

**PROSPECTUS OF SANTANDER MULTI-MANAGER OEIC**

**Santander Multi-Manager OEIC (PRN: 225581) is  
an investment company with variable  
capital registered in England and Wales  
under registered number IC000248**

**8 October 2019**

This Prospectus is dated and valid as at 8 October 2019.

This document constitutes the Prospectus for Santander Multi-Manager OEIC (the “**Company**”) and has been prepared in accordance with the Open-Ended Investment Companies Regulations 2001 and the rules contained in the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook published by the Financial Conduct Authority as part of its Handbook of Rules and Guidance (together the “**Regulations**”).

This Prospectus has been issued for the purpose of section 21(1) of the Financial Services and Markets Act 2000 by the ACD.

Copies of this Prospectus have been sent to the Financial Conduct Authority, the Auditors and the Depositary.

The Prospectus is based on information, law and practice as at the date hereof but where it refers to any statutory provision or regulation this includes any modification or re-enactment that has been made. The Company is not bound by any out of date prospectus and potential investors should check that they have the most recently published prospectus.

Santander Asset Management UK Limited, the authorised corporate director (“**ACD**”) of the Company, is responsible for the information contained in this Prospectus and accepts such responsibility accordingly. The ACD has taken all reasonable care to ensure that, to the best of its knowledge and belief, the information in this document does not contain any untrue or misleading statement or omit any matters required by the Regulations to be included in it. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The Depositary is not responsible for the information contained in this Prospectus and accordingly does not accept any responsibility for such information under the FCA Regulations or otherwise.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares are not listed on any investment exchange. Prospective Shareholders should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisors concerning the acquisition, holding or disposal of Shares.

The United Kingdom government has enacted legislation enabling it to comply with its obligations in relation to international tax compliance including the United States provisions commonly known as “FATCA”. As a result, the Company may need to disclose the name, address, taxpayer identification number and investment information relating to certain Shareholders to HM Revenue & Customs, who may in turn exchange this information with their overseas counterparts in relevant jurisdictions.

By signing the application form to subscribe for Shares, each prospective Shareholder is agreeing to provide information upon request to the Company or its agent. If a Shareholder does not provide the necessary information, the Company may be required to report it to HM Revenue & Customs.

The provisions of the Instrument of Incorporation are binding on all Shareholders (who are taken to have notice of them) and a copy of the Instrument of Incorporation is available on request from the ACD.

All communications in relation to this Prospectus shall be in English.

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## DEFINITIONS

**“ACD”** means Santander Asset Management UK Limited, the authorised corporate director and alternative investment manager (“AIF”) of the Company.

**“Act”** means the Financial Services and Markets Act 2000 (as amended).

**“AIFM Directive”** means the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and Council of 8 June 2011, as amended from time to time.

**“AIFM Regulations”** means the Alternative Investment Fund Managers Regulations 2013, as amended or re-enacted from time to time.

**“Approved Bank”** has the meaning ascribed to it in the FCA Regulations.

**“Auditors”** means PricewaterhouseCoopers LLP, or such other company as may be appointed auditors to the Company from time to time.

**“Business Day”** means a day on which the London Stock Exchange is open for business.

**“Class”** means, according to the context, all of the Shares in a single Fund or a particular class of Share related to a single Fund.

**“Client Money”** means money which the ACD holds or receives on behalf of a Shareholder or potential Shareholder which is held separately from the ACD or the Company’s own money.

**“Client Money Rules”** means the client money rules in CASS 7 of the FCA’s Client Asset Sourcebook within the FCA Regulations.

**“COLL Sourcebook”** means the Collective Investment Schemes Sourcebook (or, as appropriate, a chapter or rule thereof) which forms part of the FCA Handbook, as amended, restated or replaced from time to time.

**“Company”** means Santander Multi-Manager OEIC.

**“Custodian”** means Bank of New York Mellon London Branch, or such other company as may be appointed custodian of the Company from time to time.

**“Depository”** means NatWest Trustee and Depository Services Limited, or such other company as may be appointed depository of the Company from time to time.

**“EEA State”** means a member state of the European Union and any other state that is within the European Economic Area.

**“Eligible Institution”** has the meaning ascribed to it in the FCA Regulations.

**“EU Regulation”** means the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

**“FCA”** means the Financial Conduct Authority.

**“FCA Regulations”** means the Financial Conduct Authority’s Handbook of Rules and Guidance.

**“Fund”** means a sub-fund of the Company, details of which are set out in Appendix 1.

**“FUND Sourcebook”** means the Investment Funds Sourcebook (or, as appropriate, a chapter or rule thereof) which forms part of the FCA Handbook, as amended, restated or replaced from time to time.

**“Instrument of Incorporation”** means the instrument of incorporation of the Company, as amended

from time to time.

**“ISA”** means an individual savings account, a form of UK investment which is exempt from tax on its returns.

**“OEIC Regulations”** means the Open-Ended Investment Companies Regulations 2001, as amended or re-enacted from time to time.

**“Net Asset Value”** or **“NAV”** means the value of the scheme property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation.

**“NURS KII”** means the key investor information document for each Class.

**“PRN”** means product reference number which can be found on the FCA’s Financial Services Register.

**“Register”** means the register of Shareholders.

**“Regulations”** means the OEIC Regulations, the FCA Regulations, AIFM Regulations, the AIFM Directive and the EU Regulation.

**“Section”** means a numbered section of the main body of this Prospectus.

**“Shares”** means shares in the capital of the Company, which relate to a particular Class.

**“Shareholder”** means a holder of Shares.

**“Sub-Investment Manager”** means a sub-investment manager appointed by the ACD to manage an allocated portion of a Fund.

**“Third Party Bank”** means a Client Money banking provider external to the ACD.

**“Valuation Point”** means 12noon UK time on each Business Day in each calendar month.

Terms (other than those defined above) which are defined in the glossary section of the FCA Regulations have the same meaning, unless the context otherwise requires, when used in this Prospectus.

## **1. THE COMPANY AND ITS FUNDS**

### **1.1 The Company**

Santander Multi-Manager OEIC is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000248 and authorised and regulated by the Financial Conduct Authority with effect from 1 August 2003. Please note that approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 and does not in any way indicate or suggest endorsement or approval of the Funds as an investment.

### **1.2 Head Office**

The head office of the Company is 10 Brock Street, London NW1 3FG.

### **1.3 Share Capital**

The maximum Share capital of the Company is £100 billion and the minimum Share capital of the Company is £100. Shares have no par value and therefore the Share capital of the Company at all times equals its Net Asset Value.

Shareholders are not liable for the debts of the Company.

### **1.4 Base Currency**

The base currency of the Company is Pounds Sterling. However, the Company has the power to issue one or more Classes denominated in a currency other than Pounds Sterling, subject to and in accordance with the FCA Regulations.

## **2. COMPANY STRUCTURE**

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

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 setting out the relevant information concerning the new Fund or Class.

The Shares of each Class allocated to a Fund will rank equally except for the level of fees and expenses to be charged and the minimum subscription and holding.

The Funds in which Shares are currently available are:

- Santander Atlas Portfolio 3;
- Santander Atlas Portfolio 4;
- Santander Atlas Portfolio 5;
- Santander Atlas Portfolio 7; and
- Balanced International Tracking.

Details of each Fund, including its investment objective and policy, are set out in Appendices 1, 2 and 3. Investment of the assets of each Fund must comply with the COLL Sourcebook and the investment

objective and policy of the relevant Fund.

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.

While the provisions of the OEIC Regulations, and section 261P (segregated liability in relation to umbrella co-ownership schemes) of the Act in the case of co-ownership schemes, provide for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations or, as the case may be, section 261P of the Act.

Each Fund is charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and within the Funds charges are allocated between Classes in accordance with the terms of issue of those Classes.

Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which is fair to Shareholders as a whole, but will normally be allocated to all Funds pro rata to the Net Asset Value of each Fund.

Please also see Section 20.13 titled “Liabilities of the Company and the Funds”.

## **2.1 Investment Objectives and Policies of the Funds**

The investment objective and policy of each Fund is set out in Appendix 1.

## **2.2 Investment Powers and Safeguards**

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 this Prospectus.

