on an on-going basis to make sure the actual exposure is consistent with their understanding of future currency movements. Where applicable, currency hedging strategies may be employed to reduce currency risks.

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £8,946,721 (2022 - £7,730,589). A 5% weakening in GBP would increase the value by £9,888,481 (2022 - £8,544,335).

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 Funds that themselves are exposed to credit risk from underlying issuers or counterparties. The main contributor to credit risk is the risk of default from underlying issuers of fixed income securities.

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

#### Credit Ratings

	Market value	Percentage of total net assets
2023		
Investments	£	%
Investment grade (AAA - BBB)	342,506,454	41.09
Below investment grade (BBB to unrated)	5,921,995	0.71
<b>Total fixed interest securities</b>	<b>348,428,449</b>	<b>41.80</b>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### d) Credit Risk (continued)

	Market	Percentage of
	value	total net
2022		assets
Investments	£	%
Investment grade (AAA - BBB)	426,456,853	45.37
Below investment grade (BBB to unrated)	4,977,247	0.53
<b>Total fixed interest securities</b>	<b>431,434,100</b>	<b>45.90</b>

#### 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 Fund may invest in securities that tend to have relatively modest traded volumes, and the market in such securities can, at times, prove illiquid. Investments in smaller companies tends to be less liquid than the securities of larger companies as a result of lower trading volumes. The Manager and appropriate Sub-Investment Manager seeks to limit liquidity risk of the Fund by selecting a diversified range of investments with differing 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.

#### g) Investment Style and Investment Management Risk

Shareholders in a Fund face a risk that the investment choices made by the ACD and/or any Sub-Investment Manager(s) for that Fund 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.

#### h) Quantitative Model Risk

The Fund uses a systematic, rules-based investment process which includes quantitative models. Flaws or errors in a quantitative model's design, assumptions, execution, or data inputs may mean that the process may not identify particular investment opportunities or risks, or it may not perform as expected. Errors in the data used in these models may occur from time to time and may not be identified and/or corrected before investment decisions have been implemented and could, therefore, have an adverse impact on a Fund's performance or on its aim to achieve the investment objectives. The systematic rules-based investment process uses the following models:

- A "Risk Parity Strategy" which aims to generate less volatile returns for the Fund when compared to the Fund's Target Benchmark. When selecting assets under this strategy it may not be able to benefit from market upswings in the same way that other investment strategies might be able to. However, this will be with the intention of managing the Fund's volatility; and

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### h) Quantitative Model Risk (continued)

- A “Momentum Strategy” which is the principal way in which the Sub-Investment Manager aims to outperform the Fund’s Target Benchmark. This seeks exposure to those types of assets whose returns have been more favourable when measured over specific time periods (which are different to the time periods in the Fund’s investment objectives), when compared to other assets which are available for investment. The strategy takes into consideration the consistency and stability of returns over time and favours those types of assets with higher and more stable returns. The strategy does not consider the reasons why an asset has a higher and more stable return and is only concerned with what the return is. As it only considers returns over specific time periods, the Fund will not be able to take advantage of preferable returns which are outside of those specific time periods, however the strategy aims to reduce the risk of the Fund being exposed to short term changes in market movements. There is no guarantee that higher and more stable past returns will mean similar or increased returns in the future and so the Fund may experience losses if returns fall or stop. The investment limits the Fund is subject could restrict the Momentum Strategy from operating in the most beneficial way, although this is not expected to be the case.

There is no guarantee that the use of quantitative models will enable either Fund to achieve its investment objectives.

#### i) Derivatives risk

The Fund may use derivative strategies for the purposes of efficient portfolio management where derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of a Fund. Derivatives may also be used to hedge and manage risk in relation to the Fund. The Fund may also use derivative strategies for investment purposes where derivatives are used as part of a Fund’s investment strategy to help achieve its investment objectives.

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

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

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

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### j) Recession risk

We are currently living in a high inflation environment. Interest rates rose, causing both equities and bonds (which are historical diversifiers) to severely fall in value. Most markets had negative performance and are experiencing heightened volatility. We have even seen the Bank of England step-in as the Purchaser of Last Resort to try and calm long-term government bonds so that Pension funds relieve some of the stress they are under. If central banks manage to control inflation, we will see a slowdown in economic growth however this would not be a worrying situation. Instead, if inflation spirals out of control we will enter a Recessionary environment and can expect especially volatile markets for a prolonged amount of time.

### 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 year end date are disclosed in notes 7 & 9. £189,438 (2022 - £2,769,308 ) was due to the ACD at the year end date.

As at 31 March 2023 0.00% (2022 - 0.00%) of the shares in issue of the Santander Sterling Corporate Bond Fund I Accumulation share class\*, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £153,034,589).
- b) Revenue receivable for the year was nil (2022 - £930,070) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

\* Fund terminated 31 May 2022.

As at 31 March 2023 nil (2022 - 35.84%) of the shares in issue of the Santander Sterling Government Bond Fund I Income share class\*, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £91,041,771).
- b) Revenue receivable for the year was nil (2022 - £266,990) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

\* Fund terminated 31 May 2022.

As at 31 March 2023 nil (2022 - nil) of the shares in issue of the Santander UK Growth Unit Trust R Accumulation Units, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £59,061,687).
- b) Revenue receivable for the year was nil (2022 - £1,007,253) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).



## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 11. Related party transactions (continued)

#### The ACD (continued)

As at 31 March 2023 the Fund held Santander AM Euro Equity IKP, a sub Fund of Santander SICAV managed by Santander Asset Management Luxembourg. The holdings and the associated transactions in this period and the comparative period are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £36,828,471).
- b) Revenue receivable for the year was £740,548 (2022 - nil) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

As at 31 March 2023, the Fund held assets which are related to the ultimate holding company, Banco Santander S.A. The holdings and the associated transactions in this period and the comparative period are as follows:

#### Banco Santander 2.25% 2032

- a) The value of purchase transactions was nil (2022 - £3,103,940) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was £72,000 (2022 - nil) and the outstanding amount was £35,112 (2022 - £10,973).
- c) The aggregate value of investments held at the year end was £2,583,188 (2022 - £2,944,000).

#### Santander UK 5.75% 2026

- a) The value of purchase transactions was nil (2022 - £7,317,760) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was £362,250 (2022 - nil) and the outstanding amount was £28,703 (2022 - nil).
- c) The aggregate value of investments held at the year end was £6,508,875 (2022 - £7,190,723).

#### Banco Santander EUR 0.5

- a) The value of purchase transactions was £1,940,072 (2022 - Nil) and sales transactions was Nil (2022 - nil).
- b) Revenue receivable for the year was £43,317 (2022 - nil) and the outstanding amount was £Nil (2022 - nil).
- c) The aggregate value of investments held at the year end was £2,598,426 (2022 - Nil).

#### Material shareholders

As at 31 March 2023, 99.67% (2022 - 98.85%) of the shares in issue in the Santander Max 50% Shares Portfolio 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 12. Shareholders' funds

The Fund currently has three share classes; R Accumulation Shares, R Income Shares and S 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;

	2023	2022
	No of Shares	No of Shares
<b>R Accumulation Shares</b>		
Opening shares in issue	159,067,248	168,525,670
Shares issued in the period	72,052	463,339
Shares cancelled in the period	(15,645,481)	(9,921,761)
Closing shares in issue	143,493,819	159,067,248
	2023	2022
	No of Shares	No of Shares
<b>R Income Shares</b>		
Opening shares in issue	3,915,646	4,415,619
Shares issued in the period	160,593	115,021
Shares cancelled in the period	(463,535)	(614,994)
Closing shares in issue	3,612,704	3,915,646
	2023	2022
	No of Shares	No of Shares
<b>S Accumulation Shares</b>		
Opening shares in issue	219,700,982	207,715,582
Shares issued in the period	7,105,098	16,304,988
Shares cancelled in the period	(11,565,440)	(4,319,588)
Closing shares in issue	215,240,640	219,700,982

### 13. Fair value disclosure

	2023	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	603,324,099	2,845,152
Observable inputs using market data*	189,395,979	–
	792,720,078	2,845,152
	2022	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	700,902,651	–
Observable inputs using market data*	190,662,310	2,420,793
	891,564,961	2,420,793

\* Details of the securities included within the fair value hierarchy are detailed on page 12, accounting policy (b) valuation of investments.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as a % of Purchases
<b>2023</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>%</b>
Equity instruments	76,019,013	23,014	63,290	76,105,317	0.03	0.08
Debt instruments	333,694,210	–	–	333,694,210	–	–
Collective Investment Schemes	243,849,205	–	–	243,849,205	–	–
Total purchases	653,562,428	23,014	63,290	653,648,732		
<b>2022</b>	<b>£</b>	<b>£</b>		<b>£</b>	<b>%</b>	
Equity instruments	260,192,167	275,302	625,341	261,092,810	0.11	0.24
Debt instruments	556,868,299	–	–	556,868,299	–	–
Collective Investment Schemes	392,649,041	–	–	392,649,041	–	–
In-specie transfers	205,815,176	–	–	205,815,176	–	–
Total purchases	1,415,524,683	275,302	625,341	1,416,425,326		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as a % of Sales
<b>2023</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>%</b>
Equity instruments	77,005,230	(23,127)	(675)	76,981,428	0.03	–
Debt instruments	346,333,123	–	–	346,333,123	–	–
Collective Investment Schemes	245,534,099	–	–	245,534,099	–	–
Total sales	668,872,452	(23,127)	(675)	668,848,650		
<b>2022</b>	<b>£</b>	<b>£</b>		<b>£</b>	<b>%</b>	
Equity instruments	1,531,087	(153)	(1)	1,530,933	–	–
Debt instruments	209,712,354	–	–	209,712,354	–	–
Collective Investment Schemes	1,185,247,060	–	(2)	1,185,247,058	–	–
Total sales	1,396,490,501	(153)	(3)	1,396,490,345		

	Broker Commission	Transfer Taxes
<b>2023</b>	<b>£</b>	<b>£</b>
Total costs from purchases & sales	46,141	63,965
Total costs as % of Average NAV	0.00%	0.01%
<b>2022</b>	<b>£</b>	<b>£</b>
Total costs from purchases & sales	275,455	625,344
Total costs as % of Average NAV	0.03%	0.06%

In the case of equity securities broker commissions and transfer taxes are paid by the Fund on each purchase or sale transaction and are a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. The estimated average dealing spread including the effects of foreign exchange for this Fund is 0.20% (2022 - 0.18%) of the transaction value.

There were direct transaction costs associated with derivatives in the year of nil (2022 - £7,799) which is 0.00% of the Average NAV of the Fund (2022 - 0.00%).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 £	
<b>2023</b>			
UK Sterling	12,149,000	633,637,859	645,786,859
Euro	3,659,428	61,852,701	65,512,129
Japanese Yen	7,874,524	–	7,874,524
Norwegian Krone	369,754	1,768,015	2,137,769
US Dollar	14,481,813	65,319,726	79,801,539
Danish Krone	2,046,804	4,459,446	6,506,250
Swedish Krona	502,035	5,725,295	6,227,330
Swiss Franc	1,725,173	18,096,422	19,821,595
<b>2022</b>			
UK Sterling	41,553,125	736,174,583	777,727,708
Euro	4,491,041	42,996,206	47,487,247
Japanese Yen	6,761,379	–	6,761,379
US Dollar	5,875,648	80,512,019	86,387,667
Danish Krone	3,603	4,448,815	4,452,418
Swedish Krona	–	2,548,685	2,548,685
Swiss Franc	79,007	14,625,970	14,704,977

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 16. Interest rate risk profile of financial assets and liabilities

The analysis and tables provided below refer to the narrative disclosure on Interest rate risk disclosure in note 10.

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2023 was:

	Floating Rate	Fixed Rate	Financial	
	financial assets	financial assets	assets not	Total
Currency	£	£	carrying interest	£
<b>2023</b>				
UK Sterling	8,544,234	447,658,247	191,712,400	647,914,881
Danish Krone	2,034,827	–	4,471,423	6,506,250
Euro	4,778,324	–	62,014,068	66,792,392
Japanese Yen	8,490,101	–	–	8,490,101
Norwegian Krone	369,753	–	1,768,016	2,137,769
Swedish Krona	502,035	–	5,725,295	6,227,330
Swiss Franc	1,725,173	–	18,096,422	19,821,595
US Dollar	13,458,526	–	67,204,384	80,662,910
			Financial	
			(liabilities) not	
			carrying interest	Total
Currency			£	£
<b>2023</b>				
UK Sterling			2,128,022	2,128,022
Euro			1,280,263	1,280,263
Japanese Yen			615,577	615,577
US Dollar			861,371	861,371

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2022 was:

	Floating Rate	Fixed Rate	Financial	
	financial assets	financial assets	assets not	Total
Currency	£	£	carrying interest	£
<b>2022</b>				
UK Sterling	61,447,809	528,466,277	216,326,682	806,240,768
US Dollar	1,889,701	–	84,788,722	86,678,423
Euro	4,454,683	–	43,032,566	47,487,249
Swiss Franc	26,768	–	14,678,207	14,704,975
Japanese Yen	3,328,544	–	5,496,216	8,824,760
Danish Krone	–	–	4,452,418	4,452,418
Swedish Krona	–	–	2,548,685	2,548,685
			Financial	
			(liabilities) not	
			carrying interest	Total
Currency			£	£
<b>2022</b>				
UK Sterling			28,513,060	28,513,060
US Dollar			290,756	290,756
Japanese Yen			2,063,381	2,063,381

**Notes to the financial statements (continued)***for the year ended 31 March 2023***17. Post balance sheet events**

Subsequent to the year end, the net asset value per share of the R Income share class has decreased from 238.39p to 231.20p, the R Accumulation share class has decreased from 300.82p to 293.56p, and the S Accumulation share class has decreased from 182.77p to 178.35p as at 18 July 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Distribution tables***for the year ended 31 March 2023*

Distributions on R Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1	31.08.2022	quarter 1	1.4713	–	1.4713	0.6999
	30.11.2022	interim	1.3393	–	1.3393	1.0633
	28.02.2023	quarter 3	1.1339	–	1.1339	0.8316
	31.05.2023	final	1.3365	–	1.3365	1.2138
Group 2	31.08.2022	quarter 1	1.0851	0.3862	1.4713	0.6999
	30.11.2022	interim	0.5785	0.7608	1.3393	1.0633
	28.02.2023	quarter 3	0.6503	0.4836	1.1339	0.8316
	31.05.2023	final	0.6225	0.7140	1.3365	1.2138

Distributions on R Income Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1	31.08.2022	quarter 1	1.1871	–	1.1871	0.5712
	30.11.2022	interim	1.0763	–	1.0763	0.8702
	28.02.2023	quarter 3	0.9061	–	0.9061	0.6739
	31.05.2023	final	1.0638	–	1.0638	0.9835
Group 2	31.08.2022	quarter 1	0.5114	0.6757	1.1871	0.5712
	30.11.2022	interim	0.5829	0.4934	1.0763	0.8702
	28.02.2023	quarter 3	0.5985	0.3076	0.9061	0.6739
	31.05.2023	final	0.8143	0.2495	1.0638	0.9835

**Distribution tables(continued)***for the year ended 31 March 2023*

Distributions on S Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1						
	31.08.2022	quarter 1	0.8993	–	0.8993	0.4446
	30.11.2022	interim	0.8137	–	0.8137	0.6664
	28.02.2023	quarter 3	0.6889	–	0.6889	0.5328
	31.05.2023	final	0.8120	–	0.8120	0.7530
Group 2						
	31.08.2022	quarter 1	0.6254	0.2739	0.8993	0.4446
	30.11.2022	interim	0.3138	0.4999	0.8137	0.6664
	28.02.2023	quarter 3	0.4479	0.2410	0.6889	0.5328
	31.05.2023	final	0.4220	0.3900	0.8120	0.7530

**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 Max 70% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023

#### Investment commentary

##### 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 also aim to outperform (after the deduction of fees) the following composite Target Benchmark measured over a rolling 3 year time period: 30% Markit iBoxx Sterling Non-Gilts Index TR, 25% MSCI UK Index TR, 12% MSCI Europe Ex UK Index TR, 10% ICE BofA UK Gilts All Stocks Index TR, 10% MSCI USA Index TR, 6% MSCI Japan Index TR, 4% Sterling Overnight Index Average (SONIA) and 3% MSCI AC Asia Pacific Ex Japan Index TR.

It is expected that average outperformance for the Fund will typically not be greater than 1% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.

##### Investment Policy

The Fund is actively managed by the appointed Sub-Investment Manager and aims to achieve the investment objectives by obtaining exposure to the constituents included in the Indices which make up the Target Benchmark.

The Fund invests its assets directly, or indirectly through Derivatives or Collective Investment Schemes in the following:

- between 30% and 70% in shares in companies which are, at the time of purchase, listed. These comprise direct investment in shares or equity related securities (i.e. other investments whose value is related to shares);
- between 20% and 70% in bonds which will be, at the time of purchase, investment grade. The Fund can obtain exposure to bonds denominated in Pounds Sterling issued by companies, supranationals and other non-sovereign entities as well as bonds issued by the UK Government; and
- up to 10% in cash.

In relation to the Fund's investment in shares and bonds, the above investment limits reflect the minimum and maximum exposures the Fund can have in these asset classes. However, it is not expected that the Fund's ordinary exposure to each of these asset classes will be at the minimum or maximum amounts for sustained periods.

As exposure to shares and bonds can be obtained indirectly through Derivatives (if in the interest of realising the Fund's objectives more efficiently), investment in ancillary assets such as cash, cash like and/or money market instruments could be up to 100%, dependent on market conditions and investment views (see Investment Strategy and Process below).

As a result of the Fund's potential investment in bonds and money market instruments the Fund may have more than 35% invested in these assets issued by the UK Government.

The Fund may invest globally (including up to 15% in non-developed markets).

Up to 10% of the Fund can be invested indirectly, and for a sustained period, by purchasing units of Passively Managed Collective Investment Schemes managed by other companies (not the ACD or other companies within the Santander Group).

The Fund will use Derivatives (including Derivatives which track the performance of an Index such as index futures) for Efficient Portfolio Management (including hedging), where Derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Fund.

## Santander Max 70% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process

The ACD has appointed one Sub-Investment Manager, based on their expertise, to manage the entire Fund and will put in place the investment guidelines which the Sub-Investment Manager must follow. In these investment guidelines the ACD will set the Sub-Investment Manager a target to outperform the Target Benchmark. Although this is calculated on a different basis to the Fund's outperformance target (i.e. before the deduction of the Fund's fees (other than transaction costs)), it is aligned with the investment objectives of the Fund overall. In addition, the investment guidelines agreed with the Sub-Investment Manager include risk management measures which will reference the Target Benchmark (described below).

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

The Sub-Investment Manager actively manages the Fund which means it exercises its discretion when making its investment decisions. In aiming to achieve the Fund's investment objectives the Sub-Investment Manager uses an internal systematic, rules-based investment process to inform the exposure it will seek in each type of asset (represented by each Index in the Target Benchmark). The Sub-Investment Manager decides whether to implement its investment decision based on the output of the systematic, rules-based investment process.

It is expected that the average outperformance for the Fund will typically not be greater than 1% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.

The Sub-Investment Manager's investment process seeks exposure only to constituents included in the Indices which make up the composite Target Benchmark. It will attempt to achieve the investment objectives with similar volatility (how much the returns of the Fund's investments fluctuate around their average return) and lower drawdown (the amount of the decline in value of the Fund's investments from their previous highest value) when compared to the Target Benchmark, but this is not guaranteed.

The Sub-Investment Manager's systematic, rules-based investment process does not consider individual assets or sectors, but instead informs the exposure the Fund will seek in each type of asset (represented by each Index in the Target Benchmark) by using the following strategies:

- (1) the "Risk Parity Strategy", the main goal of which is to generate less volatile returns (but not by a set amount) than the Target Benchmark for the Fund over a 5+ year time horizon. This strategy involves selecting shares and bonds such that each type of asset (represented by Indices in the Target Benchmark) contributes an equal amount of volatility. This strategy will be applied to 35% of the Fund. The Risk Parity Strategy employed by the Sub-Investment Manager does not use borrowing or leverage; and
- (2) the "Momentum Strategy", which is the principal way in which the Sub-Investment Manager aims to outperform the Target Benchmark. This strategy seeks exposure to those shares and bonds (represented by Indices in the Target Benchmark) whose returns have been more favourable when measured over specific time periods, compared to other Indices in the Target Benchmark. In addition, the strategy takes into consideration the consistency and stability of returns over time and favours those types of shares and bonds with higher and more stable returns. The strategy does not take account of why the return has been more favourable. This strategy will be applied to 65% of the Fund.

Cash can also be held in either of the above strategies.

## Santander Max 70% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process (continued)

The systematic investment process will inform the exposure to each type of asset (represented by each Index in the Target Benchmark), and decide how to most efficiently implement the proposed investment decision(s) for review and process by the Sub-Investment Manager (an "Active Investment Decision").

Whilst in efficiently implementing its Active Investment Decision the Sub-Investment Manager will only obtain exposure to constituents included in the Indices in the Target Benchmark, it is not constrained by the amount allocated to each Index in the composite Target Benchmark (for example, more than 10% of the Fund could be exposed to the MSCI USA Index TR even though this makes up 10% of the Target Benchmark). Neither is the Fund required to always have exposure to each Index within the Target Benchmark. This freedom allows the Sub-Investment Manager to seek to outperform the returns of the Target Benchmark and therefore generate capital growth with the potential for income for the Fund.

In implementing its Active Investment Decision, the Sub-Investment Manager will seek to efficiently replicate the performance of the relevant Indices. As part of the overall investment process consideration will be given to the key characteristics that drive the performance of each Index and replication will be via investment in significantly fewer constituents than the total number of constituents of each Index and in different weights.

The Sub-Investment Manager will also obtain exposure to each Index through holding Derivatives which track the performance of an Index (such as index futures). The Sub-Investment Manager will combine its investments in shares and equity-related securities, if it considers that the combination might more efficiently realise the Fund's investment objectives. As a result, generally, the Fund will both invest directly in shares, and indirectly via Derivatives (i.e. equity index futures), for Efficient Portfolio Management, to achieve its exposure to equity markets as well as for hedging purposes. The Fund may have long and short Derivative positions (i.e. buy or sell a Derivative with the expectation that the underlying asset will rise or fall in value), but will only be net long when long and short positions are combined.

Whilst the Sub-Investment Manager's investment strategy favours Derivative use for seeking exposure to shares, Derivatives may also be held to seek exposure to bonds for efficient portfolio management. This means that a substantial amount, or even all, of the Fund may be held in cash, cash like and/or money market instruments for the purpose of managing the exposure created by Derivative use. The market exposure as a result of holding these Derivatives will be limited to 100% of the Net Asset Value of the Fund. These cash, cash like and money market instruments may not be included in the Target Benchmark. The Fund may use Derivatives extensively but the level of the Fund's use of Derivatives will fluctuate dependent on the investment decision being implemented. As the Fund is not constrained by the amount allocated to each Index in the Target Benchmark, the level of exposure the Fund is seeking to each Index will also change.

The Sub-Investment Manager may also obtain exposure to each Index through holding Passively Managed Collective Investment Schemes which invest in the relevant Index (for up to 10% of the Fund).

To help monitor the Fund, the Sub-Investment Manager will consider a range of risk measures, which may inform its investment processes. Some measures will reference the Target Benchmark.

## Santander Max 70% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Further Information

The Indices which together make up the Target Benchmark have been selected as they include the types of assets the Fund will invest in.

The Indices are provided by IHS Markit Benchmark Administration Limited, MSCI Limited, ICE Benchmark Administration Limited and the Bank of England respectively. As at the date of this Prospectus, IHS Markit Benchmark Administration Limited, MSCI Limited and ICE Benchmark Administration Limited are on the public register of administrators and benchmarks established and maintained by the FCA (this register does not apply to the Bank of England).

In respect of the Fund's objective to outperform the Target Benchmark after the deduction of fees, the term "fees" includes all fees, costs, charges, expenses and liabilities which are deducted from the value of the Fund's property for the purpose of calculating its NAV.

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.

Please see the Risk Factor section of the Prospectus for details of the specific risks associated with the systematic, rules-based investment process.

The Fund has a Risk Category of Medium in accordance with Santander UK plc's Risk Categorisation Process. The General Information and Glossary of Terms at the start of this Appendix 1 explains what this means.

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.

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

The base currency of the Fund is UK Sterling.