A summary of the investment powers and safeguards applicable to each Fund is set out in Appendix 2.

Each of the Funds is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting portfolio management strategies and by increasing costs. The ACD may at its discretion refuse to accept applications for or switching of Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the relevant Fund(s). For these purposes the ACD may consider an investor's trading history in the Funds or other funds managed by the ACD and accounts under common ownership or control.

## **2.3 ISA Qualification**

The Company's policy for achieving the investment objective of certain Funds includes ensuring that Shares in certain Funds are and remain qualifying investments for the purpose of the Individual Savings Account Regulations 1998 (as amended).

## **2.4 Investor Profile**

The Funds are currently available to retail and institutional investors. Retail investors may only invest in a Fund through authorised intermediaries such as fund platforms, nominees or a financial advisor.

The Funds may be appropriate for investors seeking income and capital growth, and who are looking



to invest for a minimum period of five years. The Funds are not suitable as a short-term investment as they are likely to demonstrate short-term volatility. Investors must be prepared to accept the risk of capital loss that comes with an investment in a Fund.

Further Funds may be added to the Company in due course which may be aimed at a different category of investor depending on the nature of the Fund.

### **3. SHARES**

#### **3.1 Classes within the Funds**

<b>Fund</b>	<b>Classes</b>
Santander Atlas Portfolio 3 and Santander Atlas Portfolio 4	Retail Accumulation Shares Retail Income Shares Institutional Accumulation Shares
Santander Atlas Portfolio 5	Retail Accumulation Shares Institutional Accumulation Shares
Santander Atlas Portfolio 7	Retail Accumulation Shares Institutional Accumulation Shares
Balanced International Tracking	Retail Accumulation Shares I Accumulation Shares

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

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

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

### **4. MANAGEMENT AND ADMINISTRATION**

#### **4.1 Authorised Corporate Director**

The ACD of the Company is Santander Asset Management UK Limited, which is a private company limited by shares incorporated in Scotland on 14 September 1987 under registration number 106669. The ultimate holding company of the ACD is Banco Santander, S.A., which is incorporated in Spain.

#### **4.2 Registered Office**

The registered office of the ACD is at 287 St. Vincent Street, Glasgow G2 5NB, United Kingdom. This is also the address in the United Kingdom for service on the ACD of notices or other documents required or authorised to be served on it (but not the address used for dealing, please see Section 11 titled "Buying, Selling and Switching Shares").

### 4.3 Issued Share Capital

The issued share capital of the ACD is 15,000,000 ordinary shares, which have been fully paid up.

### 4.4 Regulatory Authority

The ACD is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN, United Kingdom, and is authorised to carry on investment business in the United Kingdom.

### 4.5 Terms of Appointment of the ACD

The appointment of the ACD was made under an agreement dated 26 August 2003 between the Company and the ACD, as subsequently restated on 21 December 2017 (the “**ACD Agreement**”), a copy of which will be provided to any Shareholder on request.

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations. Under the terms of the ACD Agreement, the ACD provides investment management services in respect of the Funds. The ACD also provides administrative, accounting and secretarial and registrar services to the Company. The ACD may delegate these functions, as well as its function as registrar and the fund accounting and pricing functions. No separate registrars fee is payable to the ACD for its services to the Company.

The ACD has delegated certain aspects of the following administration functions to FNZ TA Services Limited:

- (i) customer enquiries;
- (ii) tax returns;
- (iii) maintenance of the Register;
- (iv) distribution of income;
- (v) issues and redemptions of Shares;
- (vi) contract settlements, including certificate dispatch; and
- (vii) record keeping.

The ACD has also delegated certain aspects of the following administration functions to Santander Asset Management, S.A, SGIC:

- (i) Fund valuation and pricing; and
- (ii) contract settlements.

Santander Asset Management, S.A, SGIC is incorporated in Spain and is a member of the same group as the ACD.

All delegations by the ACD of management functions will be in compliance with the requirements set out in Section 30 titled “Delegation and Conflicts of Interest”. In assessing if there are any conflicts of interest prompted by any delegation the policy set out in Section 30 will be followed.

The ACD Agreement commenced on the date of incorporation of the Company and provides that the appointment of the ACD will continue in force unless and until terminated in specified circumstances. It may be terminated by either party giving the other written notice if the other party is in material breach which has not been remedied within 30 days. The Company may terminate the ACD Agreement on six months' notice in writing and the ACD may terminate it on six months' notice in writing (subject to the appointment of a successor). Termination cannot take effect until the FCA has approved the

appointment of a successor.

The Company may at any time by giving notice in writing to the ACD terminate the ACD Agreement with immediate effect or require the ACD to resign for the purposes of the FCA Regulations (but subject to the appointment of a successor) in any of the following events:

- (i) the ACD goes into or takes any step to initiate liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation);
- (ii) the ACD is unable to pay its debts or a receiver is appointed over any of its assets;
- (iii) an administration order is obtained in respect of the ACD or if some event having an equivalent effect occurs;
- (iv) the ACD commits any material breach of its obligations under the ACD Agreement and (if such breach is capable of remedy) fails within 30 days of receipt of notice served by the Company requiring it so to do to make good such breach, provided that such breach is continuing; or
- (v) the ACD ceases to be permitted to act as such under the FCA Regulations or the Act.

The ACD Agreement includes an indemnity from the Company to the ACD in respect of any liabilities incurred by it by reason of its performance or non-performance of its obligations or functions under the Agreement except in the event of fraud, negligence, wilful default, breach of trust or breach of duty by the ACD.

The ACD may provide similar services for other clients but will endeavour to ensure fair treatment as between the Company and other customers whose funds are managed or advised by the ACD.

Details of the fees payable to the ACD are set out in Section 21.1. The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares it has redeemed.

#### **4.6 Other Schemes Managed / Operated by the ACD**

The ACD currently also acts as authorised corporate director / manager of the following regulated collective investment schemes:

- Santander Managed OEIC;
- Santander Managed Investments OEIC;
- Santander Managed Investments OEIC 2;
- Santander Managed Investments OEIC 3;
- Santander Premium Fund;
- Santander UK Growth Unit Trust;
- Santander Equity Income Unit Trust;
- Santander N&P UK Growth Unit Trust;
- Santander Max 70% Shares Unit Trust;
- Santander Investment Income Unit Trust; and
- Santander Stockmarket 100 Tracker - Growth Unit Trust.

#### **4.7 Directors of the ACD**

The Directors of the ACD are:

- Mehdi Kadhim;
- Huw Price;
- Robert Lewis Noach (Non-Executive Director);
- Jack Treunen (Non-Executive Director);
- Jocelyn Dehnert (Non-Executive Director); and
- Lazaro de Lazaro Torres (Non-Executive Director).

Robert Lewis Noach is also a director of INCA Property Enterprises Limited, Land Investment & Development Company Limited, Southbeck Investment Company Limited, Cliq Limited and Your 3 Minutes Limited.

Jack Treunen is also a director of Santander Asset Management UK Holdings Limited, AFB SAM Holdings S.L., Santander Asset Management S.A. SGIIC, Santander Pensiones S.A. EGFP, SAM Brasil Participacoes S.A. and Allfunds Bank, S.A.

Jocelyn Dehnert is also a director of Lamarck Limited and Board Strategy Limited.

Lazaro de Lazaro Torres is also a director of Santander Asset Management S.A. SGIIC, Santander Pensiones S.A. EGFP and Santander Towarzystwo Funduszy Inwestycyjnych S.A.

The other business activities of the Directors are not of significance to the business of the Company.

## **5. THE DEPOSITARY**

The Depositary of the Company is NatWest Trustee and Depositary Services Limited, incorporated in England and Wales as a private limited company. Subject to the Regulations the Depositary is responsible for the safekeeping of the property of the Company entrusted to it and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the Regulations relating to the pricing of, and dealing in, Shares and to the allocation of the income of the Company.

### **5.1 Registered and Head Office**

The Registered Office of the Depositary is at 250 Bishopsgate, London EC2M 4AA, United Kingdom.

### **5.2 Ultimate Holding Company**

The ultimate holding company of the Depositary is Royal Bank of Scotland Group Plc, which is incorporated in Scotland.

### **5.3 Principal Business Activity**

The principal business activity of the Depositary is the provision of trustee and depositary services.

### **5.4 Regulatory Organisation and Terms of Appointment of the Depositary**

The appointment of the Depositary was made under an agreement dated 29 October 2018 between the Company, the ACD and the Depositary (the “**Depositary Agreement**”).

The Depositary is authorised and regulated by the Financial Conduct Authority. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the

regulator.

The Depositary is responsible for the safekeeping of the scheme property of the Company, monitoring the cash flows of each Fund and ensuring that certain processes carried out by the Company are performed in accordance with applicable rules and the Prospectus and Instrument of Incorporation. The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of scheme property however the Depositary's liability shall not be affected by any delegation of its safekeeping functions under the Depositary Agreement.

The Depositary has delegated its safekeeping function to Bank of New York Mellon London Branch, as Custodian, to assist in the safekeeping of scheme property under the terms of a custody agreement. The head address of the Custodian is One Canada Square, London E14 5AL. The Custodian has sub-delegated certain custodial duties to AllFunds Bank Limited. The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Funds may invest. A list of sub-custodians is at Appendix 4. Investors should note that the list of sub-custodians is updated only at each prospectus review. An up to date list of sub-custodians can be obtained upon request from the ACD.

The Depositary has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation and the FCA Regulations relating to pricing of, and dealing in, Shares and income of the Funds.

The Depositary Agreement provides for termination by either the Company or the Depositary giving not less than 90 days' prior notice in writing to the other party or earlier on certain breaches or insolvency of a party. However, the Depositary may not retire voluntarily except on the appointment of a new depositary. The Depositary Agreement shall be terminated by notice in writing if the FCA obtains a court order to remove the Depositary or the Depositary is wound up. However, termination of the Depositary Agreement will not take effect until the appointment of a new depositary.

Under the Depositary Agreement the Depositary is liable to the Company for any loss of the financial instruments held in custody as a result of the Depositary's negligent or intentional failure to fulfil its obligations. The Depositary also accepts responsibility for its acts and omissions in the event of its fraud, negligence or wilful default. However, the Depositary Agreement excludes the Depositary from any liability except in the case of wilful default, negligence or failure to exercise due care and diligence on its part. It also provides that the Company will indemnify the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

In the absence of express written authorisation from the ACD or the Company, neither the Depositary nor any sub-custodian or custody agent shall be allowed to lend, use or hypothecate any Fund assets for its own purpose or benefit.

The Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian. As such, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties. In addition, the Depositary may act as depositary of other collective investment schemes but does not anticipate any conflicts of interest arising as a result of such appointment. No conflicts of interest have been identified as a result of the sub-delegation from the Depositary to the Custodian.

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall to the extent of any conflict be overridden by the FCA Regulations.

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available by the ACD to Shareholders on request.

The Depositary is entitled to receive remuneration out of the property of the Funds for its services, as detailed in Section 21.2. The Depositary (or its associates or any affected person) is under no obligation to account to the ACD, the Company or Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with dealings in Shares, any transaction in scheme property or the supply of services to the Company.

## **6. INVESTMENT MANAGERS AND SUB-INVESTMENT MANAGERS**

### **Investment Manager**

The ACD acts as investment manager to the Funds and may appoint Sub-Investment Managers. The ACD will be responsible for day to day discretionary investment management of the assets of the Funds in accordance with the relevant investment objectives and policies.

The fees payable to the ACD as investment manager are included in the fees payable by each Fund to the ACD and are not an obligation of the Company.

The ACD in its role as investment manager is required to provide additional own funds for covering liability risks arising from professional negligence at least equal to 0.01% of the value of the portfolios of Funds managed. The additional own funds requirement shall be recalculated at the end of each financial year and the amount of additional own funds shall be adjusted accordingly.

The ACD has established procedures to monitor on an ongoing basis the value of the portfolios of the Funds managed. Where, before the annual recalculation, the value of the portfolios of the Funds managed increases significantly, the ACD shall without undue delay recalculate the additional own funds requirement and shall adjust the amount of additional own funds accordingly.

### **Sub-Investment Managers**

The ACD may appoint one or more Sub-Investment Managers to whom it may delegate all or part of the day-to-day conduct of its investment management responsibilities in respect of any Fund. Sub-Investment Managers may be members of the same group of companies as the ACD or third party companies. If more than one Sub-Investment Manager is appointed to a Fund, the ACD shall allocate the assets of the Fund between the Sub-Investment Managers in such proportions as it shall, at its discretion, determine. The ACD will monitor the performance of the Sub-Investment Manager(s) for each Fund in order to assess the need, if any, to make changes / replacements. Shareholders will be notified of any such change appropriately.

## **7. ADMINISTRATOR AND REGISTRAR**

The ACD is responsible for providing administration and registrar services to the Company. No separate fees are payable to the ACD for the provision of these services.

As set out in Section 4.5, the ACD currently delegates the provision of registrar and other administration functions to FNZ TA Services Limited and Santander Asset Management, S.A, SGIC.

## **8. AUDITORS**

The Auditors of the Company are PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH, United Kingdom.

## **9. GENERAL**

The Company, the ACD and the Depositary must each comply with the relevant requirements of the FCA Regulations in a timely manner unless delay is lawful and also in the interests of the Company.

The ACD and the Depositary may retain the services of the other, or third parties to assist them in fulfilling their respective roles. The only exceptions are that: the Depositary may not delegate oversight of the Company to the Company, the ACD or any associate of the Company or the ACD, or custody or control of scheme property to the Company or the ACD; and any delegation of custody of scheme property must be under arrangements which allow the Custodian to release documents into the possession of a third party only with the Depositary's consent.

Where functions are performed by third parties, the ACD remains responsible for the management of scheme property and, if the third party is an associate of the ACD, any other functions which are within the role of the ACD.

The FCA Regulations contain various requirements relating to transactions entered into between the Company and the ACD, any Sub-Investment Manager(s) and / or any associate of them which may involve a conflict of interest. These are designed to protect the interests of the Company.

Certain transactions between the Company and the ACD, or an associate of the ACD, may be voidable at the instigation of the Company in certain circumstances.

The ACD and other companies within the Santander Asset Management group may from time to time act as managers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund or between the Company and the other funds managed by the ACD. The ACD will take all appropriate steps to identify and prevent or manage such conflicts and will have regard in any event of this kind to its obligations under the ACD Agreement and in particular to its obligation to act in the best interests of the Company and Shareholders so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and the Shareholders and any other collective investment schemes it manages are fairly treated. The ACD maintains a written conflicts of interest policy.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure with reasonable confidence that risk of damage to the interests of the Company and Shareholders will be prevented. Should such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to Shareholders in an appropriate format. Details of the ACD's conflicts of interest policy are available on request from the ACD.

## **10. REGISTER OF SHAREHOLDERS**

Ownership of Shares is evidenced by an entry on the Register, which is maintained at 67 Lombard Street, London EC3V 9LJ, United Kingdom. The Register may be inspected by any Shareholder or his duly authorised agent during normal business hours at that address without charge.

All Shares are in registered form. Transfers of Shares may be effected by contacting the ACD. The ACD does not currently accept the transfer of title to Shares on the basis of an authority communicated by electronic means. Copies of the entries on the Register relating to a Shareholder are available on request by that Shareholder without charge, or may be made available for downloading via an online portal where available.

At least once each year, the ACD will send a statement to each person who holds or has held Shares since the time of issue of the last statement. In the case of joint holdings of Shares, statements are sent to the first named Shareholder. The statement will describe any current holding of Shares in the Company as at the date of the statement and any transactions in Shares in the Company carried out by or on behalf of that person since the date of the last statement. Individual statements will also be issued at any time on request by the registered Shareholder.

## **11. BUYING, SELLING AND SWITCHING SHARES**

### **11.1 General**

The Funds are intended for both retail and institutional investors. The ACD is available to deal with requests to sell, redeem or switch Shares between 9am and 5pm on each Business Day.