##### Sub-Investment Manager

Santander Asset Management, S.A, SGIC

## Santander Max 70% Shares Portfolio

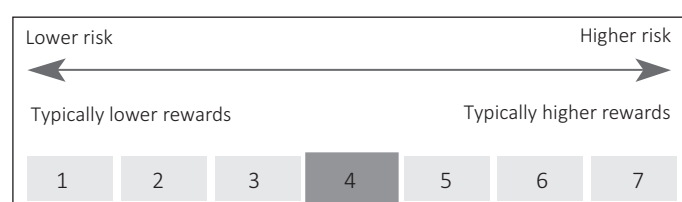
### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Risk Profile

The main risk within the portfolio relate to changes in the prices of securities held. Other risks include: quantative model risk; investment style and management risk; credit risk; interest rate risk; liquidity risk; derivatives risk; counterparty risk and currency risk, which are outlined in more detail in the notes to the financial statements. 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 risk and reward indicator shown above is based on historical data which may not be a reliable indication of the future risk profile of the Fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Santander Max 70% Shares Portfolio

## Final Report and Financial Statements for the year ended 31 March 2023 (continued)

## Investment commentary (continued)

## Performance

Percentage price change from 31 March 2022 to 31 March 2023		
Santander Max 70% Shares Portfolio R Accumulation Shares		-4.44%
Santander Max 70% Shares Portfolio S Accumulation Shares		-4.46%
30% Markit iBoxx Sterling Non-Gilts Index TR, 25% MSCI UK Index TR, 12% MSCI Europe Ex UK Index TR, 10% ICE BofA UK Gilts All Stocks Index TR, 10% MSCI USA Index TR, 6% MSCI Japan Index TR, 4% Sterling Overnight Index Average (SONIA) and 3% MSCI AC Asia Pacific Ex Japan Index TR		-2.11%
Percentage price change from 31 March 2020 to 31 March 2023	Annualised	Cumulative
Santander Max 70% Shares Portfolio R Accumulation Shares	5.83%	18.53%
Santander Max 70% Shares Portfolio S Accumulation Shares	5.91%	18.78%
30% Markit iBoxx Sterling Non-Gilts Index TR, 25% MSCI UK Index TR, 12% MSCI Europe Ex UK Index TR, 10% ICE BofA UK Gilts All Stocks Index TR, 10% MSCI USA Index TR, 6% MSCI Japan Index TR, 4% Sterling Overnight Index Average (SONIA) and 3% MSCI AC Asia Pacific Ex Japan Index TR*	7.30%	23.54%
Percentage price change from 30 March 2018 to 31 March 2023	Annualised	Cumulative
Santander Max 70% Shares Portfolio R Accumulation Shares	2.44%	12.79%
Santander Max 70% Shares Portfolio S Accumulation Shares	2.54%	13.38%
30% Markit iBoxx Sterling Non-Gilts Index TR, 25% MSCI UK Index TR, 12% MSCI Europe Ex UK Index TR, 10% ICE BofA UK Gilts All Stocks Index TR, 10% MSCI USA Index TR, 6% MSCI Japan Index TR, 4% Sterling Overnight Index Average (SONIA) and 3% MSCI AC Asia Pacific Ex Japan Index TR*	4.48%	24.53%

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

Source Factset - 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.

\* The constituents of the Target Benchmark were updated with effect from 22 December 2021.

## Santander Max 70% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review

Incessant wavering by investors over interest rates<sup>19</sup> caused heightened volatility in shares and bonds over the period – sending both asset classes tumbling – amid a worsening outlook for global economic growth<sup>20</sup>.

Markets unexpectedly broke with convention as shares and bonds began to move in the same direction – something that hadn't happened in three decades<sup>21</sup>. Bonds are typically seen as a source of stability in times of uncertainty: they're scrutinised by credit-rating agencies, governments issue them, and companies pay bondholders before shareholders in the event of bankruptcy.

However, the fact that these two asset classes moved in lockstep left investors with few places to hide, resulting in the second-worst calendar year for stock markets on record<sup>22</sup> and the worst year yet for US bonds<sup>23</sup>. On this basis, both asset classes unsurprisingly finished the reporting period having experienced a decline<sup>24</sup>.

Higher interest rates have caused yields on bonds to rise as investors demand greater returns on their investments. Bond prices and yields move in opposite directions, meaning that bond prices slumped during the reporting period.

The reporting period started shortly after the outbreak of war in Ukraine, which sent commodity prices soaring and only worsened existing supply chain bottlenecks caused by the COVID-19 pandemic<sup>25</sup>. A strict lockdown in China, aimed at halting COVID-19 infections, also slowed growth in the world's second-largest economy in 2022<sup>26</sup>.

In the UK, the departure of ex-Prime Minister Liz Truss led to the abandonment of her proposals for unfunded tax cuts<sup>27</sup>, which had spooked markets and caused the pound to slump to a record low against the dollar<sup>28</sup>.

Meanwhile, energy prices across Europe soared after Russia cut off gas supplies<sup>29</sup>. While a warm winter prevented energy prices from surging yet further, they remain four times higher than they were prior to the war in Ukraine<sup>30</sup>.

Two US bank failures in March caused shares to tumble<sup>31</sup> amid worries the crisis could spread, as scandal-tainted investment bank Credit Suisse had to be bought by larger Swiss rival UBS following months of customer withdrawals<sup>32</sup>.

Amid this disruption, the focus of most investors remained on inflation. Prices rocketed to 40-year highs in the US<sup>33</sup> and UK<sup>34</sup>, also breaking into the double digits in Europe<sup>35</sup>.

To counteract soaring inflation, the US Federal Reserve (Fed) hiked interest rates to their highest level since 2007<sup>36</sup> – a rise made yet more aggressive by the fact that the Fed implemented the rate hikes at their fastest pace since the 1980s<sup>37</sup>. The European Central Bank also raised rates at record speed<sup>38</sup>, while the Bank of England lifted rates to heights not seen since 2008<sup>39</sup>.

Markets have regularly bet against the Fed by buying bonds at lower yields than benchmark rates<sup>40</sup>, even as Fed Chairman Jerome Powell emphasised that subsequent interest rate rises are likely to be forthcoming<sup>41</sup>.

<sup>19</sup> CNBC, 9 March 2023

<sup>20</sup> United Nations, 1 February 2023

<sup>21</sup> MarketWatch, 1 March 2023

<sup>22</sup> Reuters, December 30 2022

<sup>23</sup> CNBC, 7 January 2023

<sup>24</sup> MSCI ACWI Index, 31 March 2023

<sup>25</sup> Simply Wall Street, 16 December 2022

<sup>26</sup> Time, 29 November 2022

<sup>27</sup> Deutsche Welle, 17 October 2022

<sup>28</sup> The Guardian, 30 September 2022

<sup>29</sup> BBC, 13 July 2022

<sup>30</sup> Associated Press, 10 January 2023

<sup>31</sup> CBS News, 15 March 2023

<sup>32</sup> The Guardian, 15 March 2023

<sup>33</sup> CBS News, 13 July 2022

<sup>34</sup> CNN, 16 November 2022

<sup>35</sup> The New York Times, 31 October 2022

<sup>36</sup> Sky News, 14 December 2022

<sup>37</sup> NBC News, 7 March 2023

<sup>38</sup> ING, 27 October 2022

<sup>39</sup> Yahoo Finance UK, 23 March 2023

<sup>40</sup> Simply Wall Street, 30 March 2023

<sup>41</sup> NPR, 22 March 2023

## Santander Max 70% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance Review and Investment Activity

The Fund's objective is to provide capital growth with the potential for income over a period of five or more years. It aims to outperform (after fees) the Target Benchmark over a rolling three-year period.

Over the 12 months through 31 March 2023, the Retail Accumulation share class returned -4.44% and the S Accumulation share class delivered a return of -4.46%, while the Target Benchmark returned -2.11%.

The Fund uses a systematic approach that combines risk parity and momentum strategies.

In the risk parity strategy, the model seeks to balance the level of volatility of, and correlation between, each asset class in a Fund.

In the momentum strategy, the model chooses assets with the most substantial growth potential over the medium to long term, while opportunistically seeking favourable entry and exit points for investments in the short term.

Sharp market fluctuations triggered frequent tactical asset changes in the models as they adapted to shifting market conditions.

The risk parity strategy progressively increased the Fund's allocation to shares while reducing its holdings of bonds until the end of 2022, when markets stabilised. The close correlation between bonds and shares then broke, with the two asset classes beginning to move in different directions again. The model then favoured the relative safety of bonds.

The momentum leg of the strategy tends to adapt more quickly to changing market conditions. From March to August, the model transitioned the Fund from an underweight stance in shares, relative to the Target Benchmark – meaning that the Fund held fewer of these assets than the Target Benchmark – to an overweight one, until the end of 2022. This was to benefit from a stock market rally that was occurring, and this tactical switch was funded through reducing the Fund's holdings of bonds.

The model then adopted a more neutral stance in the final three months of the reporting period.

The Sub-Investment Manager implemented options contracts – contracts that allow their holder to buy or sell an asset for a pre-determined price in future – in a bid to boost the Fund's performance.

In the first week of August, contracts were purchased that would benefit the Fund if UK and US shares fell in value. When this subsequently occurred, these gains enhanced the Fund's performance. At the end of September, the decision was also made to cash in an overweight position in the US dollar, relative to the UK pound. This decision was taken after the pound weakened against the dollar, increasing the value of dollars.

Holdings of UK, European (excluding the UK), Japanese and US shares all contributed positively to the Fund's performance. Another factor that bolstered performance was the Fund's underweight position in high-quality corporate bonds. However, these positions weren't enough to compensate for the poor performance of Asia Pacific (excluding Japan) shares and UK bonds.

From 14 January 2022 the Fund transitioned to a new investment strategy, with performance prior to this date having been achieved under different circumstances that no longer apply.

Over the past three years, the Retail Accumulation share class delivered a cumulative return of 18.53% (5.83% annualised) and the S Accumulation share class cumulatively returned 18.78% (5.91% annualised), underperforming the Target Benchmark, which cumulatively returned 23.54% (7.30% annualised).

The Retail Accumulation share class had a cumulative return of 12.79% (2.44% annualised) over the five years through 31 March 2023, while the S Accumulation share class cumulatively returned 13.38% (2.54% annualised). Meanwhile, the Target Benchmark cumulatively returned 24.53% (4.48% annualised).



## **Santander Max 70% Shares Portfolio**

### **Final Report and Financial Statements for the year ended 31 March 2023 (continued)**

#### **Investment commentary (continued)**

##### **Market Outlook**

The Sub-Investment Manager is cautiously optimistic as inflation shows signs of cooling, which may result in the market beginning to approach a consensus regarding the trajectory interest rates will follow. This may prove to be conducive to market stability.

Systematic models remove bias from decision-making in the investment process, eliminating political and cultural considerations to focus solely on data.

The models consider only changing relationships between peers and how asset classes perform relative to each other, facilitating decision making based on these factors.

The Sub-Investment Manager expects volatility to stabilise by the fourth quarter of 2023 or, failing that, the first quarter of 2024. For now, a great deal of uncertainty remains. Moving forward, we intend to continue to closely monitor the markets and invest in our capabilities in the interest of customers.

##### **Multi Asset Solutions Team**

**For and on behalf of Santander Asset Management UK Limited**

**May 2023**

## Summary of material portfolio changes

for the year ended 31 March 2023

Purchases	Cost £	Note	Sales	Proceeds £	Note
iShares Core £ Corporate Bond UCITS ETF	513,534,954		iShares Core £ Corporate Bond UCITS ETF	514,260,686	
UK Treasury 0.75% 2023	144,816,251		UK Treasury 0.75% 2023	88,132,511	
UK Treasury 0.125% 2023	75,769,518		UK Treasury 0.125% 2023	76,073,074	
UK Treasury 1% 2024	35,877,208		UK Treasury 0.5% 2022	64,659,149	
UK Treasury 1.75% 2022	27,884,378		UK Treasury 1% 2024	33,134,081	
UK Treasury 0.125% 2024	22,064,982		UK Treasury 1.75% 2022	27,971,000	
UK Treasury 0.375% 2030	11,838,033		UK Treasury 4.25% 2036	12,390,676	
UK Treasury 2% 2025	11,369,264		UK Treasury 0.5% 2061	10,333,185	
UK Treasury 4% 2060	9,779,135		UK Treasury 1.25% 2027	8,978,252	
UK Treasury 4.25% 2039	7,895,296		UK Treasury 0.125% 2028	8,955,701	
UK Treasury 1.5% 2047	7,834,248		UK Treasury 1.5% 2026	7,237,540	
UK Treasury 3.5% 2068	7,809,075		UK Treasury 0.625% 2025	6,657,380	
Barratt Developments	6,069,775		Next	6,069,820	
UK Treasury 0.625% 2050	5,869,539		UK Treasury 4.25% 2032	5,762,943	
Cooperatieve Rabobank 1.875% 2028	5,515,136		UK Treasury 1.625% 2054	5,725,602	
MetLife	4,932,384		Raytheon Technologies	5,527,598	
BAE Systems	4,539,014		Ferguson	5,372,994	
CenterPoint Energy	4,001,790		UK Treasury 1.25% 2041	5,316,221	
Anheuser-Busch InBev 2.85% 2037	3,960,000		Swiss Prime Site	4,799,692	
Geberit	3,899,030		UK Treasury 3.75% 2052	4,665,418	
Total cost of purchases for the year	<u>1,062,284,457</u>	14	Total proceeds from sales for the year	<u>1,044,520,861</u>	14

**Portfolio statement***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Fixed Interest Securities 34.96% (39.57%)</b>			
<b>AAA to AA 20.56% (27.31%)</b>			
Allianz Finance II 4.5% 2043	£1,400,000	1,352,344	0.12
Chancellor Masters and Scholars of the University of Oxford 2.544% 2117	£1,200,000	656,743	0.06
CPPIB Capital Inc 1.625% 2071	£1,100,000	485,595	0.04
European Investment Bank 1% 2026	£3,933,000	3,551,703	0.32
European Investment Bank 1.375% 2025	£5,000,000	4,730,300	0.42
European Investment Bank 6% 2028	£3,600,000	3,968,028	0.35
Inter-American Development Bank 1.25% 2025	£2,700,000	2,493,888	0.22
Inter-American Development Bank 1.375% 2024	£4,900,000	4,645,220	0.41
International Bank for Reconstruction & Development 0.25% 2026	£2,800,000	2,475,200	0.22
International Bank for Reconstruction & Development 0.75% 2026	£3,400,000	3,002,442	0.27
International Development Association 0.75% 2028	£2,800,000	2,348,590	0.21
KfW 6% 2028	£2,500,000	2,752,617	0.25
Kreditanstalt Fur Wiederaufbau 1.375 2024	£5,700,000	5,411,169	0.48
Lloyds Bank 4.875% 2027	£3,700,000	3,734,320	0.33
Lloyds Bank 5.125% 2025	£1,800,000	1,811,234	0.16
Lloyds Bank 6% 2029	£1,500,000	1,613,955	0.14
Network Rail 4.75% 2035	£4,600,000	4,868,456	0.43
Nordrhein Westfalen 0.625% 2024	£2,700,000	2,527,497	0.23
OP Corporation 3.375% 2026	£3,000,000	2,860,440	0.25
Santander UK 5.75% 2026*	£7,900,000	8,161,923	0.73
SNCF Réseau 5% 2052	£1,200,000	1,227,973	0.11
UK Treasury 0.125% 2028	£9,187,000	7,842,528	0.70
UK Treasury 0.375% 2030	£14,517,000	11,605,833	1.03
UK Treasury 0.625% 2025	£11,605,000	10,913,400	0.97
UK Treasury 0.625% 2035	£13,802,000	9,667,956	0.86
UK Treasury 0.625% 2050	£11,564,000	5,294,867	0.47
UK Treasury 0.875% 2029	£15,855,000	13,521,382	1.20
UK Treasury 1.25% 2027	£8,566,000	7,822,771	0.70
UK Treasury 1.25% 2041	£8,433,000	5,556,293	0.49
UK Treasury 1.5% 2026	£10,449,000	9,802,886	0.87
UK Treasury 1.5% 2047	£11,542,000	7,241,162	0.64
UK Treasury 1.625% 2054	£5,803,000	3,489,779	0.31
UK Treasury 1.75% 2037	£9,785,000	7,593,894	0.68
UK Treasury 2% 2025	£11,691,000	11,249,723	1.00
UK Treasury 3.5% 2045	£11,706,000	11,030,271	0.98
UK Treasury 3.5% 2068	£7,208,000	6,958,423	0.62

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>AAA to AA (continued)</b>			
UK Treasury 3.75% 2052	£5,453,000	5,355,255	0.48
UK Treasury 4% 2060	£8,398,000	8,863,039	0.79
UK Treasury 4.25% 2032	£8,868,000	9,453,066	0.84
UK Treasury 4.25% 2039	£7,129,000	7,489,549	0.67
Wal-Mart Stores 5.25% 2035	£875,000	938,036	0.08
Wal-Mart Stores 5.625% 2034	£2,300,000	2,543,354	0.23
Wellcome Trust 2.517% 2118	£900,000	493,708	0.04
Westfield Stratford City Finance No 2 1.642% 2026	£2,100,000	1,834,215	0.16
		231,241,027	20.56
<b>AA- to A+ 1.44% (1.44%)</b>			
Banque Federative du Credit Mutuel 1.75% 2024	£2,700,000	2,540,457	0.23
Nestle Holdings 2.5% 2032	£3,000,000	2,578,740	0.23
Pfizer 2.735% 2043	£5,500,000	4,017,706	0.36
Statoil 6.875% 2031	£1,700,000	1,950,869	0.17
Toyota Motor Credit 0.75% 2025	£5,655,000	5,108,105	0.45
		16,195,877	1.44
<b>A to A- 2.75% (2.02%)</b>			
Aspire Defence Finance A 4.674% 2040	£483,504	464,154	0.04
Bank of America 1.667% 2029	£3,700,000	3,080,620	0.27
Bank of America 7% 2028	£3,300,000	3,548,056	0.32
Clarion Funding 3.125% 2048	£3,650,000	2,543,397	0.23
Cooperatieve Rabobank 1.875% 2028	£6,400,000	5,558,301	0.49
GlaxoSmithKline Capital 1.625% 2035	£2,900,000	2,079,454	0.19
GlaxoSmithKline Capital 4.25% 2045	£1,000,000	897,669	0.08
GlaxoSmithKline Capital 5.25% 2033	£1,000,000	1,055,157	0.09
GlaxoSmithKline Capital 5.25% 2042	£900,000	931,051	0.08
HSBC 1.75% 2027	£2,100,000	1,837,359	0.16
JPMorgan Chase & Co 0.991% 2026	£2,800,000	2,554,528	0.23
JPMorgan Chase & Co 1.895% 2033	£1,400,000	1,072,391	0.10
London & Quadrant Housing 5.5% 2040	£2,300,000	2,330,875	0.21
THFC 5.2% 2043	£3,000,000	2,968,516	0.26
		30,921,528	2.75

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB 9.43% (8.16%)</b>			
Anheuser-Busch InBev 2.85% 2037	£4,400,000	3,494,498	0.31
AT&T 2.9% 2026	£3,500,000	3,246,810	0.29
AT&T 4.875% 2044	£1,940,000	1,722,264	0.15
AT&T 7% 2040	£2,050,000	2,315,439	0.21
AXA 5.453% FRN Perpetual	£1,789,000	1,747,881	0.16
Banco Santander 2.25% 2032*	£4,400,000	3,551,884	0.32
Barclays 1.7% 2026	£3,700,000	3,333,848	0.30
Barclays 3% 2026	£2,600,000	2,389,229	0.21
Barclays 3.25% 2033	£3,500,000	2,771,618	0.25
BAT International Finance 4% 2026	£4,250,000	4,002,078	0.36
BNP Paribas 2% 2031	£2,100,000	1,806,000	0.16
Cadent Finance 2.125% 2028	£3,700,000	3,144,482	0.28
Credit Suisse 2.125% 2025	£3,700,000	3,405,850	0.30
E.ON International Finance 6.75% 2039	£800,000	885,383	0.08
Électricité de France 5.125% 2050	£800,000	679,198	0.06
Électricité de France 5.5% 2041	£3,600,000	3,301,594	0.29
Électricité de France 6.125% 2034	£2,700,000	2,747,883	0.24
Enel 5.75% 2037	£2,650,000	2,652,743	0.24
Enel Finance International 1% 2040	£3,700,000	3,105,934	0.28
Enel Finance International 5.75% 2040	£2,179,000	2,167,403	0.19
ENGIE 5% 2060	£2,500,000	2,303,864	0.21
GE Capital UK Funding 5.875% 2033	£1,500,000	1,545,577	0.14
General Motors Financial 2.35% 2025	£2,250,000	2,099,745	0.19
Goldman Sachs 1% 2025	£2,100,000	1,944,626	0.17
Goldman Sachs 1.5% 2027	£2,800,000	2,370,707	0.21
Goldman Sachs 3.125% 2029	£2,500,000	2,175,662	0.19
Heathrow Funding 4.625% 2046	£1,100,000	942,554	0.08
Heathrow Funding 5.875% 2041	£2,600,000	2,662,972	0.24
HSBC 6% 2040	£1,500,000	1,343,735	0.12
HSBC 7% 2038	£1,400,000	1,408,510	0.13
Imperial Brands Finance 5.5% 2026	£1,800,000	1,774,079	0.16
Innogy Finance 6.125% 2039	£900,000	938,757	0.08
Innogy Finance 6.25% 2030	£2,300,000	2,418,677	0.22
Intesa Sanpaolo 2.625% 2036	£1,900,000	1,315,756	0.12
Orange 3.25% 2032	£2,600,000	2,290,979	0.20
Prudential 5.625% 2051	£2,700,000	2,456,166	0.22
Rabobank 4.625% 2029	£3,150,000	2,873,909	0.26
Sage 2.875% 2034	£2,100,000	1,690,269	0.15

**Portfolio statement (continued)**

as at 31 March 2023

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>BBB+ to BBB (continued)</b>			
Thames Water Utilities Cayman Finance 5.5% 2041	£900,000	867,983	0.08
Thames Water Utilities Finance 5.125% 2037	£2,800,000	2,619,506	0.23
Verizon Communications 1.125% 2028	£3,052,000	2,488,364	0.22
Verizon Communications 3.375% 2036	£4,000,000	3,261,880	0.29
Volkswagen Financial Services 4.25% 2025	£1,200,000	1,165,964	0.10
Wells Fargo 2% 2025	£4,950,000	4,588,625	0.41
Wells Fargo 2.5% 2029	£2,000,000	1,684,005	0.15
Western Power Distribution 5.75% 2032	£2,000,000	2,063,132	0.18
		105,768,022	9.43
<b>Below BBB to unrated 0.78% (0.64%)</b>			
Lloyds Banking 2.707% 2035	£2,100,000	1,619,189	0.14
Phoenix 5.625% 2031	£1,700,000	1,534,305	0.14
Royal Bank of Scotland 3.622% 2030	£1,300,000	1,200,336	0.11
Tesco Corporate Treasury Services 2.75% 2030	£3,800,000	3,221,839	0.29
Tesco Property Finance 4 5.8006% 2040	£557,733	552,590	0.05
Tesco Property Finance 7.6227% 2039	£452,457	510,165	0.05
		8,638,424	0.78
Total Fixed interest securities		392,764,878	34.96
<b>Money Market securities 9.08% (5.40%)</b>			
UK Treasury 0.125% 2024	£22,731,000	22,021,679	1.96
UK Treasury 0.75% 2023	£57,478,000	56,860,399	5.06
UK Treasury 1% 2024	£23,903,000	23,151,370	2.06
Total Money Market Securities		102,033,448	9.08
<b>Equities 43.93% (41.59%)</b>			
<b>Belgium 0.42% (0.39%)</b>			
Bruxelles Lambert	67,853	4,676,557	0.42
		4,676,557	0.42
<b>Denmark 0.64% (0.77%)</b>			
Novo Nordisk 'B'	56,132	7,198,414	0.64
		7,198,414	0.64

## Portfolio statement (continued)

as at 31 March 2023

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Eire 0.44% (0.25%)</b>			
CRH	101,614	4,149,023	0.37
Linde	2,981	856,171	0.07
		5,005,194	0.44
<b>France 2.83% (2.55%)</b>			
Air Liquide	29,713	4,025,784	0.36
BNP Paribas	84,782	4,112,832	0.37
L'Oréal	9,250	3,342,468	0.30
LVMH Moët Hennessy	10,120	7,502,191	0.67
Sanofi	47,174	4,142,906	0.37
Schneider Electric	29,214	3,933,532	0.35
Total	96,918	4,629,174	0.41
		31,688,887	2.83
<b>Germany 2.64% (2.10%)</b>			
Adidas	20,625	2,942,701	0.26
Allianz	28,332	5,308,671	0.47
Daimler	48,192	2,995,009	0.27
Deutsche Telekom	210,092	4,130,400	0.37
Infineon Technologies	131,833	4,367,019	0.39
SAP	49,169	5,018,426	0.45
Siemens	37,104	4,866,782	0.43
		29,629,008	2.64
<b>Italy 0.37% (0.50%)</b>			
Enel	850,761	4,206,337	0.37
		4,206,337	0.37
<b>Jersey 1.05% (1.64%)</b>			
Experian	220,489	5,865,007	0.52
Glencore	1,281,682	5,954,695	0.53
		11,819,702	1.05
<b>Netherlands 1.56% (1.27%)</b>			
Adyen	1,629	2,088,601	0.19
Airbus	25,784	2,792,946	0.25
ASML	11,989	6,585,997	0.59

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Netherlands (continued)</b>			
Heineken	55,824	4,144,739	0.37
Prosus	28,779	1,819,138	0.16
		17,431,421	1.56
<b>Norway 0.25% (nil)</b>			
DNB Bank	194,402	2,812,558	0.25
		2,812,558	0.25
<b>Spain 0.68% (0.39%)</b>			
Banco Santander EUR 0.5*	1,396,503	4,203,865	0.37
Iberdrola	345,321	3,483,248	0.31
		7,687,113	0.68
<b>Sweden 0.83% (0.44%)</b>			
Atlas Copco AB	347,475	3,234,242	0.29
Investor AB	196,039	3,227,703	0.29
Sandvik	163,140	2,796,733	0.25
		9,258,678	0.83
<b>Switzerland 2.58% (2.53%)</b>			
Alcon	53,164	3,045,205	0.27
Compagnie Financière Richemont	25,839	3,337,533	0.30
Geberit	8,785	3,960,269	0.35
Nestlé	82,582	8,147,438	0.73
Novartis	78,573	5,825,761	0.52
Roche Holding	20,163	4,657,188	0.41
		28,973,394	2.58
<b>United Kingdom 19.36% (18.15%)</b>			
Anglo American	190,729	5,107,723	0.46
Ashtead	98,403	4,875,869	0.43
AstraZeneca	206,479	23,191,721	2.06
BAE Systems	573,965	5,639,780	0.50
Barclays	3,944,106	5,750,507	0.51
Barratt Developments	1,233,017	5,752,024	0.51
BP	2,639,167	13,480,865	1.20
British American Tobacco	317,334	9,013,872	0.80



**Portfolio statement (continued)***as at 31 March 2023*

<b>Investment</b>	<b>Holding or nominal value of positions at 31 March</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>United Kingdom (continued)</b>			
Compass	444,635	9,039,430	0.80
Diageo	377,881	13,654,730	1.22
GSK	683,438	9,766,329	0.87
HSBC	2,794,824	15,360,353	1.37
Lloyds Banking	16,388,657	7,813,292	0.70
London Stock Exchange	52,066	4,096,553	0.36
National Grid	697,842	7,648,348	0.68
Prudential	600,760	6,620,375	0.59
Reckitt Benckiser	109,097	6,718,193	0.60
RELX	463,026	12,117,390	1.08
Rio Tinto	157,975	8,652,291	0.77
Shell	979,472	22,606,214	2.01
Unilever	397,033	16,633,697	1.48
Vodafone	4,551,885	4,064,833	0.36
		217,604,389	19.36
<b>United States of America 10.28% (10.61%)</b>			
Abbott Laboratories	36,193	2,963,760	0.26
AbbVie	12,111	1,560,634	0.14
Adobe Systems	4,315	1,344,143	0.12
Alphabet 'A'	66,304	5,558,715	0.49
Amazon	48,367	4,040,069	0.36
American Express	11,304	1,507,749	0.13
Apple	75,044	10,003,439	0.89
Applied Materials	21,555	2,141,292	0.19
Bank of America	75,239	1,738,508	0.15
Berkshire Hathaway 'B'	11,236	2,800,980	0.25
Bio-Rad Laboratories	3,221	1,247,084	0.11
Boeing	5,096	875,196	0.08
Broadcom	3,840	1,992,409	0.18
Camden Property Trust	30,221	2,561,740	0.23
CenterPoint Energy	104,554	2,491,132	0.22
Chevron	11,459	1,511,555	0.13
Cisco Systems	49,303	2,084,247	0.19
Comcast 'A'	57,992	1,778,055	0.16
Costco Wholesale	4,544	1,826,089	0.16
Eli Lilly	6,348	1,762,264	0.16
Equitable	106,799	2,191,347	0.20

**Portfolio statement (continued)***as at 31 March 2023*

<b>Investment</b>	<b>Holding or nominal value of positions at 31 March</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>United States of America (continued)</b>			
Exxon Mobil	26,326	2,332,921	0.21
Facebook	10,930	1,873,070	0.17
Fortune Brands Home & Security	25,890	1,230,374	0.11
Genuine Parts	8,642	1,169,181	0.10
Hess	14,305	1,530,286	0.14
Home Depot	11,770	2,808,922	0.25
Ingersoll Rand	40,586	1,908,423	0.17
Johnson & Johnson	23,670	2,965,905	0.26
JPMorgan Chase & Co	22,548	2,375,614	0.21
Mastercard 'A'	6,723	1,975,495	0.18
Merck	22,738	1,955,933	0.17
MetLife	44,138	2,067,234	0.18
Microsoft	36,478	8,503,125	0.76
Netflix	2,997	837,352	0.07
Nvidia	12,611	2,832,873	0.25
Pfizer	36,121	1,191,325	0.11
Philip Morris International	21,577	1,696,214	0.15
Procter & Gamble	22,990	2,762,816	0.25
Salesforce.com	8,814	1,424,198	0.13
Tesla Motors	12,280	2,060,323	0.18
Trimble Navigation	44,956	1,904,481	0.17
UnitedHealth	9,027	3,448,724	0.31
VICI Properties	87,029	2,295,294	0.20
Visa	13,274	2,419,476	0.22
Wabtec	36,594	2,990,974	0.27
Walt Disney	20,026	1,620,771	0.14
Williams	56,656	1,367,314	0.12
		115,529,025	10.28
Total Equities		493,520,677	43.93
<b>Collective Investment Schemes 6.71% (7.50%)</b>			
iShares Core £ Corporate Bond UCITS ETF**	621,753	75,412,421	6.71
		75,412,421	6.71

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Futures 0.02% (0.74%)</b>			
EURO/GBP Jun'23	(282)	58,613	0.01
FTSE 100 Index Jun'23	(378)	(487,620)	(0.04)
GBP/USD Jun'23	(1,060)	(497,048)	(0.04)
GBP/Yen Jun'23	(407)	(643,681)	(0.06)
Long Gilt Jun'23	(1)	1,822	0.00
MSCI Asia Jun'23	1,271	1,705,254	0.15
MSCI Europe Jun'23	(1,337)	(1,166,019)	(0.10)
S&P 500 Emini Jun'23	127	534,712	0.05
Topix Index Jun'23	544	617,709	0.05
		123,742	0.02
<b>Options -0.07% (nil)</b>			
Euro Stoxx C/O 50 Euro 4325 19 May 23	(515)	(333,046)	(0.03)
S&P 500 C/O USD 4125 28 April 23	(84)	(476,506)	(0.04)
		(809,552)	(0.07)
<b>Portfolio of investment</b>		<b>1,063,045,614</b>	<b>94.63</b>
<b>Net other assets</b>		<b>60,373,816</b>	<b>5.37</b>
<b>Total net assets</b>		<b>1,123,419,430</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31 March 2022.

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

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

Futures securities are derivative instruments listed on recognised exchanges.

Options are derivative Investments and are listed on recognised exchanges.

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

\* Related party to the Fund.

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

## Comparative tables

Change in net asset value per share	R Accumulation Shares			S Accumulation Shares		
	2023 p	2022 p	2021 p	2023 p	2022 p	2021 p
Opening net asset value per share	356.11	346.51	288.41	208.48	202.58	168.49
Return before operating charges	(12.31)	12.70	61.53	(7.24)	7.40	35.81
Operating charges	(2.27)	(3.10)	(3.43)	(1.31)	(1.50)	(1.72)
Return after operating charges	(14.58)	9.60	58.10	(8.55)	5.90	34.09
Distributions	(6.44)	(3.59)	(2.87)	(3.75)	(2.39)	(1.91)
Retained distributions on accumulation shares	6.44	3.59	2.87	3.75	2.39	1.91
Closing net asset value per share	341.53	356.11	346.51	199.93	208.48	202.58
**after direct transaction costs of	0.06	0.37	0.07	0.03	0.22	0.04
<b>Performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Return after charges*	(4.09)%	2.77%	20.14%	(4.10)%	2.91%	20.23%
Closing net asset value (£'s)	608,975,374	682,457,274	695,520,664	514,444,056	516,820,081	455,361,097
Closing number of shares	178,305,767	191,643,533	200,723,764	257,315,963	247,897,992	224,776,655
Operating charges***	0.67%	0.86%	1.05%	0.66%	0.71%	0.90%
Direct transaction costs**	0.02%	0.14%	0.02%	0.02%	0.14%	0.02%
	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Highest share price	358.1	372.6	352.8	209.6	216.6	206.2
Lowest share price	309.7	340.9	285.2	181.3	199.6	166.5

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

\*\*\* The ACD's periodic charge for the R share class reduced from 0.80% to 0.65% on 27 April 2022. This was to align it to the S class.

## Financial Statements - Santander Max 70% Shares Portfolio

### Statement of total return

for the year ended 31 March 2023

	Note	2023		2022	
		£	£	£	£
Income					
Net capital (losses)/gains	1		(70,973,068)		19,890,874
Revenue	2	31,666,976		22,374,717	
Expenses	3	(7,501,906)		(9,178,430)	
Interest payable and similar charges	4	(817,636)		(182,390)	
Net revenue before taxation		23,347,434		13,013,897	
Taxation	5	(2,010,543)		(165,277)	
Net revenue after taxation			21,336,891		12,848,620
Total return before distributions			(49,636,177)		32,739,494
Distributions	6		(21,336,891)		(12,857,050)
Change in net assets attributable to shareholders from investment activities			(70,973,068)		19,882,444

### Statement of change in net assets attributable to shareholders

for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Opening net assets attributable to shareholders		1,199,277,355		1,150,881,761
Amounts receivable on issue of shares	33,689,731		57,202,081	
Amounts payable on cancellation of shares	(59,851,845)		(41,588,196)	
		(26,162,114)		15,613,885
Dilution adjustment		20,630		24,677
Change in net assets attributable to shareholders from investment activities		(70,973,068)		19,882,444
Retained distributions on accumulation shares		21,256,627		12,874,588
Closing net assets attributable to shareholders		1,123,419,430		1,199,277,355

**Balance sheet****as at 31 March 2023**

	Note	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		1,066,649,534	1,141,434,917
Current assets:			
Debtors	7	7,538,324	10,382,005
Cash and bank balances	8	103,179,718	83,599,375
Total assets		<u>1,177,367,576</u>	<u>1,235,416,297</u>
Liabilities:			
Investment liabilities		(3,603,920)	(4,555,637)
Creditors			
Bank overdrafts	8	(48,282,091)	(25,395,552)
Other creditors	9	(2,062,135)	(6,187,753)
Total liabilities		<u>(53,948,146)</u>	<u>(36,138,942)</u>
<b>Net assets attributable to shareholders</b>		<u><u>1,123,419,430</u></u>	<u><u>1,199,277,355</u></u>

## Notes to the financial statements

for the year ended 31 March 2023

1. Net capital (losses)/gains	2023	2022
	£	£
Realised (losses)/gains on non-derivative securities	(46,861,715)	131,275,574
Unrealised losses on non-derivative securities	(38,088,814)	(127,131,339)
Realised gains on derivative contracts	23,655,294	10,902,928
Unrealised (losses)/gains on derivative contracts	(9,104,912)	5,305,160
Currency losses	(563,096)	(1,080,129)
Realised gains on forward currency contracts	–	714,282
Unrealised gains on forward currency contracts	–	15,705
Rebates from holdings in Collective Investment Schemes	–	42,344
Transaction charges	(9,825)	(153,651)
Net capital (losses)/gains	<u>(70,973,068)</u>	<u>19,890,874</u>
2. Revenue	2023	2022
	£	£
UK dividends	8,172,466	8,872,442
Overseas UK tax exempt revenue	9,406,571	5,008,247
Overseas UK taxable revenue	2,879,677	2,522,188
Unfranked revenue	–	3,225,776
Bank interest	175,345	2
Interest on debt securities	11,057,442	1,391,739
Rebates from holdings in Collective Investment Schemes	(24,525)	1,354,323
Total revenue	<u>31,666,976</u>	<u>22,374,717</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

3. Expenses	2023	2022
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	7,374,044	8,989,984
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	85,461	87,771
Other expenses:		
Audit fees	14,741	18,026
Safe custody fees	25,435	81,333
FCA fee	115	70
Legal fees	762	–
Tax service fees	1,348	1,246
	42,401	100,675
Total expenses	7,501,906	9,178,430
4. Interest payable and similar charges	2023	2022
	£	£
Overdraft interest	89,953	21,287
Interest on margin	727,683	161,103
	817,636	182,390



## Notes to the financial statements (continued)

for the year ended 31 March 2023

5. Taxation	2023	2022
	£	£
<b>a. Analysis of the tax charge for the year</b>		
Corporation tax	978,411	169,746
Irrecoverable income tax	(26,129)	(4,469)
Overseas tax	1,055,666	–
Deferred tax movement - see note 5 (c)	2,595	–
Total tax charge (note 5b)	<u>2,010,543</u>	<u>165,277</u>

### b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2022 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2022 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2023	2022
	£	£
Net revenue before taxation	<u>23,347,434</u>	<u>13,013,897</u>
Corporation tax @ 20%	4,669,487	2,602,779
Effects of:		
Irrecoverable income tax	–	(4,469)
Double Taxation Relief	(33,913)	–
Movement in excess management expenses	(166,387)	166,387
Overseas tax	1,055,666	169,746
Relief on overseas tax expensed	1,497	(1,497)
Revenue exempt from UK corporation tax	(3,515,807)	(2,776,138)
Taxable income in net capital gains	<u>–</u>	<u>8,469</u>
Total tax charge (note 5a)	<u>2,010,543</u>	<u>165,277</u>

	2023	2022
	£	£
<b>c. Provision for deferred tax</b>		
Opening provision	–	–
Deferred tax charge (5a)	<u>2,595</u>	<u>–</u>
Closing provision	<u>2,595</u>	<u>–</u>

At the year end there is no potential deferred tax asset (2022: £166,387) due to no tax losses (2022: £831,935). Accordingly, no tax assets have been recognised in the year and prior year.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 6. Distributions

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

	2023	2022
	£	£
Interim accumulation distributions paid	16,112,543	8,196,887
Final accumulation distributions payable	5,144,084	4,677,701
	<u>21,256,627</u>	<u>12,874,588</u>
Equalisation:		
Amounts deducted on cancellation of shares	146,624	97,837
Amounts added on issue of shares	(66,360)	(115,375)
Distributions	<u>21,336,891</u>	<u>12,857,050</u>

Reconciliation between net revenue and distributions:

	2023	2022
	£	£
Net revenue after taxation per Statement of total return	21,336,891	12,848,620
Add:		
Undistributed revenue brought forward	99	60
Deduct:		
Capital tax relief	–	8,469
Undistributed revenue carried forward	(99)	(99)
Distributions	<u>21,336,891</u>	<u>12,857,050</u>

Details of the distribution per share are disclosed in the distribution tables on page 125.

### 7. Debtors

	2023	2022
	£	£
Amounts receivable on issues of shares	883,973	228,818
Sales awaiting settlement	–	3,362,887
Accrued revenue	6,345,997	5,929,536
Foreign currency contracts awaiting settlement	12,128	78,617
Rebates from holdings in Collective Investment Schemes	–	648,293
Overseas withholding tax	296,226	133,854
Total debtors	<u>7,538,324</u>	<u>10,382,005</u>

### 8. Cash and bank balances

	2023	2022
	£	£
Amounts held at futures clearing houses and brokers	18,605,454	6,932,968
Cash and bank balances	84,574,264	76,666,407
Total cash and bank balances	<u>103,179,718</u>	<u>83,599,375</u>
Bank overdraft*	<u>48,282,091</u>	<u>25,395,552</u>

As at 31 March 2023, the weighted average of the floating interest rate on bank balances was 0.16% (2022 - 0.00%).

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

## Notes to the financial statements (continued)

for the year ended 31 March 2023

9. Other creditors	2023	2022
	£	£
Amounts payable on cancellation of shares	1,242,563	854,748
Accrued expenses	648,635	2,271,326
Corporation tax	156,200	–
Deferred tax	2,594	–
Foreign currency contracts awaiting settlement	12,143	78,989
Purchases awaiting settlement	–	2,982,690
Total other creditors	<u>2,062,135</u>	<u>6,187,753</u>

## 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 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's exposure to global shares will never exceed 70%. 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 is monitored by the Manager and appropriate Sub-Investment Manager by understanding the risk and return characteristics of the underlying investments as well as a regular performance review. The overall portfolio is stress tested to capture market specific risks of the Fund. The use of the derivatives is monitored using the commitment approach. The Fund is authorised to use derivatives for efficient portfolio management, 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. Derivatives may also be used to hedge and manage risk.

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £106,304,562 (2022 - £113,687,928\*). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

\* The prior year comparative disclosure has been restated to reflect the calculation of these figures on a consistent basis with the current year.

### 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### b) Interest rate risk (continued)

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

As at 31 March 2023, 48.93% of the Fund's assets were interest bearing (2022 - 51.94%).

As at the balance sheet date, a decrease in interest rates by 300 basis points (2022 - 25 basis points), with all other variables remaining constant, the investment portfolio would increase in value by £136,638,080 (2022 - £8,517,508). An increase in interest rates would have an equal but opposite effect. It is expected that a change in interest rates of similar magnitude would not have a material impact on the portfolio's income stream generated from fixed income assets. In practice, actual trading results may differ from this sensitivity analysis and the difference could be material.

Numerical disclosure of the interest rate risk is made in note 16.

#### c) Currency Risk

The Fund may invest in instruments denominated in foreign currencies. As a result, the value of these investments can be affected by currency movements.

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 and appropriate Sub-Investment Manager monitor the Currency exposure of the portfolio on an on-going basis to make sure the actual exposure is consistent with their understanding of future currency movements. Where applicable, currency hedging strategies may be employed to reduce currency risks.

Assuming all other factors remain stable, if GBP strengthens by 5%, the investment portfolio would decrease in value by £14,216,564 (2022 - £13,514,457). A 5% weakening in GBP would increase the value by £15,713,044 (2022 - £14,937,031).

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 Funds 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### d) Credit Risk (continued)

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

##### Credit Ratings

	Market value £	Percentage of total net assets %
<b>2023</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	384,126,454	34.18
Below investment grade (BBB to unrated)	8,638,424	0.78
<b>Total fixed interest securities</b>	<b>392,764,878</b>	<b>34.96</b>
	Market value £	Percentage of total net assets %
<b>2022</b>		
<b>Investments</b>		
Investment grade (AAA - BBB)	466,922,458	38.93
Below investment grade (BBB to unrated)	7,660,522	0.64
<b>Total fixed interest securities</b>	<b>474,582,980</b>	<b>39.57</b>

#### 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 Fund may invest in securities that tend to have relatively modest traded volumes, and the market in such securities can, at times, prove illiquid. Investments in smaller companies tends to be less liquid than the securities of larger companies as a result of lower trading volumes. The Manager and appropriate Sub-Investment Manager seeks to limit liquidity risk of the Fund by selecting a diversified range of investments with differing 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 31 March 2023

### 10. Risk disclosures (continued)

#### g) Investment Style and Investment Management Risk

Shareholders in a Fund face a risk that the investment choices made by the ACD and/or any Sub-Investment Manager(s) for that Fund 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.

#### h) Quantitative Model Risk

The Fund uses a systematic, rules-based investment process which includes quantitative models. Flaws or errors in a quantitative model's design, assumptions, execution, or data inputs may mean that the process may not identify particular investment opportunities or risks, or it may not perform as expected. Errors in the data used in these models may occur from time to time and may not be identified and/or corrected before investment decisions have been implemented and could, therefore, have an adverse impact on a Fund's performance or on its aim to achieve the investment objectives. The systematic rules-based investment process uses the following models:

- A "Risk Parity Strategy" which aims to generate less volatile returns for the Fund when compared to the Fund's Target Benchmark. When selecting assets under this strategy it may not be able to benefit from market upswings in the same way that other investment strategies might be able to. However, this will be with the intention of managing the Fund's volatility; and
- A "Momentum Strategy" which is the principal way in which the Sub-Investment Manager aims to outperform the Fund's Target Benchmark. This seeks exposure to those types of assets whose returns have been more favourable when measured over specific time periods (which are different to the time periods in the Fund's investment objectives), when compared to other assets which are available for investment. The strategy takes into consideration the consistency and stability of returns over time and favours those types of assets with higher and more stable returns. The strategy does not consider the reasons why an asset has a higher and more stable return and is only concerned with what the return is. As it only considers returns over specific time periods, the Fund will not be able to take advantage of preferable returns which are outside of those specific time periods, however the strategy aims to reduce the risk of the Fund being exposed to short term changes in market movements. There is no guarantee that higher and more stable past returns will mean similar or increased returns in the future and so the Fund may experience losses if returns fall or stop. The investment limits the Fund is subject could restrict the Momentum Strategy from operating in the most beneficial way, although this is not expected to be the case.

There is no guarantee that the use of quantitative models will enable either Fund to achieve its investment objectives.

#### i) Derivatives risk

The Fund may use derivative strategies for the purposes of efficient portfolio management where derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of a Fund. Derivatives may also be used to hedge and manage risk in relation to the Fund. The Fund may also use derivative strategies for investment purposes where derivatives are used as part of a Fund's investment strategy to help achieve its investment objectives.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### i) Derivatives risk (continued)

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

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

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

#### j) Recession risk

We are currently living in a high inflation environment. Interest rates rose, causing both equities and bonds (which are historical diversifiers) to severely fall in value. Most markets had negative performance and are experiencing heightened volatility. We have even seen the Bank of England step-in as the Purchaser of Last Resort to try and calm long-term government bonds so that Pension funds relieve some of the stress they are under. If central banks manage to control inflation, we will see a slowdown in economic growth however this would not be a worrying situation. Instead, if inflation spirals out of control we will enter a Recessionary environment and can expect especially volatile markets for a prolonged amount of time.

### 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 year end date are disclosed in notes 7 & 9. £974,951 (2022 - £2,808,849) was due to the ACD at the year end date.

As at 31 March 2023 nil (2022 - nil) of the shares in issue of the Santander Sterling Government Bond Fund I Income share class\*, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £60,698,366).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 11. Related party transactions (continued)

- b) Revenue receivable for the year was nil (2022 - £175,691) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

\* Fund terminated 31 May 2022

As at 31 March 2023 nil (2022 - nil) of the shares in issue of the Santander UK Growth Unit Trust R Accumulation Shares share class, an authorised open-ended investment company also managed by Santander Asset Management UK Limited, were held by the Fund. The transactions associated with this holding are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £98,956,644).
- b) Revenue receivable for the year was nil (2022 - £1,637,682) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).

As at 31 March 2023 the Fund no longer held Santander AM Euro Equity IKP, a sub Fund of Santander SICAV managed by Santander Asset Management Luxembourg. The holdings and the associated transactions in this period and the comparative period are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - £40,749,244).
- c) The aggregate value of investments held at the year end was nil (2022 - nil).
- b) Revenue receivable for the year was nil (2022 - nil) and the outstanding amount was nil (2022 - nil).

As at 31 March 2023, the Fund held assets which are related to the ultimate holding company, Banco Santander S.A. The holdings and the associated transactions in this period and the comparative period are as follows:

Santander UK 5.75% 2026

- a) The value of purchase transactions was nil (2022 - £9,106,145) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was £454,250 (2022 - £126,500) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was £8,161,923 (2022 - £9,016,939).

Banco Santander EUR 0.5

- a) The value of purchase transactions was £3,138,748 (2022 - nil) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was £63,187 (2022 - nil) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was £4,203,865 (2022 - nil).

Banco Santander 2.25% 2032

- a) The value of purchase transactions was nil (2022 - £4,216,680) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was nil (2022 - nil) and the outstanding amount was nil (2022 - £48,279).
- c) The aggregate value of investments held at the year end was £3,551,884 (2022 - £4,048,000).

#### Material shareholders

As at 31 March 2023, 99.73% (2022 - 99.68%) of the shares in issue in the Santander Max 70% Shares Portfolio 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.



## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 12. Shareholders' funds

The Fund currently has two share classes; R Accumulation Shares and S 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;

	2023	2022
	No of Shares	No of Shares
<b>R Accumulation Shares</b>		
Opening shares in issue	191,643,533	200,723,764
Shares issued in the period	112,060	795,469
Shares cancelled in the period	(13,449,826)	(9,875,700)
Closing shares in issue	178,305,767	191,643,533
<b>S Accumulation Shares</b>		
Opening shares in issue	247,897,992	224,776,655
Shares issued in the period	16,861,228	26,176,817
Shares cancelled in the period	(7,443,257)	(3,055,480)
Closing shares in issue	257,315,963	247,897,992

### 13. Fair value disclosure

	2023	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	571,851,208	3,603,920
Observable inputs using market data*	494,798,326	–
	1,066,649,534	3,603,920
	2022	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	916,373,600	4,555,637
Observable inputs using market data*	225,061,317	–
	1,141,434,917	4,555,637

\* Details of the securities included within the fair value hierarchy are detailed on page 12, accounting policy (b) valuation of investments.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

## 14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as a % of Purchases
<b>2023</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>%</b>
Equity instruments (direct)	123,179,145	37,342	112,934	123,329,421	0.03	0.09
Debt instruments (direct)	425,420,082	–	–	425,420,082	–	–
Collective investment schemes	513,534,954	–	–	513,534,954	–	–
Total purchases	1,062,134,181	37,342	112,934	1,062,284,457		
<b>2022</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>%</b>
Equity instruments (direct)	487,607,109	429,669	1,225,542	489,262,320	0.09	0.25
Debt instruments (direct)	583,027,960	–	–	583,027,960	–	–
Collective investment schemes	550,558,854	–	–	550,558,854	–	–
Other acquisition transactions						
In-specie transfers	158,287,007	–	–	158,287,007	–	–
Total purchases	1,779,480,930	429,669	1,225,542	1,781,136,141		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as a % of Sales
<b>2023</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>	<b>%</b>
Equity instruments (direct)	136,061,263	(40,870)	(991)	136,019,402	0.03	–
Debt instruments (direct)	394,240,773	–	–	394,240,773	–	–
Collective investment schemes	514,260,686	–	–	514,260,686	–	–
Total sales	1,044,562,722	(40,870)	(991)	1,044,520,861		
<b>2022</b>	<b>£</b>	<b>£</b>		<b>£</b>	<b>%</b>	
Equity instruments (direct)	2,977,961	(298)	(1)	2,977,662	–	–
Debt instruments (direct)	177,392,043	–	–	177,392,043	–	–
Collective investment schemes	1,540,746,376	–	(2)	1,540,746,374	–	–
Total sales	1,721,116,380	(298)	(3)	1,721,116,079		

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Purchases, sales and transaction costs (continued)

	Broker Commission	Transfer Taxes
<b>2023</b>	<b>£</b>	<b>£</b>
Total costs from purchases & sales	78,212	113,925
Total costs as % of Average NAV	0.01%	0.01%
<b>2022</b>	<b>£</b>	<b>£</b>
Total costs from purchases & sales	429,967	1,225,545
Total costs as % of Average NAV	0.04%	0.10%

In the case of equity securities broker commissions and transfer taxes are paid by the Fund on each purchase or sale transaction and are a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. The estimated average dealing spread including the effects of foreign exchange for this Fund is 0.18% (2022 - 0.17%) of the transaction value.

There were direct transaction costs associated with derivatives in the year of nil (2022 - £12,487) which is 0.00% of the Average NAV of the Fund (2022 - 0.00%).

### 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 £	
<b>2023</b>			
UK Sterling	25,236,754	799,634,839	824,871,593
US Dollar	9,902,710	116,385,196	126,287,906
Euro	5,843,041	99,468,348	105,311,389
Swiss Franc	3,583,154	28,973,393	32,556,547
Japanese Yen	10,906,113	(25,972)	10,880,141
Danish Krone	4,182,705	7,198,414	11,381,119
Norwegian Krone	–	2,812,558	2,812,558
Swedish Krona	59,499	9,258,678	9,318,177
<b>2022</b>			
UK Sterling	48,869,208	866,604,554	915,473,762
US Dollar	7,717,840	127,237,376	134,955,216
Euro	4,025,670	89,304,246	93,329,916
Swiss Franc	108,497	30,377,787	30,486,284
Japanese Yen	10,490,783	–	10,490,783
Danish Krone	7,482	9,240,288	9,247,770
Swedish Krona	–	5,293,624	5,293,624

# Notes to the financial statements (continued)

for the year ended 31 March 2023

## 16. Interest rate risk profile of financial assets and liabilities

	Floating Rate	Fixed Rate	Financial	
	financial assets	financial assets	assets not	
Currency	£	£	carrying interest	Total
			£	£
<b>2023</b>				
UK Sterling	21,349,056	494,805,993	311,280,285	827,435,334
Euro	7,034,203	–	99,776,251	106,810,454
Japanese Yen	10,906,113	–	617,709	11,523,822
US Dollar	7,804,947	–	119,456,513	127,261,460
Danish Krone	4,160,655	–	7,220,464	11,381,119
Swedish Krona	59,499	–	9,258,678	9,318,177
Swiss Franc	3,583,154	–	28,973,393	32,556,547
Norwegian Krone	–	–	2,812,558	2,812,558

	Financial	
	(liabilities) not	
Currency	carrying interest	Total
	£	£
<b>2023</b>		
UK Sterling	2,563,741	2,563,741
Euro	1,499,065	1,499,065
Japanese Yen	643,681	643,681
US Dollar	973,554	973,554
Danish Krone	–	–
Swedish Krona	–	–
Swiss Franc	–	–
Norwegian Krone	–	–

## Notes to the financial statements (continued)

for the year ended 31 March 2023

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

The interest rate risk profile of the Fund's financial assets and liabilities at 31 March 2022 was:

	Floating Rate	Fixed Rate	Financial	
	financial assets	financial assets	assets not	Total
Currency	£	£	carrying interest	£
<b>2022</b>				
UK Sterling	68,306,821	539,359,486	338,335,511	946,001,818
Euro	4,381,027	–	89,373,370	93,754,397
Japanese Yen	5,621,255	–	7,762,580	13,383,835
US Dollar	5,234,675	–	131,958,187	137,192,862
Danish Krone	–	–	9,247,770	9,247,770
Swedish Krona	–	–	5,293,624	5,293,624
Swiss Franc	55,597	–	30,486,284	30,541,881

	Financial	
	(liabilities) not	Total
Currency	carrying interest	£
<b>2022</b>		
UK Sterling	30,528,056	30,528,056
Euro	424,481	424,481
Japanese Yen	2,893,052	2,893,052
US Dollar	2,237,646	2,237,646
Swiss Franc	55,597	55,597

### 17. Post balance sheet events

Subsequent to the year end, the net asset value per share of the R Accumulation share class has decreased from 341.53p to 335.26p and the S Accumulation share class has decreased from 199.93p to 196.26p as at 18 July 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Distribution tables***for the year ended 31 March 2023*

Distributions on R Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1	31.08.2022	quarter 1	1.8525	–	1.8525	0.5111
	30.11.2022	interim	1.9017	–	1.9017	1.0599
	28.02.2023	quarter 3	1.1233	–	1.1233	0.6850
	31.05.2023	final	1.5639	–	1.5639	1.3324
Group 2	31.08.2022	quarter 1	1.2707	0.5818	1.8525	0.5111
	30.11.2022	interim	1.0092	0.8925	1.9017	1.0599
	28.02.2023	quarter 3	0.6671	0.4562	1.1233	0.6850
	31.05.2023	final	0.7364	0.8275	1.5639	1.3324

Distributions on S Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1	31.08.2022	quarter 1	1.0805	–	1.0805	0.3760
	30.11.2022	interim	1.0983	–	1.0983	0.7013
	28.02.2023	quarter 3	0.6576	–	0.6576	0.4591
	31.05.2023	final	0.9154	–	0.9154	0.8569
Group 2	31.08.2022	quarter 1	0.6448	0.4357	1.0805	0.3760
	30.11.2022	interim	0.4841	0.6142	1.0983	0.7013
	28.02.2023	quarter 3	0.4602	0.1974	0.6576	0.4591
	31.05.2023	final	0.4929	0.4225	0.9154	0.8569

**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 Max 100% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023

#### Investment commentary

##### 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 will also aim to outperform (after the deduction of fees) the following Target Benchmark measured over a rolling 3 year time period: MSCI ACWI Net Total Return GBP Index.

##### Investment Policy

The Fund is actively managed and aims to achieve its objectives by obtaining exposure, of up to 100%, to a wide range of shares issued by listed companies globally (including in non-developed markets).

To obtain exposure to these shares, the Fund will invest indirectly by purchasing units in Collective Investment Schemes. These can be managed by the ACD or other companies (including within the Santander Group). The Fund may invest in both Passively Managed and Actively Managed Collective Investment Schemes as detailed in "Investment Strategy and Process" below. It is intended that at least 60% of the Fund will be invested in Collective Investment Schemes but this figure could be higher depending on the ACD's investment views.

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

In implementing this geography and sector led strategy, it is expected that the Fund will be invested at least 70% in passive investments. Passive investments include both Passively Managed Collective Investment Schemes and Derivatives which track the performance of an index such as index futures. Up to 100% of the Fund may be held in passive investments for a sustained period, including up to 100% in Passively Managed Collective Investment Schemes. Further information on the holding of passive investments is detailed in "Investment Strategy and Process" below.

The Fund may also invest directly in shares.

The Fund may use Derivatives for Efficient Portfolio Management (including hedging) which means that Derivatives may be used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Fund. The Fund may use Derivatives extensively and their use will be consistent with the risk profile of the Fund.

The Fund has the flexibility to invest up to 10% globally (including in non-developed markets), directly and indirectly, in bonds (which may include those with a relatively low credit rating) issued by companies, governments, government bodies and supranationals, cash, cash like and other money market instruments and indirectly in real estate and commodities.

This flexibility is likely to be used at times when the ACD believes that the potential returns from exposure to shares have become less attractive, or due to adverse market conditions.

The Fund has a Risk Category of High in accordance with Santander UK plc's Risk Categorisation Process.

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.

## Santander Max 100% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process

The Fund is actively managed which means that the ACD will use its discretion to select assets in accordance with its investment views and opportunities identified as market and economic conditions change.

The ACD aims to achieve the Fund's investment objectives by seeking exposure to geographies and sectors which it believes will outperform the Target Benchmark.

This means that the Fund's performance, and geography and sector allocation, may differ significantly from that of its Target Benchmark.

The ACD will complete an assessment before any investment decisions are made. This ongoing process, in relation to the Fund's exposure to shares, will generally consist of:

- Developing an investment strategy based on economic outlook and geopolitical considerations to determine which geographies and sectors to invest in, both on a longer term (strategic) and shorter term (tactical) basis.
- Observing an internally approved list of both Actively Managed and Passively Managed Collective Investment Schemes available for investment when implementing the 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 (and may invest in a wider range of assets or use Derivatives differently), have an investment policy and strategy that is consistent with the geographical and sector investment strategy decision.

The Fund's strategy is complemented by the deployment of Derivatives for Efficient Portfolio Management purposes, for example responding quickly to developments in financial markets.

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

The ACD will consider how it may most efficiently implement the Fund's geography and sector led strategy. In doing so, when selecting from the approved list of Collective Investment Schemes referred to above, the Fund will tend to invest in those Collective Investment Schemes with lower costs and higher liquidity (i.e. the ease with which an asset can be sold and returned as cash) relative to other Collective Investment Schemes on the approved list which invest in comparable geographies and sectors. Lower cost Collective Investment Schemes tend to be passively managed. In practice this could mean that up to 100% of the Fund holds passive investments for a sustained period. In addition, the ACD will operate limits to ensure that the Fund does not have excessive exposure to any one: issuer of Collective Investment Schemes; individual Collective Investment Scheme; or Derivative counterparty.



## Santander Max 100% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Further Information

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

The Target Benchmark is provided by MSCI Limited. As at the date of this Prospectus, MSCI Limited is on the public register of administrators and benchmarks established and maintained by the FCA.

In respect of the Fund's objective to outperform the Target Benchmark after the deduction of fees, the term "fees" includes all fees, costs, charges, expenses and liabilities which are deducted from the value of Fund property for the purpose of calculating its NAV.

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.

Variable remuneration of those individuals 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 may be made by comparing Fund performance relative to the Target Benchmark and may also include a comparison against a commercial peer group of competitor funds with similar investment objectives and policies.

The base currency of the Fund is UK Sterling.

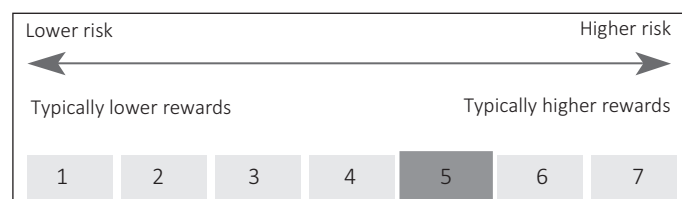
##### Investment Manager

Santander Asset Management UK Limited

##### Risk Profile

The main risk within the portfolio relate to changes in the prices of securities held. Other risks include: investment in other CIS risk; passively managed CIS associated risks; liquidity risk; derivatives risk; counterparty risk and currency risk, which are outlined in more detail in the notes to the financial statements. 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 risk and reward indicator shown above is based on historical data which may not be a reliable indication of the future risk profile of the Fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Santander Max 100% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance

Percentage price change from 31 March 2022 to 31 March 2023		
Santander Max 100% Shares Portfolio R Accumulation Shares		-3.79%
Santander Max 100% Shares Portfolio S Accumulation Shares		-3.80%
MSCI ACWI Net Total Return GBP Index		-1.43%
Percentage price change from 31 March 2020 to 31 March 2023	Annualised	Cumulative
Santander Max 100% Shares Portfolio R Accumulation Shares	13.14%	44.83%
Santander Max 100% Shares Portfolio S Accumulation Shares	13.26%	45.28%
MSCI ACWI Net Total Return GBP Index	15.47%	53.95%
Percentage price change from 30 March 2018 to 31 March 2023	Annualised	Cumulative
Santander Max 100% Shares Portfolio R Accumulation Shares	8.16%	48.06%
Santander Max 100% Shares Portfolio S Accumulation Shares	8.29%	48.94%
MSCI ACWI Net Total Return GBP Index	9.66%	58.59%

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

Source Factset - 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.

## Santander Max 100% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review

The reporting period was marked by a great deal of volatility, opening shortly after the war in Ukraine began and closing with a banking crisis. One key fixture of market turbulence was inflation, which left investors scrambling to determine the path central banks would follow in terms of interest rate increases. This drove a significant level of turbulence in stock markets<sup>42</sup>.

The war in Ukraine caused commodity and food prices to surge, exacerbating supply chain disruptions that had already been established by the COVID-19 pandemic<sup>43</sup>. Inflation leapt to 40-year highs in the US<sup>44</sup> and UK<sup>45</sup>, while also entering double digits in the Eurozone<sup>46</sup>.

Central banks sought to bring inflation back within their respective targets through an aggressive programme of interest rate hikes. The European Central Bank (ECB) raised interest rates at their fastest pace on record<sup>47</sup>, while the Bank of England also boosted rates to their highest level since 2008<sup>48</sup> – despite a growing cost-of-living crisis in the UK<sup>49</sup>. Meanwhile, the US Federal Reserve (Fed) hiked interest rates to their highest level since 2007<sup>50</sup>, and did so at their fastest pace since the 1980s<sup>51</sup>.

The result was the second-worst calendar year for stock markets on record<sup>52</sup>, with shares unsurprisingly ending the reporting period lower than at the start<sup>53</sup>.

In between, investors wavered on whether the Fed would continue hiking rates at their current pace, slow down the pace and scale of hikes, or pause. As a display of how this indecision drove wild swings in asset prices, shares experienced at least eight bear-market rallies during 2022<sup>54</sup>. This means that, as stock markets were trending downwards, there were a number of periods when share prices bounced back by more than 20% from their most recent lows, before resuming their decline.

Greater consensus among investors gradually began to emerge as inflation slowed in the latter part of 2022, prompting the Fed<sup>55</sup> and ECB<sup>56</sup> to reduce the size of their interest rate increases<sup>57</sup>. While markets began betting against further hikes<sup>58</sup>, Fed Chairman Jerome Powell emphasised the Fed's view that subsequent interest rate rises will be necessary to bring inflation under control<sup>59</sup>. This message was echoed by ECB President Christine Lagarde<sup>60</sup>.

Other factors also drove uncertainty. A strict lockdown in China, aimed at halting COVID-19 infections, slowed growth in the world's second-largest economy in 2022<sup>61</sup>.

In the UK, ex-Prime Minister Liz Truss announced a number of unfunded tax cuts in September<sup>62</sup>. Markets were rattled and the pound slumped to a record low against the dollar<sup>63</sup>, which drove Truss' successor, Rishi Sunak, to shift to a programme of higher taxes and spending cuts in a bid to restore economic confidence<sup>64</sup>.

In Europe, one by-product of the war in Ukraine was Russia's decision to cut off gas supplies, causing energy costs to surge<sup>65</sup>. While unseasonably warm weather and additional stockpiles prevented energy prices from escalating yet further, they remain four times higher than they were prior to the outbreak of war<sup>66</sup>.

In early- to mid-March, the collapse of two US banks caused shares to tumble amid worries that the crisis could spread<sup>67</sup>. Swiss giant UBS bought scandal-ridden investment bank Credit Suisse following months of customer withdrawals, soothing market fears somewhat<sup>68</sup>.

<sup>42</sup> CNBC, 9 March 2023

<sup>43</sup> Simply Wall Street, 16 December 2022

<sup>44</sup> CBS News, 13 July 2022

<sup>45</sup> CNN, 16 November 2022

<sup>46</sup> The New York Times, 31 October 2022

<sup>47</sup> ING, 27 October 2022

<sup>48</sup> Yahoo UK Finance, 23 March 2023

<sup>49</sup> The Guardian, 21 June 2022

<sup>50</sup> Sky News, 14 December 2022

<sup>51</sup> NBC News, 7 March 2023

<sup>52</sup> Reuters, December 30 2022

<sup>53</sup> MSCI ACWI Index, 31 March 2023

<sup>54</sup> Financial Post, 13 January 2023

<sup>55</sup> Trading Economics, 31 March 2023

<sup>56</sup> Trading Economics, 31 March 2023

<sup>57</sup> ECB, Key interest rates 22 March 2023

<sup>58</sup> Simply Wall Street, 30 March 2023

<sup>59</sup> NPR, 22 March 2023

<sup>60</sup> Barron's, 8 March 2023

<sup>61</sup> Time, 29 November 2023

<sup>62</sup> The Guardian, 28 September 2022

<sup>63</sup> The Guardian, 30 September 2022

<sup>64</sup> Deutsche Welle, 17 October 2022

<sup>65</sup> BBC, 13 July 2022

<sup>66</sup> Associated Press, 10 January 2023

<sup>67</sup> CBS News, 15 March 2023

<sup>68</sup> The Guardian, 15 March 2023

## Santander Max 100% Shares Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance Review and Investment Activity

The Fund's objective is to provide a combination of capital growth and income over a period of five or more years. It will also aim to outperform (after fees) the Target Benchmark over a rolling three-year period.

Over the 12 months through 31 March 2023, the Max 100% Shares Portfolio's Retail Accumulation Share Class returned -3.79% and its S Accumulation Share Class returned -3.80%, compared with the Target Benchmark's -1.43%.

During the reporting period, the Fund was underweight shares, relative to the Target Benchmark – meaning that it held fewer of these assets than the Target Benchmark – and overweight cash. The Fund's holdings varied by region. At one point it favoured the US, whereas at another point regional differences were eliminated from the Fund and all regions were kept underweight.

Call protections were implemented in case the market rallied. A call option is a financial contract giving its holder the right to buy or sell a security at a specific time, for a particular price. In this case, call options would allow us to purchase shares, enabling the Fund to capitalise on a stock market rally and an increase in share prices.

Following the fallout from Truss' tax plans, we believed that the dollar would outperform the pound and therefore favoured it in investment decisions. However, the pound bounced back and recovered its losses, weighing on the Fund's performance.

Over three years, the Retail Accumulation Share Class cumulatively returned 44.83% (13.14% annualised) and the S Accumulation Share Class posted a cumulative return of 45.28% (13.26% annualised). The Fund therefore underperformed the Target Benchmark, which delivered a cumulative return of 53.95% (15.47% annualised).

We started moving out of riskier assets, such as shares, in December 2019. As a result, the Fund was well placed to weather the storm when COVID-19 was declared a pandemic in March 2020 and markets crashed.

The Retail Accumulation Share Class returned 48.06% (8.16% annualised) over the past five years, while the Target Benchmark returned 58.59% (9.66% annualised). The S Accumulation Share Class returned 48.94% (8.29% annualised).

The Fund held a bias in favour of the UK over the first two years of the five-year period, which significantly weighed on performance as the country exited the European Union and endured economic disruption.

## **Santander Max 100% Shares Portfolio**

### **Final Report and Financial Statements for the year ended 31 March 2023 (continued)**

#### **Investment commentary (continued)**

##### **Market Outlook**

We're cautiously optimistic. Inflation shows signs of cooling globally, although UK trend continues to disappoint. Stabilisation of lower inflation expectations will eventually mean the end of the rate hike cycle we have been in since 2022. Reaching the inflation targets and avoiding significant further increases in rates will reduce the potential for a recession driven by Central Bank policy and the reduced uncertainty will hopefully be conducive to greater market stability.

However, inflation expectations uncertainty remains high in the short term. Economies have avoided recession so far, and markets are pricing lower probabilities of this event, but downside risks remain elevated as global equity valuations are high and the economic cycle is fragile.

We will bide our time and exercise patience when it comes to identifying opportunities that present good entry points and fair valuations.

There is still much uncertainty, and we want to ensure we're aware of the risks and well-positioned to withstand market changes.

**Multi Asset Solutions Team**

**For and on behalf of Santander Asset Management UK Limited**

**May 2023**

## Summary of material portfolio changes

for the year ended 31 March 2023

Purchases	Cost £	Note	Sales	Proceeds £	Note
Xtrackers S&P 500 Swap UCITS ETF 1D USD	40,619,936		Xtrackers S&P 500 Swap UCITS ETF 1C USD	40,846,338	
Amundi S&P UCITS ETF USD Acc	24,556,160		iShares MSCI Europe ex-UK UCITS ETF EUR	15,502,182	
Vanguard UK Investment Grade Bond Index Fund Sterling Acc	19,150,627		iShares Core MSCI World UCITS ETF Acc USD	14,569,771	
VANG FTSE AW USDD	14,529,244		Vanguard UK Investment Grade Bond Index Fund Sterling Acc	11,461,843	
Invesco S&P 500 UCITS ETF USD	9,673,888		Vanguard US 500 Stock Index Fund I USD	11,132,175	
iShares Core MSCI World UCITS ETF Acc USD	8,508,664		Lyxor S&P 500 UCITS ETF D USD	10,249,790	
Xtrackers MSCI Emerging Markets UCITS ETF 1C USD	8,424,921		HSBC FTSE All-Share Index Fund I Inc	9,827,380	
HSBC FTSE All-Share Index Fund I Inc	6,331,348		Wellington Global Quality Growth Fund S Acc USD	9,755,351	
Xtrackers S&P 500 Swap UCITS ETF 1C USD	5,168,195		iShares North American Equity Index Fund L Acc	8,632,653	
Vanguard US 500 Stock Index Fund I USD	5,124,517		UBS ETF - MSCI Japan UCITS ETF A JPY	8,262,079	
iShares Emerging Markets Equity Index Fund L Acc	5,097,336		Amundi MSCI Emerging Asia UCITS ETF	7,582,279	
iShares Core FTSE 100 UCITS ETF	3,486,640		Xtrackers MSCI Emerging Markets UCITS ETF 1C USD	4,319,058	
iShares North American Equity Index Fund L Acc	2,715,287		HSBC FTSE All-Share Index Fund I Inc	3,048,623	
Vanguard S&P 500 UCITS ETF	1,586,371		Santander AM Euro Equity IKP*	3,027,618	
Amundi Japan Topix UCITS ETF A JPY	1,011,869		Amundi Japan Topix UCITS ETF A JPY	1,637,740	
UBS ETF - MSCI Japan UCITS ETF A JPY	1,009,311		iShares Core FTSE 100 UCITS ETF	1,298,636	
			Vanguard S&P 500 UCITS ETF	1,291,206	
			iShares Emerging Markets Equity Index Fund L Acc	637,868	
Total cost of purchases for the year	<u>156,994,314</u>	14	Total proceeds from sales for the year	<u>163,082,590</u>	14

All purchases and sales during the year are disclosed above.

\* Related party to the Fund.