Applications to buy, sell or switch Shares may be made by post or electronic means where available, and the ACD will be available to deal with such applications between 9am and 5pm on each Business Day. 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 the ACD of the investor's instructions. Requests received prior to the 12noon Valuation Point are dealt that day. If requests are received after the Valuation Point, they are marked at the price at the next Valuation Point. Valid instructions to

purchase or sell Shares are processed at the next applicable Valuation Point following receipt of the request except in the case where dealing in a Fund has been deferred or suspended as set out in Section 15 titled "Suspension of Dealing in Shares".

Share Prices are published on each Business Day on the Financial Express website, and are also available via other data vendors or by calling +44 (0)800 328 1328. Shares are not listed or dealt on any investment exchange.

Shares are not listed or dealt on any investment exchange.

### ***Client Money***

Any monies received by the ACD from a Shareholder or prospective Shareholder for the purchase of Shares, owed to a Shareholder following a redemption or switch of Shares or otherwise designated as Client Money, will be held by the ACD in accordance with the Client Money Rules with a Third Party Bank until invested in the relevant Fund(s) or paid out to the relevant Shareholder, as applicable.

In cases where a trade is settled to the Depositary before payment has been received by the ACD (see "Buying and Selling Shares" below), any monies received thereafter by the ACD from the applicant in respect of the settled trade will not be protected as Client Money, although the applicant's underlying investment will be protected as a custody asset by the Depositary.

Client Money will be deposited in one or more Sterling accounts held with Third Party Banks in the UK. There is no interest earned on Client Money bank accounts and therefore no interest will be paid to Shareholders or potential Shareholders in relation to the period money is held as Client Money.

Client Money accounts may also include sums which the ACD holds in the normal course of business for or in relation to other Shareholders, so Client Money held on behalf of an individual Shareholder or potential Shareholder is part of a common pool of money. An individual Shareholder or potential Shareholder does not have a claim against a specific Client Money account, rather the ACD's Client Money pool in general which is segregated from the ACD and the Company's own money.

If the Third Party Bank where Client Money is held becomes insolvent the ACD will have a claim on behalf of its clients against this bank. If however the Third Party Bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between them. Individual Shareholders may also be entitled as individuals to claim from the Financial Services Compensation Scheme (FSCS) up to £85,000 in respect of the total cash the individual Shareholders hold directly and indirectly with the failed bank. To the extent the ACD is permitted to exclude liability under applicable law and regulation, the ACD is not responsible for losses incurred by Third Party Banks appointed by it to hold Client Money.

In holding Client Money in accordance with the Client Money Rules, the ACD has in place adequate record keeping, accounts and reconciliation procedures to safeguard Client Money, as well as procedures regarding selection, approval and monitoring of Third Party Banks used to hold Client Money.

### ***International reporting requirements (including FATCA)***

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including FATCA), the Company or its agent may collect and report information about Shareholders for this purpose, including information to verify their identity and tax status.

When requested to do so by the Company or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities. By subscribing for Shares, each Shareholder is agreeing to provide all necessary information upon request from the Company or its delegate for the purposes of all applicable international tax compliance provisions.

Please note that the Company may treat Shareholders as a Specified U.S. Person where the ACD



acting as administrator is unable to establish that this is not the case, or redeem compulsorily their holding in accordance with Section 14 titled “Compulsory Transfer or Redemption of Shares”.

## 11.2 Minimum Subscriptions and Holdings

For Santander Atlas Portfolio 3, Santander Atlas Portfolio 4, Santander Atlas Portfolio 5 and Santander Atlas Portfolio 7 the minimum investment amounts are as detailed below.

Minimum initial subscription for Retail Accumulation or Income Shares.	£500
Minimum subsequent subscription for Retail Accumulation or Income Shares.	£250
Minimum withdrawal amount for Retail Accumulation or Income Shares (provided a minimum value of £250 in Shares is held in the Fund after the redemption takes place).	£250
Minimum initial subscription for Institutional Accumulation or Income Shares.	£500
Subsequent subscription minimum and minimum withdrawal amount for Institutional Accumulation or Income Shares (provided a minimum value of £500 in Shares is held in the Fund after the redemption takes place).	£1.50

For Balanced International Tracking the minimum investment amounts are as detailed below.

Minimum initial subscription for I Accumulation Shares.	£500
Minimum subsequent subscription for I Accumulation Shares.	£1.50
Minimum withdrawal amount for I Accumulation Shares.	£250
Minimum holding for I Accumulation Shares	£250
Minimum initial subscription for Retail Accumulation Shares.	£1
Minimum subsequent subscription for Retail Accumulation Shares.	£1
Minimum withdrawal amount for Retail Accumulation Shares (provided a minimum value of £1 in Shares is held in the Fund after the redemption takes place).	£1

The minimum holdings, minimum withdrawal amounts and minimum purchase amounts referred to above may be waived by the ACD in its discretion.

## 11.3 Buying and Selling Shares

Following a request to purchase Shares, a contract note will be sent, or made available via online portal where available, normally by the close of the next Business Day after the Valuation Point following receipt of the application. This will show the number of Shares purchased and the applicable price. Payment to satisfy a request to purchase Shares should be cleared through the ACD's relevant bank account by the close of the fourth Business Day after the relevant Valuation Point.

As the Depositary / ACD will net settle trades to purchase Shares by close of business on the fourth Business Day following the relevant Valuation Point, the relevant trade may have been settled before the payment from the applicant is received by the ACD. At the point the trade is settled the Register will be updated and the applicant will become the legal and beneficial owner of the Shares, irrespective of whether payment has been received by the ACD.

If payment is not received from the applicant by the close of the fourth Business Day after the relevant Valuation Point the ACD reserves the right to cancel the relevant subscription of Shares and the relevant applicant will not be entitled to any interest, income or capital earned on these Shares. Shares that have not been paid for by the applicant cannot be redeemed by the applicant.

Share certificates will not be issued. A notice of the applicant's right to cancel the purchase will be sent separately within seven days of the relevant Valuation Point. Subscription monies representing less than the purchase price of a whole Share will not be returned to the applicant. Fractions of Shares will be issued in such circumstances to the nearest whole thousandth of a Share.

Instructions to redeem Shares may be made in writing, or electronic means where available. A contract note will be issued, or made available via online portal where available, giving details of the Shares sold and the price used.

Payments to satisfy a request to sell Shares should be made by direct credit and will normally be issued by the close of the fourth Business Day after the later of the relevant Valuation Point and receipt by the ACD of a written and signed renunciation request in respect of the appropriate number of Shares, or electronic means where available.

Apart from circumstances in which a Shareholder is selling his entire holding of Shares in a Fund:

- (a) fractions of Shares will be credited to a Shareholder where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than one thousandth of a Share; and
- (b) sale monies representing less than one thousandth of a Share will not be returned to a Shareholder, but will be retained by the Company in order to defray administration costs.

Once a request to sell Shares has been given, it cannot subsequently be withdrawn.

Part of a Shareholder's holding may be sold but the ACD reserves the right to refuse a request to sell Shares if the value of the Shares in any Fund to be sold is less than the minimum stated in respect of the appropriate Class in the Fund in question (see Appendix 1 and the table above).

#### **11.4 Switching between Funds**

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in one Fund for Shares of a different Class in that Fund or Shares of the same or a different Class in a different Fund, provided they meet the entry requirements of the Class they wish to acquire.

Switching may be requested in writing to the ACD (see address in Section 11.3) or by electronic means where available. In the case of joint Shareholders, the request must be signed by all the joint holders.

A switch involves a sale of the Shares held and a purchase of new Shares. If a requested switch would result in a Shareholder holding original or new Shares of a number or value which is less than the minimum holding in the relevant Fund(s), the ACD may, if it thinks fit, either convert the whole of the Shareholder's original holding or refuse to switch any of the original holding.

Please note that under United Kingdom tax law a switch of Shares from one Fund to another Fund is treated as a redemption of the original Shares and a purchase of new Shares and will, for persons subject to United Kingdom taxation, be a realization of the original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances. Switching Shares of one Class within a Fund for Shares of another Class within the same Fund will not generally be a disposal for the purposes of capital gains tax.

A Shareholder who switches Shares in one Fund for Shares in any other Fund (or who switches between Classes) will not be given a right by law to withdraw from or cancel the transaction.

#### **11.5 Dealing Charges**

### ***Initial Charge***

The ACD may impose an initial charge on the purchase of Shares. The rate of the initial charge (as a percentage of the amount being subscribed) for each Class is set out in the details of each Fund in Appendix 1. In practice the initial charge may be lower than the amount stated or may be waived in the ACD's discretion.

### ***Redemption Charge***

The ACD does not currently impose a redemption charge on a cancellation or redemption of any Shares.

### ***Switching Charge***

The ACD may impose a switching charge on a switch of Shares for Shares of the same Class of another Fund only where that other Fund has a higher initial charge. The charge will be the difference between the two initial charges.

## **12. SHARE PRICES**

### **12.1 Price of a Share**

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.

### **12.2 Dilution Adjustment**

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 (see Section 16 titled "Calculation of Net Asset Value"). The actual cost of buying or selling a Fund's investments may be higher or lower than the mid-market values used in calculating the Share price, for example due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances, for example large value deals, this will have an adverse effect on the continuing Shareholders in a Fund. This effect is called "dilution".

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

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

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

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

The ACD's dilution adjustment policy is as follows:

- dilution adjustments per Fund are at the discretion of the ACD and for the benefit of all Shareholders. The ACD reserves the right to disapply any dilution adjustment;
- dilution adjustments per Fund are reviewed quarterly based on actual costs to the Fund over the preceding quarter;
- the swing basis per Fund is reviewed quarterly based on the size and direction of daily cash flows over the preceding quarter;
- where a Fund swings to bid the dilution adjustment reduces the price of Shares and where a Fund swings to offer the dilution adjustment increases the price of Shares.
- The ACD's swing basis policy is as follows:
  - in the event that on any one day there is cashflow, the ACD maintains the right to set the swing basis to match the direction of cash flow;
  - in the event that on any one day there is no cash flow received, the ACD maintains the right to set the swing basis to match the direction of most recent cash flow;
  - on all other days, the swing basis will normally match the long-term trend identified in the quarterly review, for example if a Fund receives more outflows than inflows long-term trend will be bid, if a Fund receives more inflows than outflows long-term trend will be offer.

### **13. PREVENTION OF MONEY LAUNDERING**

As a result of legislation in force in the United Kingdom to prevent money laundering, companies conducting investment business are responsible for compliance with money laundering regulations. In certain circumstances, investors will be asked to provide proof of identity when buying, selling or switching Shares. Normally this will not result in any delay in carrying out instructions but should the ACD request additional information; this may mean that instructions will not be carried out until the information is received. In these circumstances, the ACD may refuse to issue or sell Shares, release the proceeds of redemption or carry out such instructions. Any information collected will be for anti-money laundering purposes only.

### **14. COMPULSORY TRANSFER OR REDEMPTION OF SHARES**

The ACD may impose the restrictions it thinks necessary to ensure that no Shares are acquired or held by any person in breach of law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. The ACD may in its sole discretion reject any application for or sale of Shares or any exchange notice given.

If the ACD becomes aware that: any Shares are owned directly or beneficially in breach of any law or governmental regulation; or the Shareholder in question is not eligible to hold such Shares or if it reasonably believes this to be the case, it may give notice requiring the transfer or repurchase of such Shares. If any person does not take those steps within 30 days, he shall then be deemed to have given a written request for the sale of all of his Shares.

A person who becomes aware that he holds or owns Shares in breach of any law or governmental regulation, or is not eligible to hold those Shares, must either: transfer all those Shares to a person qualified to own them; or give a request in writing for the sale of all such Shares, unless such person has already received a notice from the ACD to transfer the Shares or for them to be repurchased.

In addition to the provisions above, if it comes to the attention of the ACD that a person is registered as holding Shares in any of the Funds directly, rather than via a platform or in a nominee name, and is therefore in breach of the restrictions set out in this Prospectus at Section 3.1, the ACD reserves the right to redeem those Shares as soon as practically possible.

### **15. SUSPENSION OF DEALINGS IN SHARES**

Where due to exceptional circumstances it is in the interest of all Shareholders in any or all of the Funds, the ACD may with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend dealings in Shares and ensure notification of the suspension is made to Shareholders as soon as practicable after it commences, ensuring that it publishes (on its website or by other general means) sufficient details to keep Shareholders appropriately informed about the suspension including, if known, its likely duration. The ACD must inform the FCA of such suspension immediately, stating the reason for the suspension, and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as justified having regard to the interests of all relevant Shareholders.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days, and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealing in Shares. Re-calculation of Share price(s) will commence at the next relevant Valuation Point after the period of suspension has ended.

## **16. CALCULATION OF NET ASSET VALUE**

The Net Asset Value of the scheme property of the Company or a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

**16.1** All scheme property (including receivables) of the Company or a Fund is to be included, subject to the following provisions.

**16.2** Property which is not cash (or other assets dealt with in Section 16.4) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(a) units or shares in a collective investment scheme:

- (i) if a single price for buying and selling units or shares is quoted, at that price;
- (ii) if separate buying and selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

(b) any other transferable security:

- (i) if a single price for buying and selling the security is quoted, at that price;
- (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
- (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

(c) property other than that described in (a) and (b) above:

at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

**16.3** Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

**16.4** Property which is a contingent liability transaction shall be treated as follows:

- (a) if a written option and the premium for writing the option has become part of the relevant scheme property, deduct the amount of the valuation of the option. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and the Depositary;
- (b) if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
- (c) if any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, include at a valuation method agreed between the ACD and the Depositary.

**16.5** In determining the value of the relevant scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

**16.6** Subject to the provisions below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the relevant valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

**16.7** Futures or contracts for differences which are not yet due to be performed, unexpired, and unexercised written or purchased options shall not be included under Section 16.6.

**16.8** All agreements are to be included under Section 16.6 which are, or ought reasonably to have been, known to the person valuing the property.

**16.9** Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp or other transfer or financial transaction taxes or duties.

**16.10** Deduct an estimated amount for any liabilities payable out of the relevant scheme property and any tax thereon treating periodic items as accruing from day to day.

**16.11** Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

**16.12** Add an estimated amount for accrued claims for tax of whatever nature, which may be recoverable.

**16.13** Add any other credits or amounts due to be paid into the relevant scheme property.

**16.14** Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

**16.15** Currencies or values in currencies other than the base currency of the Company or (as the case may be) the designated currency of a Fund shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

## **17. IN SPECIE REDEMPTION**

If a Shareholder requests the redemption or cancellation of Shares, the ACD may, if it considers the deal substantial in relation to the total size of the Fund concerned, arrange for the Company to cancel

the Shares and transfer scheme property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant scheme property to the Shareholder. A deal involving Shares representing 5% or more in value of a Fund will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Fund concerned.

Before the proceeds of cancellation of the Shares become payable, the ACD may give written notice, or notice by way of electronic means where available, to the Shareholder that scheme property (or the proceeds of sale of that scheme property) will be transferred to that Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary.

The ACD will ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders.

## **18. ISSUE OF SHARES IN EXCHANGE FOR IN SPECIE ASSETS**

The ACD may arrange for the Company to issue Shares in exchange for assets other than money, but will only do so where the Depositary is satisfied that the Company's acquiring those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders. The ACD will ensure that the beneficial interest in assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

## **19. U.S. PERSONS**

The Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold in the United States of America or its territories and possessions, or offered or sold to U.S. Persons (as defined below). The Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended). The ACD has not been and will not be registered under the United States Investment Advisors Act of 1940.

"**U.S. Person**" means:

- (a) a resident of the United States of America;
- (b) a partnership or corporation organised or incorporated under the laws of the United States of America;
- (c) any estate or trust the executor, administrator or trustee of which is a U.S. Person unless, in the case of trusts of which any professional fiduciary acting as trustee is a U.S. Person, a trustee who is not a U.S. Person has sole or shared investment discretion with respect to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;
- (d) any estate or trust the income of which from sources outside the United States of America is includable in gross income for purposes of computing United States income tax payable by it;
- (e) any agency or branch of a foreign entity located in the United States of America;
- (f) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary located within or outside the United States of America for the benefit or account of a U.S. Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States of America, except that any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organised,

incorporated or (if an individual) resident in the United States of America shall not be deemed a U.S. Person;

(h) any firm, corporation or other entity, regardless of citizenship, domicile, status or residence if under the income tax laws of the United States of America from time to time in effect, the ownership thereof would be attributed to one or more U.S. Persons;

(i) any partnership, corporation or other entity which is: (i) organised or incorporated under the laws of any foreign jurisdiction; and (ii) owned or formed by a U.S. Person or U.S. Persons principally for the purpose of investing in securities not registered under the Securities Act (including but not limited to Shares in a Fund); or

(j) any other person or entity whose ownership of Shares or solicitation for ownership of Shares the ACD (through their officers or Directors) determines may violate any securities law of the United States of America or any state or other jurisdiction thereof.