**Portfolio statement***as at 31 March 2023*

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Collective Investment Schemes 98.23% (97.88%)</b>			
Amundi Japan Topix UCITS ETF A JPY*	106,646	8,262,636	2.60
Amundi MSCI Emerging Asia UCITS ETF*	226,085	6,374,467	2.01
Amundi S&P UCITS ETF USD Acc*	388,726	24,601,770	7.75
Fidelity Index UK Fund P Acc	2,686,108	4,293,206	1.35
HSBC FTSE All-Share Index Fund I Inc	295,340	3,102,939	0.98
Invesco S&P 500 UCITS ETF USD*	67,935	43,147,749	13.59
iShares Core FTSE 100 UCITS ETF*	295,340	2,210,325	0.70
iShares Emerging Markets Equity Index Fund L Acc	7,414,650	13,490,340	4.25
iShares North American Equity Index Fund L Acc	3,365,484	19,662,677	6.19
Lyxor S&P 500 UCITS ETF D USD*	429,413	14,477,864	4.56
Robeco BP Global Premium Equities I	18,166	3,882,909	1.22
Santander AM Euro Equity IKP**	6,793	14,817,907	4.67
Santander GO Global Equity ESG IKP**	45,000	5,187,024	1.63
UBS ETF - MSCI Japan UCITS ETF A JPY*	212,474	7,923,155	2.50
Vanguard FTSE All - World UCITS ETF USD*	172,500	14,750,475	4.65
Vanguard S&P 500 UCITS ETF*	305,741	19,105,755	6.02
Vanguard UK Investment Grade Bond Index Fund Sterling Acc	80,016	27,886,848	8.78
Vanguard US 500 Stock Index Fund I USD	491,704	19,370,962	6.10
Xtrackers MSCI Emerging Markets UCITS ETF 1C USD*	483,111	19,544,027	6.15
Xtrackers S&P 500 Swap UCITS ETF 1D USD*	5,513,900	39,796,226	12.53
		311,889,261	98.23
<b>Options -0.04% (nil)</b>			
S&P 500 Index Call Option £41.50 Jun '23	(20)	(195,722)	(0.06)
S&P 500 Index Call Option £2.75 May '23	(10)	(27,927)	(0.01)
Euro Stoxx 600 Index Call Option £47.5 Jun '23	798	108,681	0.03
		(114,968)	(0.04)
<b>Futures 0.12% (0.32%)</b>			
E-mini S&P 500 Dec '22	50	488,799	0.15
Euro Stoxx 50 Dec '22	(49)	(93,212)	(0.03)
		395,587	0.12

**Portfolio statement (continued)***as at 31 March 2023*

Investment	Settlement	Buy Amount	Sell Amount	Unrealised Gains/(losses)	Percentage of total net assets %
<b>Forward currency trades -0.08% (0.12%)</b>					
Buy USD:Sell GBP	02/06/2023	8,482,247	(8,750,124)	(267,877)	(0.08)
				(267,877)	(0.08)
<b>Portfolio of investments</b>				<b>311,902,003</b>	<b>98.23</b>
<b>Net other assets</b>				<b>5,634,105</b>	<b>1.77</b>
<b>Total net assets</b>				<b>317,536,108</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31 March 2022.

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

Futures securities are derivative instruments listed on recognised exchanges.

Options are derivative Investments and are listed on recognised exchanges.

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

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

\*\* Related party to the Fund.



## Comparative tables

Change in net asset value per share	R Accumulation Shares			S Accumulation Shares		
	2023 p	2022 p	2021 p	2023 p	2022 p	2021 p
Opening net asset value per share	593.59	539.46	396.79	313.39	284.39	208.86
Return before operating charges	(14.06)	60.51	147.92	(7.46)	31.90	77.92
Operating charges	(5.05)	(6.38)	(5.25)	(2.63)	(2.90)	(2.39)
Return after operating charges	(19.11)	54.13	142.67	(10.09)	29.00	75.53
Distributions	(5.33)	(3.00)	(1.34)	(2.85)	(1.83)	(1.09)
Retained distributions on accumulation shares	5.33	3.00	1.34	2.85	1.83	1.09
Closing net asset value per share	574.48	593.59	539.46	303.30	313.39	284.39
**after direct transaction costs of	0.00	0.00	0.10	0.00	0.00	0.05
<b>Performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Return after charges*	(3.22%)	10.03%	35.96%	(3.22%)	10.20%	36.16%
Closing net asset value (£'s)	295,621,618	319,930,504	301,001,087	21,914,490	22,616,579	16,921,227
Closing number of shares	51,458,737	53,897,205	55,796,263	7,225,442	7,216,775	5,950,039
Operating charges***	0.89%	1.08%	1.07%	0.88%	0.93%	0.92%
Direct transaction costs**	0.00%	0.00%	0.02%	0.00%	0.00%	0.02%
	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Highest share price	600.1	617.2	545.1	316.9	325.7	287.3
Lowest share price	525.0	536.3	384.1	277.2	282.8	202.2

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

\*\*\* The ACD's periodic charge for the R share class reduced from 0.85% to 0.70% on 27 April 2022. This was to align it to the S class.

## Financial Statements - Santander Max 100% Shares Portfolio

### Statement of total return

for the year ended 31 March 2023

	Note	2023		2022	
		£	£	£	£
Income					
Net capital (losses)/gains	1		(14,245,390)		30,133,981
Revenue	2	5,379,727		4,459,500	
Expenses	3	(2,352,643)		(2,910,872)	
Interest payable and similar charges	4	(15,135)		(31,621)	
Net revenue before taxation		3,011,949		1,517,007	
Taxation	5	–		–	
Net revenue after taxation			3,011,949		1,517,007
Total return before distributions			(11,233,441)		31,650,988
Distributions	6		(3,011,953)		(1,773,370)
Change in net assets attributable to shareholders from investment activities			(14,245,394)		29,877,618

### Statement of change in net assets attributable to shareholders

for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Opening net assets attributable to shareholders		342,547,083		317,922,314
Amounts receivable on issue of shares	3,671,917		8,842,726	
Amounts payable on cancellation of shares	(17,426,701)		(15,873,799)	
		(13,754,784)		(7,031,073)
Dilution adjustment		6,711		7,223
Change in net assets attributable to shareholders from investment activities		(14,245,394)		29,877,618
Retained distributions on accumulation shares		2,982,492		1,771,001
Closing net assets attributable to shareholders		317,536,108		342,547,083

**Balance sheet****as at 31 March 2023**

	Note	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		312,486,741	337,136,767
Current assets:			
Debtors	7	120,455	4,298,014
Cash and bank balances	8	14,440,723	24,565,785
Total assets		<u>327,047,919</u>	<u>366,000,566</u>
Liabilities:			
Investment liabilities		(584,738)	(351,324)
Creditors			
Bank overdrafts	8	(8,176,481)	(4,929,424)
Other creditors	9	(750,592)	(18,172,735)
Total liabilities		<u>(9,511,811)</u>	<u>(23,453,483)</u>
<b>Net assets attributable to shareholders</b>		<u><u>317,536,108</u></u>	<u><u>342,547,083</u></u>

## Notes to the financial statements

for the year ended 31 March 2023

1. Net capital (losses)/gains	2023	2022
	£	£
Realised gains on non-derivative securities	17,291,510	28,330,134
Unrealised (losses)/gains on non-derivative securities	(30,136,376)	1,769,822
Realised losses on derivative contracts	(629,240)	(322,957)
Unrealised (losses)/gains on derivative contracts	(783,033)	327,615
Currency losses	(1,071,619)	(126,370)
Realised gains/(losses) on forward currency contracts	1,818,236	(170,689)
Unrealised (losses)/gains on forward currency contracts	(673,175)	398,627
Transaction charges	(61,693)	(72,201)
Net capital (losses)/gains	<u>(14,245,390)</u>	<u>30,133,981</u>
2. Revenue	2023	2022
	£	£
UK dividends	1,442,820	735,520
Overseas UK tax exempt revenue	3,840,324	3,671,175
Overseas UK taxable revenue	1,373	–
Bank interest	42,785	4,112
Rebates from holdings in Collective Investment Schemes	52,425	48,693
Total revenue	<u>5,379,727</u>	<u>4,459,500</u>
3. Expenses	2023	2022
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>2,282,291</u>	<u>2,835,907</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>36,414</u>	<u>37,862</u>
Other expenses:		
Audit fees	14,741	18,026
Safe custody fees	17,735	17,767
FCA fee	115	70
Tax service fees	1,347	1,240
	<u>33,938</u>	<u>37,103</u>
Total expenses	<u>2,352,643</u>	<u>2,910,872</u>

**Notes to the financial statements (continued)***for the year ended 31 March 2023*

4. Interest payable and similar charges	2023	2022
	£	£
Overdraft interest	2,390	10,144
Interest on margin	12,745	21,477
	<u>15,135</u>	<u>31,621</u>

5. Taxation	2023	2022
	£	£
<b>a. Analysis of the tax charge for the year</b>		
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 (2022 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2022 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2023	2022
	£	£
Net revenue before taxation	<u>3,011,949</u>	<u>1,517,007</u>
Corporation tax @ 20%	602,390	303,401
Effects of:		
Revenue exempt from UK corporation tax	(1,056,629)	(881,338)
Management expenses not relieved	<u>454,239</u>	<u>577,937</u>
Total tax charge (note 5a)	<u>-</u>	<u>-</u>

**6. Distributions**

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

	2023	2022
	£	£
Interim accumulation distributions paid	1,482,626	1,770,196
Final accumulation distributions payable	<u>1,499,866</u>	<u>805</u>
	2,982,492	1,771,001
Equalisation:		
Amounts deducted on cancellation of shares	35,307	5,858
Amounts added on issue of shares	<u>(5,846)</u>	<u>(3,489)</u>
Distributions	<u>3,011,953</u>	<u>1,773,370</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 6. Distributions (continued)

Reconciliation between net revenue and distributions:

	2023	2022
	£	£
Net revenue after taxation per Statement of total return	3,011,949	1,517,007
Add:		
Undistributed revenue brought forward	5	26
Deficit of R Accumulation Share class taken to capital	–	256,342
Deduct:		
Undistributed revenue carried forward	(1)	(5)
Distributions	<u>3,011,953</u>	<u>1,773,370</u>

Details of the distribution per share are disclosed in the distribution tables on page 149.

### 7. Debtors

	2023	2022
	£	£
Amounts receivable on issues of shares	94,283	49,108
Rebates from holdings in Collective Investment Schemes	25,896	24,523
Income tax recoverable	276	–
Sales awaiting settlement	–	4,224,383
Total debtors	<u>120,455</u>	<u>4,298,014</u>

### 8. Cash and bank balances

	2023	2022
	£	£
Amounts held at futures clearing houses and brokers	1,527,248	630,270
Cash and bank balances	<u>12,913,475</u>	<u>23,935,515</u>
Total cash and bank balances	<u>14,440,723</u>	<u>24,565,785</u>
Bank overdraft*	<u>8,176,481</u>	<u>4,929,424</u>

As at 31 March 2023, the weighted average of the floating interest rate on bank balances was 0.30% (2022 - 0.00%).

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

### 9. Other creditors

	2023	2022
	£	£
Amounts payable on cancellation of shares	531,276	232,940
Accrued expenses	219,316	748,406
Purchases awaiting settlement	–	17,191,389
Total other creditors	<u>750,592</u>	<u>18,172,735</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 up to 100% in a wide range of shares issued by listed companies globally. To obtain exposure to these assets, the Fund will invest 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 Schemes 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 Schemes 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 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £31,190,200 (2022 - £33,678,544). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

\* The prior year comparative disclosure has been restated to reflect the calculation of these figures on a consistent basis with the current year.

#### 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.

By a careful assessment of economic and other relevant factors, the Manager will seek to invest in collectives most likely to benefit, or be protected, from anticipated changes in interest rates. There are no material amounts of interest bearing financial assets and liabilities, other than equities, which do not have maturity dates.

As at 31 March 2023, 1.97% of the Fund's assets were interest bearing (2022 - 7.17%).

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. As the Fund has no significant direct exposure to interest rate risk, no sensitivity analysis has been presented.

#### 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### c) Currency Risk (continued)

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 Investment 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 £14,145,320 (2022 - £8,387,583). A 5% weakening in GBP would increase the value by £15,634,301 (2022 - £9,270,486).

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 Manager will ensure that, where applicable, underlying fixed-income securities have an exposure to credit risk that is consistent with the overall objectives of the Fund.

#### 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 Investment Manager will invest in a diversified portfolio of collectives with different liquidity profiles. Funds investing in smaller companies, emerging markets and high yield bonds, hold transferable securities that may be less liquid than the securities of larger companies as a result of lower trading volumes.

#### 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 investment adviser 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.

#### g) Investment Style and Investment Management Risk

Shareholders in a Fund face a risk that the investment choices made by the ACD and/or any Sub-Investment Manager(s) for that Fund 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 31 March 2023

### 10. Risk disclosures (continued)

#### h) Derivatives risk

The Fund may use derivative strategies for the purposes of efficient portfolio management where derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of a Fund. Derivatives may also be used to hedge and manage risk in relation to the Fund. The Fund may also use derivative strategies for investment purposes where derivatives are used as part of a Fund's investment strategy to help achieve its investment objectives.

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

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

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

#### i) Passively Managed CIS Risk

The Fund may invest in Passively Managed Collective Investment Schemes which have the following associated risks:

- **Passive Investment Risk:** Passively Managed Collective Investment Schemes may be affected by a general decline in market segments reflected in their benchmark Index. A Passively Managed Collective Investment Scheme may underperform an Actively Managed Collective Investment Scheme, or vice versa;
- **Index Tracking Risks:** Passively Managed Collective Investment Schemes which seek to track the performance of a benchmark Index are unlikely to perfectly track such an Index due to the impact of charges (which will negatively impact performance versus the Index) and the level of replication of the Index (which can impact performance versus the Index positively or negatively). Such Passively Managed Collective Investment Schemes will therefore be subject to tracking error risk such that their returns will not track exactly those of their benchmark Index;
- **Index-related Risks:** in order to meet its objective, an Index tracking Collective Investment Scheme seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the relevant benchmark Index as published by the provider of the Index. There is no assurance that such provider will compile the benchmark Index accurately, or that the benchmark Index will be determined, composed or calculated accurately. The Index provider also does not guarantee that the benchmark Index will be in line with its described Index methodology.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### j) Investment in Other CIS Risk

Where the Fund invests in another Collective Investment Scheme, it will bear along with other investors its portion of the expenses of that Collective Investment Scheme, including management, performance and / or other fees. Other Collective Investment Schemes that a Fund invests in will also be subject to their own risks based on their investment policy. For example they could hold assets in a different currency to that of the relevant Fund, take more risks or use derivatives more extensively than the relevant Fund or invest more extensively in non-developed markets than the relevant Fund.

#### k) Recession risk

We are currently living in a high inflation environment. Interest rates rose, causing both equities and bonds (which are historical diversifiers) to severely fall in value. Most markets had negative performance and are experiencing heightened volatility. We have even seen the Bank of England step-in as the Purchaser of Last Resort to try and calm long-term government bonds so that Pension funds relieve some of the stress they are under. If central banks manage to control inflation, we will see a slowdown in economic growth however this would not be a worrying situation. Instead, if inflation spirals out of control we will enter a Recessionary environment and can expect especially volatile markets for a prolonged amount of time.

### 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 year end date are disclosed in notes 7 & 9. £635,552 (2022 - £880,677) was due to the ACD at the year end date.

As at 31 March 2023 the Fund held Santander AM Euro Equity IKP, a sub Fund of Santander SICAV managed by Santander Asset Management Luxembourg. The holdings and the associated transactions in this period and the comparative period are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was £3,027,618 (2022 - nil).
- b) Revenue receivable for the year was £354,672 (2022 - nil) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was £14,817,907 (2022 - £16,728,599).

As at 31 March 2023 the Fund held Santander GO Global Equity ESG Class: IKP, a sub Fund of Santander SICAV managed by Santander Asset Management Luxembourg. The holdings and the associated transactions in this period and the comparative period are as follows:

- a) The value of purchases transactions was nil (2022 - nil) and sales transactions was nil (2022 - nil).
- b) Revenue receivable for the year was £34,277 (2022 - nil) and the outstanding amount was nil (2022 - nil).
- c) The aggregate value of investments held at the year end was £5,187,024 (2022 - £5,414,549).

#### Material shareholders

As at 31 March 2023, 99.03% (2022 - 99.04%) of the shares in issue in the Santander Max 100% Shares Portfolio 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 12. Shareholders' funds

The Fund currently has two share classes; R Accumulation Shares and S 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;

	2023	2022
	No of Shares	No of Shares
<b>R Accumulation Shares</b>		
Opening shares in issue	53,897,205	55,796,263
Shares issued in the period	270,981	706,916
Shares cancelled in the period	(2,709,449)	(2,605,974)
Closing shares in issue	<u>51,458,737</u>	<u>53,897,205</u>
<b>S Accumulation Shares</b>		
Opening shares in issue	7,216,775	5,950,039
Shares issued in the period	706,251	1,601,057
Shares cancelled in the period	(697,584)	(334,321)
Closing shares in issue	<u>7,225,442</u>	<u>7,216,775</u>

### 13. Fair value disclosure

	2023	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	179,234,290	(316,861)
Observable inputs using market data*	<u>133,252,451</u>	<u>(267,877)</u>
	<u>312,486,741</u>	<u>(584,738)</u>
	2022	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	196,425,941	–
Observable inputs using market data*	<u>140,710,826</u>	<u>351,324</u>
	<u>337,136,767</u>	<u>351,324</u>

\* Details of the securities included within the fair value hierarchy are detailed on page 12, accounting policy (b) valuation of investments.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as a % of Purchases
<b>2023</b>	£	£	£	£	%	%
Collective Investment Schemes	156,994,314	–	–	156,994,314	–	–
Total purchases	156,994,314	–	–	156,994,314		
<b>2022</b>	£	£		£	%	
Collective Investment Schemes	229,459,609	–	–	229,459,609	–	–
Total purchases	229,459,609	–	–	229,459,609		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as a % of Sales
<b>2023</b>	£	£	£	£	%	%
Collective Investment Schemes	163,082,590	–	–	163,082,590	–	–
Total sales	163,082,590	–	–	163,082,590		
<b>2022</b>	£	£		£	%	
Collective Investment Schemes	222,461,404	–	–	222,461,404	–	–
Total sales	222,461,404	–	–	222,461,404		

	Broker Commission	Transfer Taxes
<b>2023</b>	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–
<b>2022</b>	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–

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 dealing spread for this Fund is 0.10% (2022 - 0.13%) of the transaction value.

There were direct transaction costs associated with derivatives in the year of nil (2022 - £4,237) which is 0.00% of the Average NAV of the Fund (2022 - 0.00%).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 £	
<b>2023</b>			
UK Sterling	5,039,934	133,307,765	138,347,699
Euro	111,622	15,469	127,091
Japanese Yen	–	8,262,636	8,262,636
US Dollar	1,112,687	169,685,995	170,798,682
<b>2022</b>			
UK Sterling	(9,745,664)	176,153,510	166,407,846
Euro	881,035	–	881,035
Japanese Yen	4,856,578	8,665,677	13,522,255
US Dollar	11,262,849	150,473,098	161,735,947

### 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 £
<b>2023</b>			
<b>Forward currency contracts</b>			
nil	nil	nil	nil
<b>2022</b>			
<b>Forward currency contracts</b>			
Goldman Sachs	748,495	748,495	748,495
JPMorgan	8,126	8,126	8,126

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 R Accumulation share class has increased from 574.48p to 588.26p and the S Accumulation share class has increased from 303.30p to 310.57p as at 18 July 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Distribution tables***for the year ended 31 March 2023*

Distributions on R Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1						
	30.11.2022	interim	2.6138	–	2.6138	2.9961
	31.05.2023	final	2.7133	–	2.7133	0.0000
Group 2						
	30.11.2022	interim	2.0475	0.5663	2.6138	2.9961
	31.05.2023	final	1.2889	1.4244	2.7133	0.0000

Distributions on S Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1						
	30.11.2022	interim	1.4139	–	1.4139	1.8169
	31.05.2023	final	1.4339	–	1.4339	0.0112
Group 2						
	30.11.2022	interim	0.8254	0.5885	1.4139	1.8169
	31.05.2023	final	0.8306	0.6033	1.4339	0.0112

**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 6

### Final Report and Financial Statements for the year ended 31 March 2023

#### Investment commentary

##### 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 6 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.

This Fund is managed with the aim of staying within a risk profile classification of 6, 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 3-5; and a lower level of volatility, a higher exposure to less volatile assets and a lower exposure to more volatile assets, compared to Santander Atlas Portfolio 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 6

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (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 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.

##### 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.
- 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.



## Santander Atlas Portfolio 6

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process (continued)

- 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.

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.

## Santander Atlas Portfolio 6

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Further information (continued)

The Fund has a Risk Category of Medium High in accordance with Santander UK plc's Risk Categorisation Process.

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 the Target Benchmark and may also include a comparison against a commercial peer group of competitor Funds with similar investment objectives and policies.

The base currency of the Fund is UK Sterling.

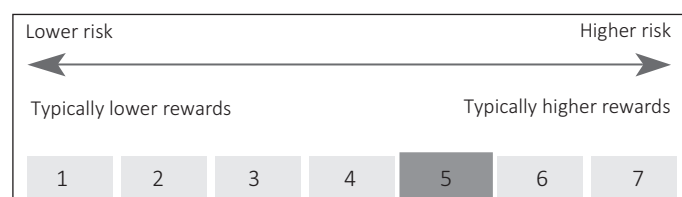
##### Investment Manager

Santander Asset Management UK Limited

##### Risk Profile

The main risk within the portfolio relate to changes in the prices of securities held. Other risks include: investment in other CIS risk; passively managed CIS associated risks; liquidity risk; derivatives risk; counterparty risk and currency risk, which are outlined in more detail in the notes to the financial statements. 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 risk and reward indicator shown above is based on historical data which may not be a reliable indication of the future risk profile of the Fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

##### Performance

Percentage price change from 31 March 2023 to 31 March 2023	
Santander Atlas Portfolio 6 I Accumulation Share Class*	-3.18%
IA Mixed Investment 40-85% Shares**	-4.54%
Percentage price change from 30 March 2018 to 31 March 2023	
Santander Atlas Portfolio 6 I Accumulation Share Class*	23.08%
IA Mixed Investment 40-85% Shares**	21.88%

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

\*\* Source: FE fundinfo

*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.*

*The Fund is not managed against a targeted benchmark, the comparator benchmark IA Mixed Investment 40-85% Shares is added mainly to contextualise performance.*

## Santander Atlas Portfolio 6

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review

Shifting views on how central banks will respond to stubbornly high inflation caused heightened volatility in stock and bond markets during these 12 months, as investors speculated about the course interest rates would take.<sup>69</sup>

The reporting period began not long after the outbreak of war in Ukraine in February 2022, which caused commodity and food prices to soar, compounding inflationary pressures that had built up following the COVID-19 pandemic.<sup>70</sup> Central banks began hiking interest rates aggressively in a bid to control inflation, with 2022 ultimately emerging as the second-worst calendar year for stock markets on record,<sup>71</sup> as well as the worst for US bonds yet.<sup>72</sup>

The US Federal Reserve (Fed) began implementing interest rate rises at a pace not seen since the 1980s<sup>73</sup>, while the European Central Bank (ECB) embarked upon its most aggressive interest rate hiking cycle ever.<sup>74</sup> Despite facing a recession, the Bank of England boosted interest rates eight times during the reporting period.<sup>75</sup>

Other challenges also fuelled price increases that saw inflation reach 40-year highs in the US<sup>76</sup> and UK<sup>77</sup>, and make a historic rise into the double digits in Europe.<sup>78</sup>

A lockdown in China designed to halt the spread of COVID-19 disrupted supply chains in the Asia Pacific region, holding back growth in the world's second-largest economy.<sup>79</sup>

As winter approached, Russia cut off European gas supplies, causing energy costs to surge and the euro's value to fall below that of the US dollar for the first time in 20 years.<sup>80</sup> However, an unusually warm winter softened the blow for the Eurozone economy. While prices declined from record highs, they remain four times higher than they were before the outbreak of war in Ukraine.<sup>81</sup>

In late September, ex-UK Prime Minister Liz Truss announced a number of unfunded tax cuts.<sup>82</sup> The plan created turmoil in bond markets and caused the pound to slump to a record low against the dollar.<sup>83</sup> Truss resigned and her successor Rishi Sunak made an about-turn, implementing higher taxes and spending cuts in a bid to restore confidence in the UK economy.<sup>84</sup>

In the midst of all this turbulence, investors vacillated on whether the Fed would continue to hike interest rates at the same pace, slow the pace but continue raising rates, or pause. Shares experienced at least eight bear-market rallies during 2022.<sup>85</sup> This means that, against a backdrop of stock market decline, there were a number of periods when shares bounced back by more than 20% from their most recent lows, before resuming their fall. These wild swings in share prices reflect fluctuating investor sentiment with regards to the course interest rates would take.