The United States of America includes all of its territories and possessions.

## **20. RISK FACTORS**

The amount of risk to which Shareholders are exposing their capital will vary. There are a number of factors which affect the level of risk. Where relevant, potential investors should take the following factors into account before investing in the Company.

### **20.1 Fluctuations in Value**

With any stock market investment, the capital value of the investor's original investment is not guaranteed. The value of investments and the income from them may go down as well as up and the investor may not get back the amount invested.

### **20.2 Overseas Investments / Currency Exchange**

If investors choose a Fund which invests overseas, they should note that, as the Funds are denominated in Pounds Sterling and contain foreign investments, they will be affected by fluctuations in rates of currency exchange in addition to the usual stock market fluctuations.

### **20.3 Emerging Markets**

Investors considering an investment in Funds covering emerging markets should be aware that these can be more volatile than Funds covering established markets. For example, the systems and standards of dealing, settlement and custody of shares in these markets may not be as high as those in more developed markets and may therefore result in failed or delayed settlement of transactions.

Shares listed on smaller stock markets also tend to be less marketable than in more developed stock markets resulting in greater price fluctuation. Although care is taken to understand and manage such risks, ultimately the relevant Fund's Shareholders bear the risks of investing in such markets.

### **20.4 Equities**

Funds investing in the shares of companies (equities) tend to be more volatile than bond funds, but also offer greater potential for growth. The value of the underlying investments made by Funds which are equity funds may fluctuate, sometimes quite dramatically, in response to the activities and results of individual companies, as well as in connection with general market and economic conditions.

### **20.5 Smaller Capitalisation Companies**

Securities of smaller capitalisation companies may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wide spreads between bid and offer prices. Investment in smaller capitalisation companies may involve higher risk than investment in larger companies. The securities of smaller companies may trade less frequently and be subject to more



abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group, and full development of them takes time. These factors may result in above-average fluctuations in the price of a Fund which invests in smaller companies.

## **20.6 Bonds**

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

Fixed income securities carry the risk that the issuer may be unable to meet principal and interest payments on the obligation and may also be subject to price volatility, which may be due to interest rate sensitivity, market perception of the creditworthiness of the issuer or general market liquidity. It might not be possible to realise the expected market value of a fixed income security in a timely manner if that security becomes illiquid or if markets become illiquid. Fixed income securities are interest rate sensitive and their value may be reduced where interest rates increase, or may be increased where interest rates decrease. The performance of a Fund investing in such securities will depend on the ability to anticipate and respond to changes in market interest rates and creditworthiness, and to utilise appropriate strategies to maximise returns, whilst attempting to reduce associated risks to capital investment.

### ***Sub-investment grade bonds***

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

## **20.7 Suspension of Dealing**

In certain circumstances, the Shareholders' right to redeem Shares may be suspended (see Section 15 titled "Suspension of Dealings in Shares").

## **20.8 Charges to Capital**

Where the investment objective of a Fund is to treat the generation of income as a higher or equal (in the long term) priority to capital growth, all or part of the ACD's fee, net of attributable tax effect, may be charged against capital instead of against income and may constrain the capital growth of the Fund.

## **20.9 Derivatives**

In accordance with the investment limits and restrictions set out in Appendix 1, each of the Funds may use derivative strategies for the purposes of efficient portfolio management in order to reduce risk and / or costs and / or generate additional income or capital for each of the Funds (as further described in Appendix 3). 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, 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.

Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or operational issues such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty. There may also be instances where a Fund's credit exposure to its counterparty under a derivative contract is not fully collateralised, but each Fund will continue to observe the limits set out in Appendix 2.

The use of derivatives may also expose a Fund to legal risk, being the loss due to the unexpected application of a law or regulation or because a court declares a contract not legally enforceable.

The ACD uses a risk management process to monitor and measure as frequently as appropriate the risk of a Fund's portfolio and contribution of its underlying investments to the overall risk profile of the Fund. A collateral management policy is detailed within the ACD's risk management policy and is subject to change and regular review. This policy will define "eligible" collateral including any applicable haircuts. Collateral will generally be of high quality and liquid (eg cash and government securities), and will include any additional restrictions deemed appropriate by the ACD.

All collateral used to reduce counterparty risk will comply with the following criteria at all times:

- highly liquid and traded on a regulated market;
- valued at least daily;
- of high quality;
- not highly correlated with the performance of the counterparty;
- sufficiently diversified in terms of country, markets and issuers (in accordance with ESMA's Guidelines on ETFS and other UCITS issues – ESMA/2012/832EN);
- held by the depositary or a third party custodian subject to prudential supervision who is unrelated to the provider of the collateral; and
- capable of being fully enforced by the ACD at any time without reference or approval from the counterparty.

Permitted collateral includes (where applicable):

- cash;
- government or other public securities;
- certificates of deposit issued by relevant institutions; and
- bonds or commercial paper issued by relevant institutions.

Non-cash collateral will not be sold, re-invested or pledged. Cash collateral will only be: placed on deposit with entities that meet the requirements of article 50(f) of the UCITS Directive (2009/65/EC); invested in high-quality government bonds; or invested in short-term money market funds as defined in ESMA's (then CESR's) Guidelines on a Common Definition of European Money Market Funds.

The exposure to a counterparty will, at all times, meet the requirements of article 52 of the UCITS

Directive. Collateral will be subject to a haircut depending on the class of assets received. The haircut policy depends on the quality of assets received, their price volatility, together with the outcome of any stress tests performed under normal and exceptional liquidity conditions.

Collateral received is not rehypothecated in any circumstances and is valued on a daily basis.

### ***Options***

Buying options involves less risk than selling options because if the price of the underlying asset moves against the buyer, the buyer may allow the option to expire. The maximum loss is limited to the premium paid to buy the option plus any commission or other transaction charges. However, buying a call option on a futures contract which is later exercised would lead to acquiring the futures and would generate a gain for a Fund.

The risk involved in writing options is considerably greater than buying options. A Fund may be liable for margin to maintain its position and a loss may be sustained well in excess of any premium received. By writing an option, that Fund accepts a legal obligation to purchase or sell the underlying asset if the option is exercised against it, however far the market price has moved away from the exercise price. If the Fund already owns the underlying asset that is contracted to sell (known as "covered call options") the risk is reduced along with the upside potential. If the Fund does not own the underlying asset (known as "uncovered call options") the risk can be unlimited although this risk can be considerably reduced by holding investments with exposure to the same markets as the derivatives. The ACD is currently only allowed to write covered call options, with the aim of generating additional income although surrendering the chance of greater gains in the future.

### ***Particular risks of over the counter derivative transactions***

In general there is less governmental regulation and supervision of transactions in the over the counter (OTC) markets than organised stock exchanges. Many of the protections afforded to transactions on organised exchanges, such as the performance guarantee of an exchange clearing house, may not exist for OTC transactions. The risk of counterparty default therefore exists. To mitigate this risk the ACD will only use preferred counterparties that it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of letters of credit or collateral. However, there can be no guarantee that a counterparty will not default or that a Fund will not sustain losses as a result. In addition to the above, the OTC market may be illiquid and it may not always be possible to execute a transaction quickly at an attractive price. From time to time, the counterparties with which a Fund effects transactions might cease, or be prevented, from making markets or quoting prices in certain instruments, for instance due to there being restrictions on trading in the underlying investments. In such instances, a Fund might be unable to enter into a desired transaction or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance.