A slowdown in inflation in the latter part of 2022 prompted the Fed<sup>86</sup> and ECB<sup>87</sup> to reduce the size of their interest-rate increases.<sup>88</sup>

69 CNBC, 9 March 2023

70 Simply Wall Street, 16 December 2022

71 Reuters, 30 December 2022

72 CNBC, 7 January 2023

73 NBC News, 7 March 2023

74 ING, 27 October 2022

75 Yahoo! Finance, 23 March 2023

76 CBS News, 13 July 2022

77 CNN, 16 November 2022

78 The New York Times, 31 October 2022

79 Time, 29 November 2022

80 BBC, 13 July 2022

81 Associated Press, 10 January 2023

82 The Guardian, 28 September 2022

83 The Guardian, 30 September 2022

84 Deutsche Welle, 17 October 2022

85 Financial Post, 13 January 2023

86 Trading Economics, 31 March 2023

87 Trading Economics, 31 March 2023

88 European Central Bank, 22 March 2023

## Santander Atlas Portfolio 6

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review (continued)

While investors frequently anticipated that the Fed would cease its interest rate hikes and factored this into their investment decisions<sup>89</sup>, Fed Chairman Jerome Powell emphasised the central bank's commitment to fighting inflation by way of interest rate increases.<sup>90</sup> Similarly, ECB President Christine Lagarde vowed to bring inflation back within the ECB's target and restore price stability.<sup>91</sup>

Towards the end of the period, the collapse of two US banks caused share and bond prices to slump amid fears of a more significant financial crisis.<sup>92</sup> Investors took further fright after scandal-ridden financial services giant Credit Suisse teetered on the brink of bankruptcy, its finances depleted following months of customer withdrawals.<sup>93</sup> Some market stability would be restored after regulators arranged a takeover by larger Swiss rival UBS.<sup>94</sup>

##### Performance Review and Investment Activity

The Fund's objective is to provide a combination of capital growth and income over a period of five or more years. The Fund aims to stay within a risk profile classification of 6, as set and monitored by an external risk rating company (although this isn't guaranteed).

The Atlas Portfolio 6 delivered a return of -3.18% in the 12 months through 31 March 2023, while the comparator of the IA Mixed Investment 40-85% Shares returned -4.54%. The Fund achieved its aim of staying within its risk profile.

Over the 12 months, the Fund held less shares than would be expected in normal market conditions – after it made some changes at the beginning of the reporting period. The Fund also held more bonds that are quick to mature than would be expected. This marked a switch away from the Fund's focus on government and corporate bonds, which take longer to reach maturity, earlier in the reporting period.

Both of these tactical changes helped dampen the negative performance seen over the 12 months.

Following the fallout from Truss' tax plans, we believed that the US dollar was well-placed to outperform the British pound and hence favoured it in the Fund's investment strategy. However, events would take a different course as the pound recovered its losses, which hindered the Fund's performance.

Market volatility meant cash holdings were significantly higher than usual, allowing us the flexibility to take advantage of opportunities as and when they arose. Stock and bond markets broke with convention by often moving in sync, meaning that the management of risk through diversification was more difficult.

The Fund has produced a cumulative return of 23.08% over the last five years, meeting its objective to provide a combination of capital growth and income over a period of five or more years. The comparator of the IA Mixed Investment 40-85% Shares returned 21.88% over the same period.

We started moving out of riskier assets, such as shares, in December 2019. As a result, the Fund was able to weather the storm when COVID-19 was declared a pandemic in March 2020 and stock markets crashed.

The Fund held technology shares that benefitted from a boom in the sector while also maintaining a bias in favour of the US, which experienced a stock market rally between 2020 and 2021.

89 Simply Wall Street, 30 March 2023

90 NPR, 22 March 2023

91 Barron's, 8 March 2023

92 CBS News, 15 March 2023

93 The Guardian, 15 March 2023

94 BBC, 20 March 2023

## **Santander Atlas Portfolio 6**

### **Final Report and Financial Statements for the year ended 31 March 2023 (continued)**

#### **Investment commentary (continued)**

##### **Market Outlook**

We remain cautious even though we have reason to be more optimistic. Inflation shows signs of cooling, which may result in divergent market views around interest rates becoming more uniform, resulting in greater market stability.

Volatility is likely to be prevalent for most of the year, but may smooth out by the fourth quarter of 2023 or the first of 2024.

We plan to use some of this volatility to vigilantly reduce our underweight position in shares to a neutral position. We've also slowly been extending the time it takes for the bonds the Fund holds to reach maturity by buying bonds that take longer to mature. These strategic decisions reflect our gradually strengthening confidence in an economic recovery, as inflation and interest rate hikes slow.

We will bide our time and exercise patience to identify opportunities that present good entry points for investment. There is still much uncertainty, and we want to ensure we're aware of the risks and are well-positioned to adapt to market changes.

**Multi Asset Solutions Team**

**For and on behalf of Santander Asset Management UK Limited**

**May 2023**

## Summary of material portfolio changes

for the year ended 31 March 2023

Purchases	Cost £	Note	Sales	Proceeds £	Note
iShares Markit iBoxx £ Corporate Bond 0-5 year UCITS ETF	28,601,865		HSBC FTSE All-Share Index Fund I Inc	21,486,339	
HSBC FTSE All-Share Index Fund	19,605,678		iShares Markit iBoxx £ Corporate Bond 0-5 year UCITS ETF	18,164,407	
Vanguard FTSE All-World UCITS	17,132,752		Xtrackers S&P 500 Swap UCITS ETF 1C USD	17,117,145	
Vanguard USD Treasury Bond UCITS ETF USD	17,064,554		Xtrackers MSCI Emerging Markets UCITS ETF	16,899,160	
Xtrackers S&P 500 Swap UCITS ETF 1D USD	13,648,517		iShares Core FTSE 100 UCITS ETF	11,877,079	
iShares Emerging Markets Equity Index Fund L Acc	12,373,297		Lyxor S&P 500 UCITS ETF D USD	11,854,424	
iShares Core £ Corporate Bond UCITS ETF	11,063,333		Nordea 1 – Low Duration European Covered Bond Fund HAI	11,406,010	
Allianz Gilt Yield Fund Share I Inc	10,917,405		Vanguard Euro Investment Grade Bond Index GBP (hedged)	11,260,856	
SPDR FTSE UK All Share UCITS ETF	10,665,711		iShares Core £ Corporate Bond UCITS ETF	10,632,218	
Invesco Physical Gold ETC	6,357,079		Nordea Low Duration European Covered Bond Fund	9,034,853	
Vanguard UK Short term Investment Grade bond GBP	4,525,790		iShares Global High Yield Corp Bond UCITS ETF USD	8,231,613	
Invesco S&P 500 UCITS ETF USD	4,065,199		Bluebay Investment Grade European Government Bond Fund	7,935,412	
Nordea Low Duration European Covered Bond Fund	3,998,201		Gold Bullion Securities Limited	6,314,603	
Nordea 1 – Low Duration European Covered Bond Fund HAI	3,985,112		Fidelity MoneyBuilder Income Fund A Inc	5,598,407	
Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	3,100,685		Insight Investment UK Corporate All Maturities Bond Fund Gross P Acc	5,097,915	
Amundi Japan Topix UCITS ETF	2,728,522		Amundi MSCI Emerging Asia UCITS ETF	4,561,884	
Vanguard UK Investment Grade Equity Index Fund	2,222,658		iShares Emerging Markets Equity Index Fund L Acc	4,447,107	
UBS ETF - MSCI Japan UCITS ETF A JPY	2,100,645		Invesco S&P 500 UCITS ETF USD	4,378,080	
Fidelity MoneyBuilder Income Fund A Inc	2,093,727		Fidelity Index UK Fund P Acc	3,862,162	
Xtrackers MSCI Emerging Markets UCITS ETF	1,354,625		HSBC FTSE All-Share Index Fund	2,544,492	
Total cost of purchases for the year	<u>184,473,531</u>	14	Total proceeds from sales for the year	<u>197,892,958</u>	14

## Portfolio statement

as at 31 March 2023

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Collective Investment Schemes 97.48% (99.45%)</b>			
Allianz Gilt Yield Fund Share I Inc	6,901,195	10,414,593	4.56
Amundi Japan Topix UCITS ETF*	69,109	5,354,373	2.34
Amundi S&P 500 UCITS ETF A EUR*	281,014	17,784,872	7.79
Fidelity Index UK Fund P Acc	10,880,647	17,390,539	7.62
HSBC FTSE All-Share Index Fund	4,794,696	17,308,853	7.58
HSBC UK Gilt Index Fund	1,512,440	1,320,814	0.58
Invesco Physical Gold ETC	41,000	6,330,400	2.77
Invesco S&P 500 UCITS ETF USD*	33,401	21,214,072	9.29
iShares Emerging Markets Equity Index Fund L Acc	4,165,158	7,578,159	3.32
iShares Markit iBoxx £ Corporate Bond 0-5 year UCITS ETF*	101,135	9,809,084	4.30
iShares UK Gilts All Stocks Index Fund L Acc	930,011	1,326,923	0.58
SPDR FTSE UK All Share UCITS ETF*	177,872	10,617,180	4.65
UBS ETF - MSCI Japan UCITS ETF A JPY*	160,148	5,971,919	2.61
Vanguard FTSE All-World UCITS	204,332	17,472,429	7.65
Vanguard FTSE UK All Share Index Unit Trust	32,806	7,961,780	3.49
Vanguard UK Government Bond Index Fund Sterling Acc	8,201	1,110,256	0.49
Vanguard UK Investment Grade Equity Index Fund	51,771	18,043,027	7.90
Vanguard UK Short term Investment Grade bond GBP	40,962	4,488,165	1.96
Vanguard USD Treasury Bond UCITS ETF USD*	924,617	16,767,929	7.34
Xtrackers MSCI Emerging Markets UCITS ETF*	270,756	10,953,306	4.80
Xtrackers S&P 500 Swap UCITS ETF 1D USD*	1,852,700	13,371,746	5.86
Total Collective Investment Schemes		222,590,419	97.48
<b>Options -0.04% (nil)</b>			
S&P 500 Call 4,150 16/6/2023	(15)	(146,791)	(0.07)
S&P 500 Call 4,275 19/5/2023	(10)	(27,927)	(0.01)
STX 600 Call 475 16/6/2023	599	81,579	0.04
		(93,139)	(0.04)
<b>Futures -0.08% (0.03%)</b>			
E-Mini S&P 500 Jun '23	(7)	(68,733)	(0.03)
Euro Stoxx 50 Jun '23	(44)	(83,701)	(0.04)
FTSE 100 Index Jun '23	(24)	(29,160)	(0.01)
		(181,594)	(0.08)

**Portfolio statement (continued)***as at 31 March 2023*

				<b>Unrealised</b>	<b>of total</b>
<b>Forward currency trades 0.31% (-0.27%)</b>	<b>Settlement</b>	<b>Buy Amount</b>	<b>Sell Amount</b>	<b>Gains/(losses)</b>	<b>net assets</b>
Buy EUR : Sell GBP	02/06/2023	1,003,244	(1,015,777)	(12,533)	0.00
Buy GBP : Sell USD	02/06/2023	20,351,610	(19,733,734)	617,876	0.27
Buy GBP : Sell USD	02/06/2023	2,294,444	(2,197,840)	96,605	0.04
Buy GBP : Sell EUR	02/06/2023	1,005,271	(1,003,244)	2,027	0.00
Total forward currency trades				703,975	0.31
<b>Portfolio of investments</b>				<b>223,019,661</b>	<b>97.67</b>
<b>Net other assets</b>				<b>5,330,534</b>	<b>2.33</b>
<b>Total net assets</b>				<b>228,350,195</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31 March 2022.

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

Futures are derivative instruments listed on recognised exchanges.

Options are derivative Investments and are listed on recognised exchanges.

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



## Comparative tables

Change in net asset value per share	I Accumulation Shares		
	2023 p	2022 p	2021 p
Opening net asset value per share	251.71	234.70	185.35
Return before operating charges	(6.12)	18.56	50.69
Operating charges	(1.37)	(1.55)	(1.34)
Return after operating charges	(7.49)	17.01	49.34
Distributions	(4.03)	(2.20)	(2.42)
Retained distributions on accumulation shares	4.03	2.20	2.42
Closing net asset value per share	244.22	251.71	234.70
**after direct transaction costs of	0.00	0.00	0.11
<b>Performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Return after charges*	(2.98)%	7.25%	26.62%
Closing net asset value (£'s)	228,350,195	244,560,591	234,845,816
Closing number of shares	93,502,822	97,159,474	100,063,951
Operating charges	0.57%	0.61%	0.62%
Direct transaction costs**	0.00%	0.00%	0.05%
	<b>p</b>	<b>p</b>	<b>p</b>
Highest share price	252.3	262.6	237.9
Lowest share price	228.6	234.0	180.5

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

## Financial Statements - Santander Atlas Portfolio 6

### Statement of total return

for the year ended 31 March 2023

	Note	2023		2022	
		£	£	£	£
Income					
Net capital (losses)/gains	1		(11,272,802)		14,747,858
Revenue	2	4,840,337		3,244,833	
Expenses	3	(981,966)		(1,044,761)	
Interest payable and similar charges	4	(10,170)		(27,822)	
Net revenue before taxation		3,848,201		2,172,250	
Taxation	5	5,433		–	
Net revenue after taxation			3,853,634		2,172,250
Total return before distributions			(7,419,168)		16,920,108
Distributions	6		(3,853,631)		(2,172,214)
Change in net assets attributable to shareholders from investment activities			(11,272,799)		14,747,894

### Statement of change in net assets attributable to shareholders

for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Opening net assets attributable to shareholders		244,560,591		234,845,816
Amounts receivable on issue of shares	4,549,455		5,428,751	
Amounts payable on cancellation of shares	(13,312,116)		(12,619,290)	
		(8,762,661)		(7,190,539)
Dilution adjustment		3,011		1,846
Change in net assets attributable to shareholders from investment activities		(11,272,799)		14,747,894
Retained distributions on accumulation shares		3,822,053		2,155,574
Closing net assets attributable to shareholders		228,350,195		244,560,591

**Balance sheet****as at 31 March 2023**

	Note	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		223,388,506	243,416,510
Current assets:			
Debtors	7	134,662	238,954
Cash and bank balances	8	14,030,193	7,806,364
Total assets		<u>237,553,361</u>	<u>251,461,828</u>
Liabilities:			
Investment liabilities		(368,845)	(792,794)
Creditors			
Bank overdrafts	8	(8,348,224)	(5,791,834)
Other creditors	9	(486,097)	(316,609)
Total liabilities		<u>(9,203,166)</u>	<u>(6,901,237)</u>
<b>Net assets attributable to shareholders</b>		<u><u>228,350,195</u></u>	<u><u>244,560,591</u></u>

## Notes to the financial statements

for the year ended 31 March 2023

1. Net capital (losses)/gains	2023	2022
	£	£
Realised (losses)/gains on non-derivative securities	(2,104,555)	20,681,315
Unrealised losses on non-derivative securities	(7,725,379)	(5,716,809)
Realised gains on derivative contracts	795,614	1,783,637
Unrealised losses on derivative contracts	(316,509)	(936,197)
Currency gains/(losses)	530,948	(486,902)
Realised (losses)/gains on forward currency contracts	(3,781,573)	148,410
Unrealised gains/(losses) on forward currency contracts	1,361,115	(651,600)
Transaction charges	(32,463)	(73,996)
Net capital (losses)/gains	<u>(11,272,802)</u>	<u>14,747,858</u>
2. Revenue	2023	2022
	£	£
UK dividends	1,497,628	1,141,724
Overseas UK tax exempt revenue	2,370,723	1,520,464
Overseas UK taxable revenue	586,390	399,317
Unfranked revenue	322,664	164,461
Bank interest	33,134	4,347
Rebates from holdings in Collective Investment Schemes	29,798	14,520
Total revenue	<u>4,840,337</u>	<u>3,244,833</u>
3. Expenses	2023	2022
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>924,200</u>	<u>983,474</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>27,752</u>	<u>29,471</u>
Other expenses:		
Audit fees	13,759	17,125
Safe custody fees	14,792	13,380
FCA fee	115	70
Tax service fees	1,348	1,241
	<u>30,014</u>	<u>31,816</u>
Total expenses	<u>981,966</u>	<u>1,044,761</u>

## Notes to the financial statements

for the year ended 31 March 2023

4. Interest payable and similar charges	2023	2022
	£	£
Overdraft interest	1,657	7,083
Interest on margin	8,513	20,739
Total interest payable and similar charges	<u>10,170</u>	<u>27,822</u>

5. Taxation	2023	2022
	£	£
<b>a. Analysis of the tax (credit)/charge for the year</b>		
Prior year refund of income tax	(5,433)	–
Total tax (credit)/charge (note 5b)	<u>(5,433)</u>	<u>–</u>

### b. Factors affecting the tax charge for the year

The tax assessed for the year is lower (2022 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2022 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2023	2022
	£	£
Net revenue before taxation	<u>3,848,201</u>	<u>2,172,250</u>
Corporation tax @ 20%	769,640	434,450
Effects of:		
Revenue exempt from UK corporation tax	(773,670)	(532,438)
Management expenses not relieved	4,070	97,988
Prior year refund of income tax	(5,473)	–
Total tax (credit)/charge (note 5a)	<u>(5,433)</u>	<u>–</u>

At the year end there is a potential deferred tax asset of £1,402,121 (2022 - £1,398,051) 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 period or prior period.

### 6. Distributions

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

	2023	2022
	£	£
Interim accumulation distributions paid	1,933,380	1,025,591
Final accumulation distributions payable	1,888,673	1,129,983
	<u>3,822,053</u>	<u>2,155,574</u>
Equalisation:		
Amounts deducted on cancellation of shares	40,554	22,561
Amounts added on issue of shares	(8,976)	(5,921)
Distributions	<u>3,853,631</u>	<u>2,172,214</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 6. Distributions (continued)

Reconciliation between net revenue and distributions:	2023	2022
	£	£
Net revenue after taxation per Statement of total return	3,853,634	2,172,250
Add:		
Undistributed revenue brought forward	79	43
Deduct:		
Undistributed revenue carried forward	(82)	(79)
Distributions	<u>3,853,631</u>	<u>2,172,214</u>

Details of the distribution per share are disclosed in the distribution table on page 173.

### 7. Debtors

	2023	2022
	£	£
Amounts receivable in issues of shares	–	230,016
Accrued revenue	122,836	–
Rebates from holdings in Collective Investment Schemes	10,734	7,482
Income tax debtor	1,092	1,456
Total debtors	<u>134,662</u>	<u>238,954</u>

### 8. Cash and bank balances

	2023	2022
	£	£
Amounts held at futures clearing houses and brokers	1,271,131	270,147
Cash and bank balances	<u>12,759,062</u>	<u>7,536,217</u>
Total cash and bank balances	<u>14,030,193</u>	<u>7,806,364</u>
Bank overdraft*	<u>8,348,224</u>	<u>5,791,834</u>

As at 31 March 2023, the weighted average of the floating interest rate on bank balances was 0.24% (2022 - 0.00%).

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

### 9. Other creditors

	2023	2022
	£	£
Amounts payable on cancellation of shares	383,977	32,062
Accrued expenses	<u>102,120</u>	<u>284,547</u>
Total other creditors	<u>486,097</u>	<u>316,609</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 Schemes 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 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £22,301,966 (2022 - £24,262,372\*). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

\* The prior year comparative disclosure has been restated to reflect the calculation of these figures on a consistent basis with the current year.

#### 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. The Fund may also indirectly be exposed to interest rate risk through its investment in Collective Investment Schemes. Interest receivable on bank deposits and payable on bank overdrafts could also be affected by fluctuations in interest rates.

As at 31 March 2023, 2.49% of the Fund's assets were interest bearing (2022 - 3.19%).

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. Also as the Fund has no significant direct exposure to interest rate risk, no sensitivity analysis has been presented.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 Investment 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 £4,854,643 (2022 - £4,012,489). A 5% weakening in GBP would increase the value by £5,365,658 (2022 - £4,434,856).

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. Funds investing in smaller companies, emerging markets and high yield bonds, hold transferable securities that may be less liquid than the securities of larger companies as a result of lower trading volumes.

#### 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 31 March 2023

### 10. Risk disclosures (continued)

#### g) Investment Style and Investment Management Risk

Shareholders in a Fund face a risk that the investment choices made by the ACD and/or any Sub-Investment Manager(s) for that Fund 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.

#### h) Derivatives risk

The Fund may use derivative strategies for the purposes of efficient portfolio management where derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of a Fund. Derivatives may also be used to hedge and manage risk in relation to the Fund. The Fund may also use derivative strategies for investment purposes where derivatives are used as part of a Fund's investment strategy to help achieve its investment objectives.

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

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

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

#### i) Passively Managed CIS Risk

The Fund may invest in Passively Managed Collective Investment Schemes which have the following associated risks:

- **Passive Investment Risk:** Passively Managed Collective Investment Schemes may be affected by a general decline in market segments reflected in their benchmark Index. A Passively Managed Collective Investment Scheme may underperform an Actively Managed Collective Investment Scheme, or vice versa;

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### i) Passively Managed CIS Risk (continued)

- Index Tracking Risks: Passively Managed Collective Investment Schemes which seek to track the performance of a benchmark Index are unlikely to perfectly track such an Index due to the impact of charges (which will negatively impact performance versus the Index) and the level of replication of the Index (which can impact performance versus the Index positively or negatively). Such Passively Managed Collective Investment Schemes will therefore be subject to tracking error risk such that their returns will not track exactly those of their benchmark Index;
- Index-related Risks: in order to meet its objective, an Index tracking Collective Investment Scheme seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the relevant benchmark Index as published by the provider of the Index. There is no assurance that such provider will compile the benchmark Index accurately, or that the benchmark Index will be determined, composed or calculated accurately. The Index provider also does not guarantee that the benchmark Index will be in line with its described Index methodology.

#### j) Investment in Other CIS Risk

Where the Fund invests in another Collective Investment Scheme, it will bear along with other investors its portion of the expenses of that Collective Investment Scheme, including management, performance and / or other fees. Other Collective Investment Schemes that a Fund invests in will also be subject to their own risks based on their investment policy. For example they could hold assets in a different currency to that of the relevant Fund, take more risks or use derivatives more extensively than the relevant Fund or invest more extensively in non-developed markets than the relevant Fund.

#### k) Recession risk

We are currently living in a high inflation environment. Interest rates rose, causing both equities and bonds (which are historical diversifiers) to severely fall in value. Most markets had negative performance and are experiencing heightened volatility. We have even seen the Bank of England step-in as the Purchaser of Last Resort to try and calm long-term government bonds so that Pension funds relieve some of the stress they are under. If central banks manage to control inflation, we will see a slowdown in economic growth however this would not be a worrying situation. Instead, if inflation spirals out of control we will enter a Recessionary environment and can expect especially volatile markets for a prolonged amount of time.

### 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 year end date are disclosed in note 9. £77,339 (2022 - £42,599) was due to the ACD at the year end date.

#### Material shareholders

As at 31 March 2023, 91.36% (2022 - 90.71%) of the shares in issue in the Santander Atlas Portfolio 6 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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;

	2023	2022
	No of Shares	No of Shares
I Accumulation Shares		
Opening shares in issue	97,159,474	100,063,951
Shares issued in the period	1,888,888	2,191,429
Shares cancelled in the period	(5,545,540)	(5,095,906)
Closing shares in issue	<u>93,502,822</u>	<u>97,159,474</u>

### 13. Fair value disclosure

	2023	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	222,671,998	356,312
Observable inputs using market data*	<u>716,508</u>	<u>12,533</u>
	<u>223,388,506</u>	<u>368,845</u>

	2022	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	138,891,170	108,412
Observable inputs using market data*	<u>104,525,340</u>	<u>684,382</u>
	<u>243,416,510</u>	<u>792,794</u>

\* Details of the securities included within the fair value hierarchy are detailed on page 12, accounting policy (b) valuation of investments.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as a % of Purchases
<b>2023</b>	£	£	£	£	%	%
Collective Investment Schemes	184,473,531	–	–	184,473,531	–	–
Total purchases	184,473,531	–	–	184,473,531		
<b>2022</b>	£	£		£	%	
Collective Investment Schemes	255,964,976	–	–	255,964,976	–	–
Total purchases	255,964,976	–	–	255,964,976		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as a % of Sales
<b>2023</b>	£	£	£	£	%	%
Collective Investment Schemes	197,892,958	–	–	197,892,958	–	–
Total sales	197,892,958	–	–	197,892,958		
<b>2022</b>	£	£		£	%	
Collective Investment Schemes	230,676,630	–	–	230,676,630	–	–
Total sales	230,676,630	–	–	230,676,630		

	Broker Commission	Transfer Taxes
<b>2023</b>	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–
<b>2022</b>	£	£
Total costs from purchases & sales	–	–
Total costs as % of Average NAV	–	–

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 dealing spread for this Fund is 0.10% (2022 - 0.09%) of the transaction value.

There were direct transaction costs associated with derivatives in the year of £3,027 (2022 - £7,281) which is 0.00% of the Average NAV of the Fund (2022 - 0.00%).

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 £	
<b>2023</b>			
UK Sterling	27,029,247	153,912,051	180,941,298
Euro	62,454	–	62,454
Japanese Yen	–	5,354,373	5,354,373
US Dollar	(21,351,493)	63,323,995	41,972,502
Australian Dollar	19,567	–	19,567
<b>2022</b>			
UK Sterling	34,439,834	125,858,487	160,298,321
Euro	(18,593,049)	16,011,573	(2,581,476)
Japanese Yen	6,806,473	2,919,486	9,725,959
US Dollar	(21,329,559)	98,426,733	77,097,174
Australian Dollar	20,613	–	20,613

### 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 £
<b>2023</b>			
<b>Forward currency contracts</b>			
JPMorgan	716,508	716,508	716,508
<b>2022</b>			
<b>Forward currency contracts</b>			
Goldman Sachs	27,242	27,242	27,242

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 increased from 244.22p to 244.27p as at 18 July 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.

## Distribution table

for the year ended 31 March 2023

Distributions on I Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1						
	30.11.2022	interim	2.0136	–	2.0136	1.0324
	31.05.2023	final	2.0199	–	2.0199	1.1630
Group 2						
	30.11.2022	interim	1.5376	0.4760	2.0136	1.0324
	31.05.2023	final	1.1857	0.8342	2.0199	1.1630

### 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 Enhanced Income Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023

#### Investment commentary

##### Investment Objective

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

The Fund has a target annual income of 5% per annum, although this is not guaranteed.

##### Investment Policy

The Fund is actively managed (by the appointed Sub-Investment Manager) and aims to achieve its objectives by investing at least 80% in a wide range of shares in companies listed, at the time of purchase, in the UK. Such companies may also be domiciled, incorporated or conduct a significant part of their business in the UK and can include Real Estate Investment Trusts (a type of property investment company) and other investment trusts.

The Fund may also invest up to 20% in shares in companies listed, at the time of purchase, in developed markets outside of the UK. The Fund will at all times be invested between 85% and 100% in shares.

The Fund may also invest, globally in developed markets, up to 5% in bonds issued by companies, governments, government bodies and supranationals (excluding sub-investment grade bonds), and up to 10% in cash, cash like and other money market instruments. This flexibility may be used at times when, for example, the Sub-Investment Manager believes that the potential returns from exposure to shares generally, or shares in a specific company relative to bonds issued by that company, have become less attractive, or due to adverse market conditions.

The Fund will typically invest directly. However, the Fund can also invest indirectly:

- by investing up to 10% in units of Actively Managed and/or Passively Managed Collective Investment Schemes. These Collective Investment Schemes may be managed by the ACD, any Sub-Investment Manager or other companies (including within the Santander Group). The Collective Investment Schemes may invest in a broader range of assets than the Fund (for example they may have exposure to commodities) and may use Derivatives differently; and
- in property through investment in Real Estate Investment Trusts primarily to generate income.

The Fund may use Derivatives for Investment Purposes (where Derivatives are used as part of the Fund's investment strategy to help achieve its investment objectives), and 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.

The Fund is managed with reference to the FTSE All Share Index TR as a Constraint Benchmark as further detailed in "Investment Strategy and Process" below.

The Fund has a Risk Category of High in accordance with Santander UK plc's Risk Categorisation Process.

##### Investment Strategy and Process

The ACD's investment philosophy is that the Fund's investment objectives can be achieved from appointing a skilled investment manager which focuses on long term investment views. The ACD has appointed one Sub-Investment Manager, based on their expertise, to manage the entire Fund and has put in place the investment guidelines which the Sub-Investment Manager must follow.

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

## Santander Enhanced Income Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Investment Strategy and Process (continued)

The Sub-Investment Manager actively manages the Fund. This means that it aims to achieve the Fund's investment objectives by using its discretion to select investments that it believes will deliver income, in particular shares in companies which pay dividends.

The Sub-Investment Manager aims to enhance the natural income from the shares in which the Fund invests by using Derivatives. A key strategy used by the Sub-Investment Manager in this respect is the use of covered call options, where the Fund owns a share and sells the right to buy that share at a specified price within a specified time period, for the purpose of providing additional income to the Fund. It is expected that Derivatives will be used by the Fund regularly for Efficient Portfolio Management and less frequently for Investment Purposes.

As part of its investment process the Sub-Investment Manager will consider a number of factors with a focus on:

- Quality: companies that have, for example, consistent profits and strong cash flow, low debt and actual or potential asset growth;
- Momentum: a company's share price has performed well over a short period and is expected to continue to do so; and
- Value: a company's share price is lower than expected based on the company's characteristics and financial results.

To help inform its investment views and in addition to its own analysis, the Sub-Investment Manager uses external research as well as a third party screening process which identifies and ranks some of the companies the Fund may invest in based on quality, momentum and value.

An assessment will be completed by the Sub-Investment Manager on investment opportunities before investment decisions are made. Based on its investment views, the Sub-Investment Manager will select shares in companies which it believes will best achieve the Fund's investment objectives. In practice this means the Fund's portfolio will typically consist of shares in companies which offer attractive dividend prospects (with the aim of providing income for the Fund) and also predominantly have good quality and momentum characteristics (which provides the potential for capital growth for the Fund).

The Derivative strategies which the Sub-Investment Manager uses to enhance income may reduce (but not exclude) the potential for capital growth opportunities.

While the Sub-Investment Manager will favour long term investments and avoid a high turnover of the Fund's portfolio and associated costs which can negatively impact the Fund's performance, it can change the Fund's investments, including to hold shorter term investments, where it believes these will provide income from dividends.

The companies the Sub-Investment Manager invests in can be of any size, however it will have a bias to investing in medium sized companies (for example those companies in the FTSE 250 Index). This is because the Sub-Investment Manager believes that these companies have good quality and momentum characteristics as well as attractive dividend prospects.

Although the Sub-Investment Manager has discretion to select investments, it will typically manage the Fund with a Tracking Error (against the Constraint Benchmark) of up to 6%. This means that although the Sub-Investment Manager does not have to invest in the same assets or in the same amounts, and may hold significantly fewer assets, than those which make up the Constraint Benchmark, some of the Fund's investments will reflect the constituents of the Constraint Benchmark. The Tracking Error of the Fund's portfolio may occasionally (for instance during volatile market conditions) be higher than 6% provided this is consistent with the investment strategy of the Fund.



## Santander Enhanced Income Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Further Information

The ACD's intention (but this is not guaranteed, and is not part of the Fund's investment objective) is that any income paid to Shareholders will be "smoothed", so that equal amounts are paid for each income distribution by the Fund (apart from the final distribution) in a financial year in line with a rate set by the ACD (after consultation with the Sub-Investment Manager) for the Fund at the start of that financial year. This smoothing of income may result in the income distribution to Shareholders in a Class within the Fund for a given month being higher or lower than the actual income earned by that Class for such month. However the overall income paid by each Class to Shareholders at any given point in time cannot exceed the level of income earned by that Class up to such point in time in the Fund's financial year.

When setting the Fund's estimated level of distributable income (and the related smoothed rate of income which is expected to be paid to Shareholders during that financial year), the ACD's calculations are based on a number of variables and assumptions which are subject to fluctuation and may change (including during periods of market uncertainty). Consequently, the rate is not guaranteed and may need to be adjusted (up or down) once or more during the financial year. Further, to the extent that income earned has not been fully distributed by the date of the final payment due for any financial year, a balancing payment (which may be higher or lower than that financial year's smoothed rate paid over preceding months in the same financial year) will be distributed to Shareholders.

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

The Constraint Benchmark has been selected for the Fund as it is representative of shares listed in the UK and therefore broadly in line with the investment policy of the Fund. The Constraint Benchmark is provided by FTSE International Limited, which is included in the public register of administrators and benchmarks established and maintained by the FCA.

The base currency of the Fund is UK Sterling.

##### Sub-Investment Manager

Schroder Investment Management Limited

##### Risk Profile

The main risk within the portfolio relate to changes in the prices of securities held. Other risks include: investment style and management risk; derivatives risk; counterparty risk; liquidity risk and currency risk, which are outlined in more detail in the notes to the financial statements. 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 risk and reward indicator shown above is based on historical data which may not be a reliable indication of the future risk profile of the Fund.

The lowest risk and reward indicator does not mean risk free.

The risk and reward indicator shown is not guaranteed and may change over time.

## Santander Enhanced Income Portfolio

## Final Report and Financial Statements for the year ended 31 March 2023 (continued)

## Investment commentary (continued)

## Annual Income Delivered

Calculation Date 31/03/2023	Target Annual Income	Annual Income Delivered	Historic Yield
Santander Enhanced Income Portfolio I Accumulation Shares	5.00%	5.25%	5.29%
Santander Enhanced Income Portfolio I Income Shares	5.00%	5.25%	5.39%

**Target Annual Income:** The Target Annual Income per the Fund's Investment Objective.

**Annual Income Delivered:** The sum of all income payments made over the Fund's last accounting year. Each income payment is a percentage of the fund price as at the previous XD date.

**Historic Yield:** The sum of income payments announced in the previous 12 months, divided by the fund price as at 31 March 2023.

## Performance

Percentage price change from 31 March 2022 to 31 March 2023	
Santander Enhanced Income Portfolio I Accumulation Shares	-7.62%
Santander Enhanced Income Portfolio I Income Shares	-7.64%
FTSE All Share Index TR <sup>^</sup>	-2.88%
Percentage price change from 30 March 2018 to 31 March 2023	
Santander Enhanced Income Portfolio I Accumulation Shares	19.35%
Santander Enhanced Income Portfolio I Income Shares	19.26%
FTSE All Share Index TR <sup>^</sup>	28.48%

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

Source Factset - 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.

<sup>^</sup> The benchmark acts as a constraint benchmark, and not a target benchmark. Prior to 1 October 2018, the benchmark was the FTSE 350 Higher Yield Index. The benchmark performance figures from 30 March 2018 to 31 March 2023 include data from the historic benchmark.

## Santander Enhanced Income Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Market Review

UK shares weren't spared from the turbulence that gripped global financial markets over the reporting period, as policy U-turns by central government, a deepening cost-of-living crisis<sup>95</sup> and a fragile economy caused prices to fluctuate.

As inflation leapt to 40-year highs in the US<sup>96</sup> and UK<sup>97</sup>, while breaking records in Europe<sup>98</sup>, investors speculated about how frequent and aggressive interest rate hikes by central banks would be.<sup>99</sup> Following an unbroken string of hikes during the reporting period, the Bank of England would ultimately raise interest rates to a 14-year high in March 2023<sup>100</sup>, after inflation in February unexpectedly accelerated.<sup>101</sup>

Uncertainty was deepened by the continuation of the war in Ukraine, which sent commodity prices soaring and worsened supply chain logjams that had been caused by the COVID-19 pandemic.<sup>102</sup> Further inflationary pressures emerged as Russia's decision to cut off European gas supplies caused energy costs to surge.<sup>103</sup>

European stock market indices also wavered following China's decision to implement a strict lockdown to contain outbreaks of COVID-19, which unsettled global markets.<sup>104</sup>

In the UK, former Prime Minister Liz Truss announced a raft of unfunded tax cuts in late September.<sup>105</sup> Panic ensued in the markets as the pound slumped to a record low against the dollar<sup>106</sup> and the FTSE 250 Index – which is comprised of small- to medium-sized companies listed on the London Stock Exchange – slumped to a two-year low.<sup>107</sup>

Truss resigned and her successor, Rishi Sunak, made an about-turn, hiking taxes and cutting government spending in an attempt to restore the UK's economic credibility.<sup>108</sup>

While the FTSE 250 Index bounced back following Sunak's appointment, it ultimately fell by 10.55% over the entire reporting period.<sup>109</sup>

Nonetheless, there were some flickers of light for UK investors. The FTSE 100 Index, which consists of the largest companies listed on the London Stock Exchange, rose by 1.54% over the course of the reporting period.<sup>110</sup> The index was able to outperform some of its major international peers, given that 2022 was the worst year for global stock markets on record<sup>111</sup> and the worst ever year for US bonds.<sup>112</sup>

On 31 March 2023, the Office for National Statistics reported that the UK had narrowly avoided a technical recession – defined as two consecutive quarters of negative growth – in the final quarter of 2022, which saw 0.1% growth.<sup>113</sup> However, gloom continues to linger over the UK economy, which the International Monetary Fund forecasts will be the only major economy to shrink in 2023.<sup>114</sup>

<sup>95</sup> Sky News, 14 December 2022

<sup>96</sup> CBS News, 13 July 2022

<sup>97</sup> CNN, 16 November 2022

<sup>98</sup> The New York Times, 31 October 2022

<sup>99</sup> The Guardian, 15 June 2022

<sup>100</sup> The Bank of England, 23 March 2023

<sup>101</sup> Reuters, 22 March 2023

<sup>102</sup> Simply Wall Street, 16 December 2022

<sup>103</sup> BBC, 13 July 2022

<sup>104</sup> Time, 29 November 2022

<sup>105</sup> Deutsche Welle, 17 October 2022

<sup>106</sup> The Guardian, 30 September 2022

<sup>107</sup> FTSE 250 Index, 31 March 2023

<sup>108</sup> Deutsche Welle, 17 October 2022

<sup>109</sup> FTSE 250 Index, 31 March 2023

<sup>110</sup> FTSE 100 Index, 31 March 2023

<sup>111</sup> Reuters, December 30 2022

<sup>112</sup> CNBC, 7 January 2023

<sup>113</sup> Office for National Statistics, 31 March 2023

<sup>114</sup> BBC, 31 January 2023

## Santander Enhanced Income Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance Review and Investment Activity

The Fund's objective is to provide an income, with some potential for capital growth, over a period of five or more years. The Fund has a target annual income of 5% (although this isn't guaranteed).

A Sub-Investment Manager actively manages the Fund, at least 80% of which is comprised of shares issued by companies listed in the UK. Up to 20% of the Fund can be comprised of shares in companies listed in developed markets outside the UK. Up to 5% of the Fund can be invested in high-quality bonds, and up to 10% in cash or cash-like instruments.

The Fund exceeded its target annual income of 5%, delivering an income of 5.25% over the accounting period.

All holdings in the Fund paid a dividend, most of which slightly exceeded the expectations of the Sub-Investment Manager as almost every sector within the benchmark delivered dividend growth, with the Banking sector the most significant driver of growth due to rising interest rates.

However, special dividends, a payment that can be made by a company to its shareholders that the company declares to be separate from the typical recurring dividend cycle, were lower. This was mainly due to Mining companies and weakness in major commodity prices, but also due to share buybacks, a form of shareholder remuneration where companies buy back their own shares to reduce their total share capital by cancelling the repurchased stock, being used as an alternative route to return surplus capital to shareholders. While the number of shares in circulation falls, shareholders' stake in the company and the amount they are due from future dividends increases.

The Sub-Investment Manager stuck with its strategy of investing in companies of varying sizes – from small to large-capitalisation – that it considers to be high-quality firms, offering sustainable prospects for dividend growth. The top five dividend payers in the Fund were Diversified Energy Co., Central Asia Mining, Headlam Group, Admiral Group and Polar Capital.

The Sub-Investment Manager sees significant potential for dividend growth in online property company Rightmove, software business Kainos and industrial equipment rental group Ashtead.

Over the 12 months to 31 March 2023, from a capital growth perspective, the I Accumulation share class returned -7.62% and the I Income share class returned -7.64%. Over the same period, the Constraint Benchmark returned 2.88%.

Over the past five years, the I Accumulation share class delivered a cumulative return of 19.35% and the I Income share class delivered a cumulative return 19.26%. Over the same period, the Constraint Benchmark made a cumulative return of 28.48%.

The Fund's bias in favour of medium-sized companies over this 12-month period was the main factor hindering its capital growth. Holding an underweight stance in the oil and gas sector, relative to the Constraint Benchmark – meaning that the Fund held fewer of these assets than the Constraint Benchmark – also weighed on the Fund's performance. The third key factor limiting performance was an overweight stance in real estate.

An underweight position in telecommunications and an overweight one in the consumer discretionary sector, relative to the Constraint Benchmark, enhanced the Fund's capital performance and cancelled out some losses.

In terms of individual stocks, not owning shares in BP and Shell limited the Fund's performance, given that the valuations of these businesses were driven upwards by the energy crisis in Europe. Overweight positions in Hilton Food Group, kettle safety group Strix and healthcare company Roche also hampered performance. However, the Fund benefitted from solid performances by miniature wargames maker Games Workshop, Lundin Energy, TotalEnergies and venture capital firm 3i Group.

## Santander Enhanced Income Portfolio

### Final Report and Financial Statements for the year ended 31 March 2023 (continued)

#### Investment commentary (continued)

##### Performance Review and Investment Activity (continued)

The Sub-Investment Manager opened new positions in HSBC and GlaxoSmithKline in a bid to reduce the Fund's underweight position in US dollar-based earnings and its sensitivity to interest rates, which were raised aggressively during the reporting period.

As Rightmove, Howden Joinery and Bloomsbury Publishing reached more attractive valuations, the Sub-Investment Manager made the decision to buy shares in these companies. This was funded through selling shares in Central Asia Metals, Barclays, Kingfisher, M&G, Supermarket Income REIT, Sabre Insurance and Warehouse REIT.

##### Market Outlook

Despite the IMF's downbeat forecast for the UK economy, the Sub-Investment Manager's stance on shares listed on the London Stock Exchange remains positive.

Given that the companies listed on the FTSE 100 Index make more than 75% of their combined revenue abroad, they enjoy a degree of protection from the local economy.<sup>115</sup>

The Sub-Investment Manager considers the UK stock market to be trading at a discount, relative to its peers among the developed nations, despite being one of the top-performing markets in 2022.

In terms of income, the Sub-Investment Manager expects UK companies to continue to deliver attractive dividends, relative to their share prices. These dividends are particularly attractive when compared to the dividends issued by businesses that are domiciled in other global regions.

The Sub-Investment Manager believes that investing in high-quality companies with a proven track record of value creation is the correct long-term strategy.

**Robert McElvanney**

**Head of UK Front Office**

**For and on behalf of Santander Asset Management UK Limited**

**May 2023**

<sup>115</sup> Sub-Investment Manager

## Summary of material portfolio changes

for the year ended 31 March 2023

Purchases	Cost £	Note	Sales	Proceeds £	Note
HSBC	1,954,934		Orron Energy	1,419,789	
GSK	1,699,479		Aker	804,297	
TotalEnergies	1,248,755		GSK	753,128	
Aker	1,070,074		Central Asia Metals	749,780	
BHP Billiton	893,459		M&G	718,764	
SSE	670,055		National Grid	661,492	
Diageo	581,282		RELX	653,329	
DNB Bank	533,427		Unilever	635,934	
Hollywood Bowl Group	533,325		United Utilities	598,775	
Ashtead	487,378		Warehouse REIT	559,381	
4imprint	462,192		Polar Capital Holdings	549,775	
National Grid	441,573		Anglo American	495,390	
Greencoat UK Wind	436,911		Associated British Foods	490,313	
Howden Joinery	436,016		DNB Bank	470,988	
Sirius Real Estate	404,425		Roche Holding	457,302	
Gamma Communications	339,031		Barclays	368,096	
Domino's Pizza	331,311		QinetiQ Group	330,630	
IMI	315,147		Kingfisher	323,868	
Admiral Group	311,751		Rio Tinto	317,227	
Rightmove	288,125		Supermarket Income REIT	316,770	
Total cost of purchases for the year	<u>15,266,541</u>	14	Total proceeds from sales for the year	<u>15,392,934</u>	14

**Portfolio statement***as at 31 March 2023*

	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>Investment</b>			
<b>Equities 98.39% (97.75%)</b>			
<b>Australia 1.48% (nil)</b>			
BHP Billiton	32,189	823,717	1.48
		823,717	1.48
<b>France 3.60% (0.95%)</b>			
TotalEnergies	41,789	1,996,002	3.60
		1,996,002	3.60
<b>Guernsey 1.17% (1.39%)</b>			
Sirius Real Estate	849,673	650,850	1.17
		650,850	1.17
<b>Isle of Man 0.54% (1.48%)</b>			
Strix Group	302,454	301,848	0.54
		301,848	0.54
<b>Norway 4.36% (2.70%)</b>			
Aker	50,057	989,195	1.78
DNB Bank	98,915	1,431,077	2.58
		2,420,272	4.36
<b>Singapore 0.76% (1.11%)</b>			
XP Power	20,705	419,276	0.76
		419,276	0.76
<b>Sweden nil (4.54%)</b>			
<b>Switzerland 1.97% (3.23%)</b>			
Roche Holding	4,732	1,092,983	1.97
		1,092,983	1.97
<b>United Kingdom 83.40% (81.09%)</b>			
3i	105,462	1,776,506	3.20
4imprint	11,260	543,295	0.98
Admiral Group	21,457	437,294	0.79
Anglo American	42,382	1,134,990	2.04
Ashtead	16,915	838,138	1.51
Associated British Foods	38,975	756,115	1.36
Berkeley Group Holdings	37,638	1,579,290	2.84

**Portfolio statement (continued)***as at 31 March 2023*

<b>Investment</b>	<b>Holding or nominal value of positions at 31 March</b>	<b>Market value £</b>	<b>Percentage of total net assets %</b>
<b>United Kingdom (continued)</b>			
Bioventix	10,362	404,118	0.73
Bloomsbury Publishing	88,170	390,593	0.70
Bunzl	31,159	952,531	1.72
Close Brothers	98,169	884,502	1.59
Cranswick	18,031	541,651	0.98
Diageo	14,950	540,218	0.97
Diversified Energy	1,108,396	1,048,543	1.89
Domino's Pizza	205,216	588,149	1.06
Drax Group	243,163	1,477,215	2.66
Dunelm Group	115,326	1,274,352	2.30
Electrocomponents	52,418	479,101	0.86
Eurocell	247,573	334,224	0.60
FDM Group	54,144	392,003	0.71
Games Workshop	23,313	2,247,373	4.05
Gamma Communications	50,824	548,899	0.99
Greencoat UK Wind	280,620	439,170	0.79
GSK	118,224	1,689,421	3.04
Hargreaves Lansdown	86,550	691,708	1.25
Headlam	106,415	322,437	0.59
Hilton Food Group	79,415	548,758	0.99
Hollywood Bowl Group	341,358	793,657	1.43
Howden Joinery	59,804	417,432	0.75
HSBC	335,209	1,842,309	3.32
IMI	24,067	368,947	0.66
Kainos Group	17,798	245,968	0.44
Legal & General	760,680	1,817,265	3.27
LondonMetric Property	187,615	329,077	0.59
National Grid	115,386	1,264,631	2.28
Next	18,912	1,242,897	2.24
OSB Group	323,884	1,559,825	2.81
Polar Capital Holdings	80,024	362,109	0.65
QinetiQ Group	177,134	575,331	1.04
Redrow	141,812	675,309	1.22
RELX	75,104	1,965,472	3.55
Rightmove	53,449	300,918	0.55
Rio Tinto	42,388	2,321,591	4.18
Secure Trust Bank	52,408	346,941	0.62
Severfield	403,813	243,095	0.44



**Portfolio statement (continued)**

as at 31 March 2023

Investment	Holding or nominal value of positions at 31 March	Market value £	Percentage of total net assets %
<b>United Kingdom (continued)</b>			
Softcat	115,276	1,493,977	2.69
SSE	69,712	1,256,907	2.26
SThree	166,910	694,346	1.25
Tritax Big Box	417,212	583,262	1.05
Unilever	35,430	1,484,340	2.67
United Utilities	50,241	532,555	0.96
Vertu Motors	1,199,928	717,557	1.29
		46,296,312	83.40
<b>United States of America 1.11% (1.26%)</b>			
Somero Enterprises	166,592	616,390	1.11
		616,390	1.11
Total Equities		54,617,650	98.39
<b>Written Call Options -0.10% (-0.02%)</b>			
3i Call GBP 17 21 April 23	(53)	(15,900)	(0.03)
3i Call GBP 17.5 21 April 23	(26)	(3,380)	(0.01)
Anglo American Call GBP 35 19 May 23	(14)	(142)	0.00
Anglo American Call GBP 36 21 April 23	(11)	–	0.00
Associated British Foods Call GBP 2000 21 April 23	(28)	(4,830)	(0.01)
Bunzl Call GBP 32 21 April 23	(18)	(810)	0.00
Diageo Call GBP 38 19 May 23	(10)	(2,800)	(0.01)
RELX Call GBP 26 21 April 23	(28)	(17,220)	(0.03)
RELX Call GBP 27 19 May 23	(23)	(7,360)	(0.01)
Rio Tinto Call GBP 65 19 May 23	(11)	(737)	0.00
Rio Tinto Call GBP 65 21 April 23	(10)	(52)	0.00
TotalEnergies Call EUR 62 21 April 23	(146)	(128)	0.00
		(53,359)	(0.10)
<b>Portfolio of investments</b>		<b>54,564,291</b>	<b>98.29</b>
<b>Net other assets</b>		<b>950,056</b>	<b>1.71</b>
<b>Total net assets</b>		<b>55,514,347</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 31 March 2022.