In contrast to exchange traded instruments, forward, spot and option contracts on currencies, do not generally provide the ACD and / or any Sub-Investment Managers with the possibility to precisely offset the relevant Fund's obligations through an equal and opposite transaction. For this reason, when entering into forward, spot or options contracts on currencies, a Fund must always be able to perform its obligations under the contracts as it may be required to do so.

## **20.10 Counterparty Risk**

A Fund will be exposed to the credit risk of the parties with which it transacts and may also bear the risk of settlement default. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant Fund. This would include the counterparties to any derivative trade that it enters into. Trading in derivatives that have not been collateralised gives rise to direct counterparty exposure. A default by the counterparty may result in a reduction in the value of the relevant Fund. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The ACD maintains an active oversight of counterparty exposure for each Fund.

## **20.11 Liquidity Risk**

Investments made by the Funds may be subject to liquidity constraints, which means that underlying shares may trade less frequently and in small volumes, for instance smaller companies. Securities of certain types, such as bonds or structured credit products, may also be subject to periods of lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable. In certain cases it may not be possible to sell an underlying security at the last market price or at a value considered to be fairest.

## **20.12 Leverage**

Funds may contain leveraged positions due to cash borrowing or use of derivatives. Such positions may lead to an increased risk of loss due to greater sensitivity to movements in market levels of underlying asset values. The leverage of a Fund is the ratio between the exposure of the Fund and its Net Asset Value. Exposure is calculated using the gross method and commitment method, as defined in articles 7 and 8 respectively of the Directive 2011/61/EU. Limits on the total amount of leverage permitted in each Fund are set out in Appendix 1.

The total amount of leverage employed by any of the Funds is disclosed in the annual and half yearly reports, copies of which are available on the ACD's website at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk).

Any changes to the maximum level of leverage that the ACD may employ on behalf of the Funds or to any right of reuse of collateral or any guarantee granted under any leveraging arrangement will be notified to Shareholders as and when any such changes take place.

## **20.13 Liabilities of the Company and the Funds**

As the Company is an umbrella company, each Fund has a specific segregated portfolio of assets to which any liabilities attributable to that Fund shall be met. 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 solely to one Fund which are allocated in accordance with the FCA Regulations, may be reallocated by the ACD provided that such reallocation shall be done in a manner which is fair to Shareholders in the Company generally.

Shareholders are not however 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.

## **20.14 Past Performance**

Past performance does not necessarily indicate future performance. It can only serve as a guide and can in no way provide a guarantee of returns that investors will receive in the future. Please refer to the table in Schedule 1 for details of the Funds' past performance.

## **20.15 Brexit**

On 23 June 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit". As a result of the referendum, it is expected that the British government will begin negotiating the terms of the United Kingdom's future relationship with the European Union. Although it is unknown what those terms will be, it is possible regulatory complexities that may impact the Funds and the markets in which they invest may be increased. The ACD continues to monitor developments and will take the appropriate action if, when and where required including further disclosure of risks as they materialise.

## **SPECIFIC RISKS REGARDING THE FUNDS' INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES**

### **20.16 Market Price Risk**

Where a Fund invests principally in regulated collective investment schemes, 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 collectives or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Fund seeks to minimise these risks by holding a diversified portfolio of investments spread across various market sectors, which includes rules limiting the size of investment in any particular investment collective in line with the FCA Regulations.

## **20.17 Credit Risk**

Some of the underlying funds in which the Funds may invest invest in bonds. Bond investments are exposed to credit risk, meaning the risk that a bond issuer could fail to meet its obligations. A Fund will seek to minimise credit risk by ensuring that all collective investment schemes held are approved by the ACD. This approval process assesses the control processes and procedure of the management company of each collective, and ensures that the collective is consistent with the risk profile of the Fund.

## **20.18 Liquidity Risk**

The Funds seek to minimise liquidity concerns related to collective investment schemes in which they invest by ensuring that all collectives held are approved by the ACD. This approval process ensures that the collective is invested in readily realisable securities, and limits holdings in collectives with lower levels of liquidity to ensure adequate liquidity within the Funds as a whole.

## **20.19 Real Estate**

The underlying funds in which some of the Funds invest may invest directly in real estate. Real estate investments typically have increased liquidity risks compared to bonds and equities as real estate can be more difficult to buy and sell than other asset classes. In addition real estate valuations are typically provided by an independent valuer and are subject to the valuer's opinion and interpretation of prevailing market conditions. Forced sales of real estate may also result in the amount the underlying fund receives for selling an asset being less than the value assumed in the valuation of that fund. The underlying funds invested in real estate may also be exposed to risks associated with: overbuilding and increased competition; increases in property taxes and operating expenses; variations in rental income; increases in interest rates; and other influences of capital markets on real estate.

# **21. FEES AND EXPENSES**

## **21.1 ACD's Fees and Expenses**

### ***Initial Charge***

The ACD may impose an initial charge on the purchase of Shares. The rate of the initial charge for each Class (which is a percentage of the amount being subscribed) is set out in the details of each Fund in Appendix 1. In practice the initial charge may be lower than the amount stated or may be waived in the ACD's discretion. The ACD may only change the current initial charge in accordance with the FCA Regulations.

### ***Redemption Charge***

The ACD does not currently impose a redemption charge on a cancellation or redemption of any Shares. The ACD may only change the current redemption charge in accordance with the FCA Regulations. If such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e. those not previously subject to a redemption charge).

### ***Switching Charge***

The ACD may impose a switching charge on a switch of Shares for Shares of the same Class of another Fund only where that other Fund has a higher initial charge. The charge will be the difference between the two initial charges.

### ***Annual Management Charge***

The rate of annual management charge for each Class of each Fund is set out in Appendix 1. In practice this charge may be lower than the amount stated at the discretion of the ACD. The annual management charge is payable to the ACD who is responsible for paying any Sub-Investment Managers from this amount.

The annual management charge accrues daily and is payable monthly in arrears. The daily calculation is based on the value of the scheme property of the relevant Fund attributable to that Class valued as at 12noon UK time each day.

For Funds that have a distributing Class (Santander Atlas Portfolio 3 and Santander Atlas Portfolio), all of the ACD's fees and expenses are charged against capital instead of against income once it has been approved by the Depositary. This treatment of the ACD's fee will increase the amount of income available for allocation to Shareholders in the Fund concerned but may constrain capital growth.

The ACD's fees and expenses for Santander Atlas Portfolio 5 and Santander Atlas Portfolio 7 are taken from income. If the expenses of a Class within these Funds exceed income in any period, the ACD may take that excess from the capital property attributable to that Class.

For Balanced International Tracking the annual management charge is taken from income and other charges and expenses are taken from capital.

The current annual management charge payable to the ACD for a Share Class may only be increased, or a new type of remuneration introduced, in accordance with the FCA Regulations

#### ***Sub-Investment Managers' Fees***

The fees and expenses of any Sub-Investment Manager are paid by the ACD out of its remuneration under the ACD Agreement.

#### ***Expenses***

The ACD is entitled to recover out of the scheme property of the Company all reasonable and properly evidenced out-of-pocket expenses incurred in the performance of its duties as ACD as well as any expenses incurred for the establishment and maintenance of the Register. The list set out at Section 21.5 includes the types of expenses which may be incurred by the ACD and which are recoverable from the scheme property of the Company.

Expenses accrue daily and are payable monthly or quarterly depending on the expense.

### **21.2 Depositary's Fees and Expenses**

The Depositary receives for its own account a periodic fee which accrues and is payable in respect of the same accrual intervals and on the same dates as the ACD's annual management charge. The Depositary's current fees and charges for each Fund are:

- if the total net assets of the Company are equal to or less than £250,000,000, 0.01%;
- in respect of net assets in excess of £250,000,000 and equal to or less than £500,000,000, 0.0075%;
- in respect of net assets in excess of £500,000,000 and equal to or less than £1,000,000,000, 0.005%;
- in respect of net assets above £1,000,000,000, 0.002%.

These rates may be varied from time to time with the agreement of the ACD in accordance with the FCA Regulations.

### **21.3 Transaction and Custody Charges**

The Custodian is entitled to receive out of the scheme property of the Company transaction and custody charges as agreed between the Depositary and the ACD from time to time.