All equity shares are listed ordinary shares unless otherwise stated.

Options are derivative Investments and are listed on recognised exchanges.

## Comparative tables

Change in net asset value per share	I Income Shares			I Accumulation Shares		
	2023 p	2022 p	2021 p	2023 p	2022 p	2021 p
Opening net asset value per share	220.34	213.83	167.98	230.57	212.57	159.30
Return before operating charges	(15.23)	19.32	56.09	(15.73)	19.31	54.35
Operating charges	(1.13)	(1.25)	(1.11)	(1.21)	(1.31)	(1.08)
Return after operating charges	(16.36)	18.07	54.98	(16.94)	18.00	53.27
Distributions	(10.56)	(11.56)	(9.13)	(11.30)	(11.73)	(8.88)
Retained distributions on accumulation shares	–	–	–	11.30	11.73	8.88
Closing net asset value per share	193.42	220.34	213.83	213.63	230.57	212.57
**after direct transaction costs of	0.23	0.13	0.45	0.25	0.14	0.43
<b>Performance</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Return after charges*	(7.42)%	8.04%	32.73%	(7.35)%	8.47%	33.44%
Closing net asset value (£'s)	53,603,106	61,532,290	54,727,736	1,911,241	2,036,809	1,217,105
Closing number of shares	27,713,715	27,925,557	25,594,484	894,635	883,388	572,554
Operating charges	0.57%	0.57%	0.57%	0.57%	0.57%	0.57%
Direct transaction costs**	0.12%	0.17%	0.23%	0.12%	0.17%	0.23%
	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>	<b>p</b>
Highest share price	224.0	235.2	215.6	233.7	240.5	212.8
Lowest share price	170.1	200.1	159.5	183.1	207.5	151.6

\* 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 year were recovered directly from investors joining and leaving the Fund. Direct transaction costs incurred by the underlying funds held are not included in the direct transaction cost % disclosed.

## Financial Statements - Santander Enhanced Income Portfolio

### Statement of total return

for the year ended 31 March 2023

	Note	2023		2022	
		£	£	£	£
Income					
Net capital (losses)/gains	1		(7,500,321)		1,864,002
Revenue	2	3,182,448		3,276,811	
Expenses	3	(313,474)		(338,340)	
Interest payable and similar charges	4	(340)		(12,760)	
Net revenue before taxation		2,868,634		2,925,711	
Taxation	5	(98,060)		(51,982)	
Net revenue after taxation			2,770,574		2,873,729
Total return before distributions			(4,729,747)		4,737,731
Distributions	6		(3,040,098)		(3,181,437)
Change in net assets attributable to shareholders from investment activities			(7,769,845)		1,556,294

### Statement of change in net assets attributable to shareholders

for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Opening net assets attributable to shareholders		63,569,099		55,944,841
Amounts receivable on issue of shares	4,239,940		9,793,932	
Amounts payable on cancellation of shares	(4,623,385)		(3,854,623)	
		(383,445)		5,939,309
Dilution adjustment		(3,734)		38,161
Change in net assets attributable to shareholders from investment activities		(7,769,845)		1,556,294
Retained distributions on accumulation shares		102,272		90,494
Closing net assets attributable to shareholders		55,514,347		63,569,099

**Balance sheet****as at 31 March 2023**

	Note	2023 £	2022 £
Assets:			
Fixed assets:			
Investments		54,617,650	62,138,836
Current assets:			
Debtors	7	494,094	1,210,308
Cash and bank balances	8	2,031,155	1,450,154
Total assets		<u>57,142,899</u>	<u>64,799,298</u>
Liabilities:			
Investment liabilities		(53,359)	(12,630)
Creditors			
Bank overdrafts	8	(592,967)	(406,185)
Distribution payable	6	(714,875)	(555,418)
Other creditors	9	(267,351)	(255,966)
Total liabilities		<u>(1,628,552)</u>	<u>(1,230,199)</u>
<b>Net assets attributable to shareholders</b>		<u><u>55,514,347</u></u>	<u><u>63,569,099</u></u>

## Notes to the financial statements

for the year ended 31 March 2023

1. Net capital (losses)/gains	2023	2022
	£	£
Realised (losses)/gains on non-derivative securities	(315,268)	308,798
Unrealised (losses)/gains on non-derivative securities	(7,300,356)	1,591,523
Realised gains on derivative contracts	116,104	3,509
Unrealised gains on derivative contracts	21,106	–
Currency losses	(11,736)	(26,862)
Transaction charges	(10,171)	(12,966)
Net capital (losses)/gains	<u>(7,500,321)</u>	<u>1,864,002</u>
2. Revenue	2023	2022
	£	£
UK dividends	2,098,306	2,547,314
Overseas UK tax exempt revenue	784,075	472,622
Unfranked revenue	68,399	52,939
Scrip dividends	79,975	90,795
Option premium revenue	149,677	113,141
Bank interest	2,016	–
Total revenue	<u>3,182,448</u>	<u>3,276,811</u>
3. Expenses	2023	2022
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
Management charge	<u>285,311</u>	<u>311,164</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary fees	<u>6,847</u>	<u>7,468</u>
Other expenses:		
Audit fees	18,259	17,124
Safe custody fees	1,594	1,273
FCA fee	115	70
Tax service fees	1,348	1,241
	<u>21,316</u>	<u>19,708</u>
Total expenses	<u>313,474</u>	<u>338,340</u>

**Notes to the financial statements (continued)***for the year ended 31 March 2023*

4. Interest payable and similar charges	2023	2022
	£	£
Overdraft interest	340	12,760

5. Taxation	2023	2022
	£	£
<b>a. Analysis of the tax charge for the year</b>		
Overseas withholding tax	98,060	54,506
Current tax charge	98,060	54,506
Deferred tax charge (note 5c)	–	(2,524)
Total tax charge (note 5b)	98,060	51,982

**b. Factors affecting the tax charge for the year**

The tax assessed for the year is lower (2022 - lower) than the standard rate of UK corporation tax for an open ended investment company in the UK of 20% (2022 - 20%) when applied to the net revenue before taxation. The differences are explained below:

	2023	2022
	£	£
Net revenue before taxation	2,868,634	2,925,711
Corporation tax @ 20%	573,727	585,142
Effects of:		
Revenue exempt from UK corporation tax	(592,471)	(622,158)
Management expenses not relieved	18,744	34,492
Overseas withholding tax	98,060	54,506
Total tax charge (note 5a)	98,060	51,982

**c. Provision for deferred tax**

	2023	2022
	£	£
Opening provision	–	2,524
Deferred tax credit (note 5a)	–	(2,524)
Closing provision	–	–

At the year end there is a potential deferred tax asset of £340,354 (2022 - £321,610) 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.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 6. Distributions

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

	2023	2022
	£	£
Interim income distribution paid	2,221,684	2,567,107
Interim accumulation distributions paid	77,073	70,411
Final income distribution payable	714,875	555,418
Final accumulation distributions payable	25,199	20,083
	<u>3,038,831</u>	<u>3,213,019</u>
Equalisation:		
Amounts deducted on cancellation of shares	18,250	28,184
Amounts added on issue of shares	(16,983)	(59,766)
Distributions	<u>3,040,098</u>	<u>3,181,437</u>

Reconciliation between net revenue and distributions:

	2023	2022
	£	£
Net revenue after taxation per Statement of total return	2,770,574	2,873,729
Add:		
Undistributed revenue brought forward	(9)	11
Expenses paid from capital	313,474	338,340
Deduct:		
Capital tax relief	(43,950)	(30,652)
Undistributed revenue carried forward	9	9
Distributions	<u>3,040,098</u>	<u>3,181,437</u>

Details of the distribution per share are disclosed in the distribution tables on page 198 and 199.

### 7. Debtors

	2023	2022
	£	£
Amounts receivable on issues of shares	19,951	189,036
Sales awaiting settlement	19,808	516,297
Accrued revenue	434,457	470,740
Recoverable overseas withholding tax	19,878	34,235
Total debtors	<u>494,094</u>	<u>1,210,308</u>

## Notes to the financial statements (continued)

for the year ended 31 March 2023

8. Cash and bank balances	2023	2022
	£	£
Amounts held at futures clearing houses and brokers	497,116	240,196
Cash and bank balances	1,534,039	1,209,958
Total cash and bank balances	<u>2,031,155</u>	<u>1,450,154</u>
Bank overdraft*	<u>592,967</u>	<u>406,185</u>

As at 31 March 2023, the weighted average of the floating interest rate on bank balances was 0.09% (2022 - 0.00%).

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

9. Other creditors	2023	2022
	£	£
Amounts payable on cancellation of shares	36,120	63,643
Purchases awaiting settlement	190,562	91,564
Accrued expenses	40,669	100,759
Total other creditors	<u>267,351</u>	<u>255,966</u>

## 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 at least 80% in a wide range of shares issued by listed companies domiciled, incorporated or which conduct a significant part of their business in the UK and Europe, generally comprised within the Constraint Benchmark FTSE All Share Index. The main risk arising from the Fund's financial instruments is market price. The value of securities is not fixed and may go down as well as up. This may be the result of specific factors affecting the value of individual securities held or may be due to general market factors (such as government policy or the health of the underlying economy). Adherence to investment guidelines and to investment and borrowing powers set out in the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes 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 is monitored by the Manager by understanding the risk and return characteristics of the underlying investments as well as a regular performance review. The overall portfolio is stress tested to capture market specific risks of the Fund. The use of the derivatives is monitored using the commitment approach. The Fund is authorised to use derivatives but the exposure to derivatives is not expected to alter the overall risk exposure of the Fund.

A 10% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £5,456,430 (2022 - £6,212,620\*). A 10% decrease in the value of the Fund's portfolio would have an equal and opposite effect.

\* The prior year comparative disclosure has been restated to reflect the calculation of these figures on a consistent basis with the current year.

### b) Interest rate risk

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



## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### b) Interest rate risk (continued)

By a careful assessment of economic and other relevant factors, the Manager will seek to invest in those companies most likely to benefit, or be protected, from anticipated changes in interest rates. There are no material amounts of interest bearing financial assets and liabilities, other than equities, which do not have maturity dates.

Interest receivable on bank deposits and payable on bank overdrafts could also be affected by fluctuations in interest rates.

As at 31 March 2023, 2.59% of the Fund's assets were interest bearing (2022 - 2.28%).

As the only interest bearing assets held by the Fund are bank balances and no significant interest was received for the bank balances as disclosed 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.

#### c) Currency Risk

The Fund invests in companies which may derive portions of their revenues in foreign currencies. As a result, movements in exchange rates may affect the market price of the underlying investments. The value of the equity securities can therefore be affected by currency movements.

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 £274,071 (2022 - £362,752). A 5% weakening in GBP would increase the value by £302,921 (2022 - £400,936).

#### d) 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 Fund may invest in smaller capitalisation companies that tend to have relatively modest traded share capital, and the market in such shares can, at times, prove illiquid. The Manager seeks to limit liquidity risk of the Fund by selecting a diversified range of equity securities.

#### e) 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.

The Fund writes short dated covered call options over some of the equities which it holds in its investment portfolio. This is a fundamental part of the Fund's investment policy and strategy which enables it to enhance its revenue through the receipt of option premium. Each call option provides the purchaser with any gain achieved on the underlying securities above an agreed price (strike price) at an agreed future date. This strategy has the effect of limiting the capital return potential of the underlying equity portfolio since any gains above the strike price will effectively be paid to the purchaser of the relevant option.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### f) Investment Style and Investment Management Risk

Shareholders in a Fund face a risk that the investment choices made by the ACD and/or any Sub-Investment Manager(s) for that Fund 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.

#### g) Income risk

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

The ACD's intention (but this is not guaranteed, and is not part of the Fund's investment objective) is that any income paid to Shareholders in Santander Enhanced Income Portfolio will be "smoothed" so that equal amounts are paid for each income distribution by the Fund (apart from the final distribution) in a financial year in line with a rate set by the ACD (after consultation with the Fund's Sub-Investment Manager) for the Fund at the start of that financial year. This smoothing of income may result in the income distribution to Shareholders in a Class within this Fund for a given month being higher or lower than the actual income earned by that Class for such month. However the overall income paid by each Class to Shareholders at any given point in time cannot exceed the level of income earned by that Class up to such point in time in the Fund's financial year.

When setting the Fund's estimated level of distributable income (and the related smoothed rate of income which is expected to be paid to Shareholders during that financial year), the ACD's calculations are based on a number of variables and assumptions which are subject to fluctuation and may change (including during periods of market uncertainty).

Consequently, the rate is not guaranteed and may need to be adjusted (up or down) once or more during the financial year. Further, to the extent that income earned has not been fully distributed by the date of the final payment due for any financial year, a balancing payment (which may be higher or lower than that financial year's smoothed rate paid over preceding months in the same financial year) will be distributed to Shareholders.

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

#### h) Derivatives risk

The Fund may use derivative strategies for the purposes of efficient portfolio management where derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of a Fund. Derivatives may also be used to hedge and manage risk in relation to the Funds.

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

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 10. Risk disclosures (continued)

#### h) Derivatives risk (continued)

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

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

#### i) Recession risk

We are currently living in a high inflation environment. Interest rates rose, causing both equities and bonds (which are historical diversifiers) to severely fall in value. Most markets had negative performance and are experiencing heightened volatility. We have even seen the Bank of England step-in as the Purchaser of Last Resort to try and calm long-term government bonds so that Pension funds relieve some of the stress they are under. If central banks manage to control inflation, we will see a slowdown in economic growth however this would not be a worrying situation. Instead, if inflation spirals out of control we will enter a Recessionary environment and can expect especially volatile markets for a prolonged amount of time.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 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 year end date are disclosed in notes 7 & 9. £40,062 (2022 - £47,651) was due to the ACD at the year end date.

#### Material shareholders

As at 31 March 2023, 73.4% (2022 - 52.9%) of the shares in issue in the Santander Enhanced Income Portfolio 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;

	2023	2022
	No of Shares	No of Shares
<b>I Income Shares</b>		
Opening shares in issue	27,925,557	25,594,484
Shares issued in the period	1,928,850	3,895,354
Shares cancelled in the period	(2,140,692)	(1,564,281)
Closing shares in issue	27,713,715	27,925,557
	<b>2023</b>	<b>2022</b>
	No of Shares	No of Shares
<b>I Accumulation Shares</b>		
Opening shares in issue	883,388	572,554
Shares issued in the period	201,192	457,350
Shares cancelled in the period	(189,945)	(146,516)
Closing shares in issue	894,635	883,388

### 13. Fair value disclosure

	2023	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	54,617,650	53,359
	54,617,650	53,359
	<b>2022</b>	
	Investment Assets	Investment Liabilities
	£	£
Quoted prices for identical instruments in active markets*	62,138,836	12,630
	62,138,836	12,630

\* Details of the securities included within the fair value hierarchy are detailed on page 12, accounting policy (b) valuation of investments.

## Notes to the financial statements (continued)

for the year ended 31 March 2023

### 14. Purchases, sales and transaction costs

Asset Class	Purchases before transaction costs	Broker Commission	Transfer Taxes	Purchases after transaction costs	Commission as % of Purchases	Tax as a % of Purchases
<b>2023</b>	£	£	£	£	%	%
Equities	14,770,230	6,445	52,954	14,829,629	0.04	0.36%
Collective investment schemes	434,475	261	2,176	436,912	0.06	0.50%
Total purchases	15,204,705	6,706	55,130	15,266,541		
<b>2022</b>	£	£		£	%	%
Equities	21,472,312	9,028	88,795	21,570,135	0.04	0.41
Total purchases	21,472,312	9,028	88,795	21,570,135		

Asset Class	Sales before transaction costs	Broker Commission	Transfer Taxes	Sales after transaction costs	Commission as % of Sales	Tax as a % of Sales
<b>2023</b>	£	£	£	£	%	%
Equities	15,398,356	(5,315)	(107)	15,392,934	0.03%	–
Total sales	15,398,356	(5,315)	(107)	15,392,934		
<b>2022</b>	£	£		£	%	%
Equities	15,330,282	(7,202)	(934)	15,322,146	0.05	0.01
Collective investment schemes	320,623	(192)	(6)	320,425	–	–
Total sales	15,650,905	(7,394)	(940)	15,642,571		

	Broker Commission	Transfer Taxes
<b>2023</b>	£	£
Total costs from purchases & sales	12,021	55,237
Total costs as % of Average NAV	0.02%	0.10%
<b>2022</b>	£	£
Total costs from purchases & sales	16,422	89,735
Total costs as % of Average NAV	0.03%	0.14%

There were direct transaction costs associated with derivatives in the year of nil (2022 - £1,802) which is 0.00% of the Average NAV of the Fund (2022 - 0.00%).

In the case of equity securities broker commissions and transfer taxes are paid by the Fund on each purchase or sale transaction and are a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective.

The estimated average dealing spread including the effects of foreign exchange for this Fund is 0.19% (2022 - 0.29%) of the transaction value. The dealing spread calculated as at the year end date is not the typical dealing spread for the Fund and is due to the timing of the prices being extracted from Bloomberg.

**Notes to the financial statements (continued)***for the year ended 31 March 2023***15. Post balance sheet events**

Subsequent to the year end, the net asset value per share of the I Income share class has decreased from 193.42p to 190.96p and the I Accumulation share class has decreased from 213.63p to 213.41p as at 18 July 2023. This movement takes into account routine transactions but also reflects the market movements of recent months.

**Distribution tables****for the year ended 31 March 2023**

Distributions on I Income Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
Group 1	31.05.2022	monthly	0.9300	–	0.9300	0.8700
	30.06.2022	monthly	0.9300	–	0.9300	0.8700
	31.07.2022	monthly	0.9300	–	0.9300	0.8700
	31.08.2022	monthly	0.9300	–	0.9300	0.8700
	30.09.2022	monthly	0.9300	–	0.9300	0.8700
	31.10.2022	monthly	0.9250	–	0.9250	0.8700
	30.11.2022	monthly	0.6954	–	0.6954	0.8700
	31.12.2022	monthly	0.4274	–	0.4274	0.8700
	31.01.2023	monthly	0.4274	–	0.4274	0.8700
	28.02.2023	monthly	0.4274	–	0.4274	0.8700
	31.03.2023	monthly	0.4274	–	0.4274	0.8700
	30.04.2023	final	2.5795	–	2.5795	1.9889
Group 2	31.05.2022	monthly	0.4049	0.5251	0.9300	0.8700
	30.06.2022	monthly	0.0000	0.9300	0.9300	0.8700
	31.07.2022	monthly	0.0000	0.9300	0.9300	0.8700
	31.08.2022	monthly	0.2329	0.6971	0.9300	0.8700
	30.09.2022	monthly	0.3920	0.5380	0.9300	0.8700
	31.10.2022	monthly	0.0000	0.9250	0.9250	0.8700
	30.11.2022	monthly	0.3219	0.3735	0.6954	0.8700
	31.12.2022	monthly	0.1320	0.2954	0.4274	0.8700
	31.01.2023	monthly	0.0000	0.4274	0.4274	0.8700
	28.02.2023	monthly	0.0000	0.4274	0.4274	0.8700
	31.03.2023	monthly	0.0000	0.4274	0.4274	0.8700
	30.04.2023	final	0.8129	1.7666	2.5795	1.9889

**Distribution tables (continued)***for the year ended 31 March 2023*

Distributions on I Accumulation Shares in pence per share

	Payment date	Payment type	Net revenue	Equalisation	Distribution paid/payable 2022/2023	Distribution paid 2021/2022
<b>Group 1</b>						
	31.05.2022	monthly	0.9700	–	0.9700	0.8600
	30.06.2022	monthly	0.9700	–	0.9700	0.8600
	31.07.2022	monthly	0.9700	–	0.9700	0.8600
	31.08.2022	monthly	0.9700	–	0.9700	0.8600
	30.09.2022	monthly	0.9700	–	0.9700	0.8600
	31.10.2022	monthly	0.9679	–	0.9679	0.8600
	30.11.2022	monthly	0.8155	–	0.8155	0.8600
	31.12.2022	monthly	0.4613	–	0.4613	0.8600
	31.01.2023	monthly	0.4613	–	0.4613	0.8600
	28.02.2023	monthly	0.4613	–	0.4613	0.8600
	31.03.2023	monthly	0.4613	–	0.4613	0.8600
	30.04.2023	final	2.8167	–	2.8167	2.2735
<b>Group 2</b>						
	31.05.2022	monthly	0.1258	0.8442	0.9700	0.8600
	30.06.2022	monthly	0.0000	0.9700	0.9700	0.8600
	31.07.2022	monthly	0.0000	0.9700	0.9700	0.8600
	31.08.2022	monthly	0.2449	0.7251	0.9700	0.8600
	30.09.2022	monthly	0.2652	0.7048	0.9700	0.8600
	31.10.2022	monthly	0.0000	0.9679	0.9679	0.8600
	30.11.2022	monthly	0.1293	0.6862	0.8155	0.8600
	31.12.2022	monthly	0.0236	0.4377	0.4613	0.8600
	31.01.2023	monthly	0.0000	0.4613	0.4613	0.8600
	28.02.2023	monthly	0.0000	0.4613	0.4613	0.8600
	31.03.2023	monthly	0.0000	0.4613	0.4613	0.8600
	30.04.2023	final	1.2999	1.5168	2.8167	2.2735

**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 31 March and the interim reporting period ends on 30 September.

The annual reports of the Company will be published on or before 31 July and interim reports on or before 30 November.

### Funds and share classes

Fund	Share classes	ACD's annual management charge
Santander Sterling Bond Portfolio	R Accumulation Shares	0.50%
Santander Max 50% Shares Portfolio	R Income Shares*	0.55%
	R Accumulation Shares*	0.55%
	S Accumulation Shares	0.55%
Santander Max 70% Shares Portfolio	R Accumulation Shares*	0.65%
	S Accumulation Shares	0.65%
Santander Max 100% Shares Portfolio	R Accumulation Shares*	0.70%
	S Accumulation Shares	0.70%
Santander Atlas Portfolio 6	I Accumulation Shares	0.40%
Santander Enhanced Income Portfolio	I Income Shares	0.50%
	I Accumulation Shares	0.50%

\* The ACD's periodic charge for the R share classes reduced on 27 April 2022, this was to align them to the S class. Please refer to Changes in the period on page 6 for further details.

Income attributable to accumulation shares is automatically added to the capital assets of the relevant Fund at the end of each monthly, quarterly, interim and annual accounting period (depending on the distribution frequency of the relevant Fund) and is reflected in the relevant share price. Income attributable to income shares will be paid on the distribution dates. Please refer to the Prospectus for further information.

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

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

### Minimum Investment

The minimum initial investment for all the R and I share classes is £500. The minimum initial investment for all the S share classes is £10,000,000 and the minimum subsequent investment for all share classes is £1.50.

The minimum withdrawal amount for all share classes is £1.50, provided a minimum value of £500 remains for the R share classes and I Income, a minimum value of £1,000,000 remains for the I Accumulation share class and a minimum value of £10,000,000 remains for the S share classes.

## Further information (continued)

### 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;
- (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;

## Further information (continued)

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

- (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 sub-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.

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.

## Further information (continued)

### Dealing

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

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

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

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

Please refer to the Prospectus for further information.

### Pricing and dilution adjustment

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

The price of a share is the Net Asset Value attributable to the relevant class divided by the number of shares of that class in issue.

The Net Asset Values attributable to each class of each 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.

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 maybe higher or lower than the mid-market values used in calculating the share price, for example due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances this will have an adverse effect on the continuing shareholders in a sub-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.

## Further information (continued)

### 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.

### Taxation

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

Where a Fund pays dividend distributions, these are paid without any deduction of tax. The first £2,000 of dividends, including dividend distributions from a Fund, paid to an individual (or, in the case of accumulation Shares, retained in a Fund and reinvested) in any tax year are tax-free (the dividend allowance). Where an individual's total dividends from all sources paid or treated as paid to an individual are more than the dividend allowance in a tax year, then the amount over the allowance is taxable at dividend tax rates which depend on the individual's circumstance.

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

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

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

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](http://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**

Robert Noach  
Dr Jocelyn Dehnert  
Lazaro de Lazaro Torres  
Jacqueline Hughes  
Pak Chan (appointed 11 May 2022)  
Mehdi Kadhim (resigned 10 June 2022)  
Miguel Angel Sanchez Lozano (appointed 6 February 2023)

### **Sub-Investment Managers**

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

Santander Asset Management, S.A., SGIIC  
Calle Serrano 69 - 28006  
Madrid, Spain  
Registered with the Commercial Registry of Madrid and with the Administrative Registry of the Spanish Commission of the Stock Market of Collective Investment Institutions Management Companies.

Schroder Investment Management Limited  
1 London Wall Place  
London EC2Y 5AU, United Kingdom  
Authorised and regulated by the Financial Conduct Authority

### **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

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