Transaction charges vary depending on the jurisdiction in which the particular property of the Funds is held. Transaction charges for the likely investment areas of the Funds range from £4 to £25 depending on the location and are made in respect of individual transactions and accrue at the time the transactions are effected. Custody charges vary according to geographic location and market value of holdings, and range from 0.00125% to 0.18% per annum. These charges are calculated as a percentage rate of the value of the property of each Fund under custody in the various jurisdictions, and are payable monthly in arrears.

#### **21.4 Expenses**

The Depositary is also entitled to recover out of the scheme property of the Company reasonable out of pocket expenses properly incurred by it (as well as, where agreed with the ACD, its sub-custodians and agents) in the performance of its duties and responsibilities as Depositary. The duties and responsibilities for which reimbursement to the Depositary may be made include (but shall not be limited to):

- (a) delivery and receipt of scheme property of the Company (including registration thereof);
- (b) holding, acquiring, realising or otherwise dealing with any scheme property of the Company (including insuring any scheme property);
- (c) registration and custody of scheme property of the Company and documents relating to them;
- (d) exercise of voting rights attaching to scheme property of the Company;
- (e) collection of income and capital;
- (f) effecting banking and currency transactions and transmitting money;
- (g) preparation of the Depositary's annual report and other reports to Shareholders;
- (h) enquiry into the ACD's conduct;
- (i) enquiry into the Company's management;
- (j) obtaining advice pertinent to its role as Depositary including legal, accountancy and valuation advice;
- (k) instituting and conducting legal proceedings;
- (l) preparing for, convening (if necessary) and attending general meetings or Class meetings of the Company;
- (m) such other duties, powers and responsibilities the Depositary is required or empowered, or may be so required or empowered from time to time, by the Depositary Agreement, the OEIC Regulations, the FCA Regulations or by other applicable law to perform or, where appropriate, the successor, re-enactment or modification of such; and
- (n) any value added tax that may be payable on any of the above expenses.

#### **21.5 Other Expenses**

The Company may pay the following expenses out of the property of the Company:

- (a) fees and expenses payable to the ACD and the Depositary as described above;

- (b) stamp taxes and other transaction taxes, brokerage or other expenses incurred in acquiring and disposing of investments or the sale, redemption, creation or cancellation of Shares;
- (c) fees in respect of publication and circulation of Net Asset Value and Share prices;
- (d) fees and expenses of the Auditors as well as tax, legal and other professional advisors of the Company;
- (e) brokers' bond and errors and omissions insurance taken out and maintained in relation to the Company;
- (f) costs of annual general meetings and any other meetings of the Company, the Funds or a Class of a Fund;
- (g) costs of producing, printing and distributing reports, accounts, notices to Shareholders and the Prospectus to Shareholders;
- (h) costs incurred as a result of an update of the Prospectus or amendment of the Instrument of Incorporation and any other administrative expenses;
- (i) costs in relation to allocations of income and related notifications to Shareholders;
- (j) interest on borrowings and charges incurred in negotiating borrowings or varying the terms of such borrowings;
- (k) costs of listing Shares of any Fund;
- (l) fees of the FCA under section 17 of Schedule 1 of the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares of any Fund may be marketed, and any related costs incurred in relation to obtaining and / or maintaining a regulatory status in a country or territory outside the United Kingdom;
- (m) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books, the Register and other documentation required to be maintained by the Company;
- (n) such other expenses as the ACD resolves are properly payable out of the scheme property of the Company; and
- (o) any value added tax that may be payable on any of the above expenses.

Any third party research received in connection with the investment management of the Funds will be paid for by the ACD.

## **21.6 Allocation of Fees and Expenses between Funds**

Fees and expenses which are directly attributable to a particular Class of any Fund are charged to that Class.

Fees and expenses which are attributable to a particular Fund are charged to that Fund. If there is more than one Class in issue in the relevant Fund, they will normally be allocated pro rata to the value of the scheme property attributable to those Classes.

Fees and expenses which are attributable to the Company generally will normally be charged to each of the Funds (and its Classes) pro rata to the value of the scheme property attributable to that Fund (and its Classes).

The ACD has discretion to allocate these fees and expenses in a different manner which it considers fair to Shareholders as a whole.

## **21.7 Profits or Benefits Made from Dealings in Shares or Other Transactions**



The Company, the Depositary, the Custodian, the ACD, the Auditors or any other "affected persons" are not liable to account to each other or to Shareholders for any profits or benefits made or received which derive from or in connection with dealings in the Shares or any transaction in the scheme property of the Company or the supply of services to the Company.

## **21.8 Allocation of Payments to Capital or Income**

Funds that have a distributing Class (Santander Atlas Portfolio 3 and Santander Atlas Portfolio 4) may deduct all charges and expenses from capital, in particular (but not only) where such charges exceed the income of the relevant Fund. For Santander Atlas Portfolio 5 and Santander Atlas Portfolio 7, charges and expenses are deducted from income, and only if there is insufficient income will the excess be deducted from capital, which may constrain capital growth. For Balanced International Tracking the annual management charge is taken from income and other charges and expenses are taken from capital.

## **22. INCOME**

### **22.1 Accounting Periods**

The annual accounting period of the Company ends each year on 1 December. Details of the accounting periods and income distribution dates for each Fund are set out in Appendix 1.

### **22.2 Income Distributions**

No distributions of income will take place in respect of accumulation Shares. Income attributable to accumulation Shares is automatically transferred to (and retained as part of) the capital assets of the relevant Fund.

The amount attributable to each Class in any accounting period is calculated by:

- taking the aggregate of the income property received or receivable for the account of the relevant Fund for that accounting period;
- deducting the charges and expenses of the Fund paid or payable out of income property for that accounting period;
- adding the ACD's best estimate of tax relief on these expenses and charges; and
- making certain other adjustments which the ACD considers appropriate in relation to tax and other issues.

Income available for allocation is allocated between Classes based on the respective values of the property of those Classes on a daily basis. Where a negative income position exists on a Class at the income allocation date a transfer is made from the capital of the Fund to the income in order to preserve full distribution for other Classes.

In respect of income Shares that may be in issue, allocations of income are made in respect of the income attributable to each Class in each accounting period.

The relevant distribution dates for each income Class are set out in Appendix 1. Distributions of income will take place by BACS transfer.

Any cash (other than unclaimed distributions) or assets due to Shareholders which are unclaimed for a period of six years (for cash) or twelve years (for assets) will cease to be Client Money or client assets and may be paid to a registered charity of the ACD's choice. The ACD will take reasonable steps to contact Shareholders regarding unclaimed cash or assets in accordance with the requirements set out in the FCA Handbook before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

If the Client Money or client assets are equal to or below a de minimis amount set by the FCA (£25 or less for retail Shareholders and £100 or less for professional Shareholders), the steps the ACD must take to trace the relevant Shareholders before paying the money or assets to charity are less but the ACD will still make efforts to contact the relevant Shareholders.

### **22.3 Income Equalisation**

Part of the purchase price of a Share reflects the relevant share of the accrued income of the Fund. The first allocation of income in respect of a Share issued during an accounting period includes a capital sum by way of income equalisation.

For each Class the amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares of that Class issued in an accounting period by the number of those Shares, and applying the resultant average to each of the Shares.

## **23. REPORTS TO SHAREHOLDERS**

The annual reports of the Company are published on or before 1 April and half yearly reports by 1 August each year. Shareholders will receive annual and half-yearly short reports which may also be made available electronically to Shareholders.

Copies of annual and half-yearly long reports may be requested from the ACD or inspected at 67 Lombard Street, London EC3V 9LJ, United Kingdom. Short form versions of these reports may also be made available electronically to Shareholders.

## **24. UNITED KINGDOM TAXATION**

### **24.1 General**

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of the Funds and of Shareholders who are United Kingdom resident (except where indicated) and hold Shares as investments. Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future. Prospective investors who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are recommended to take professional advice.

### **24.2 The Funds**

Each Fund is treated as a separate entity for United Kingdom tax purposes. The Funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of investments or securities (including interest-paying securities and derivatives but excluding non-reporting offshore funds) held within them.

Dividends from companies are generally exempt from tax when received by a Fund. In some cases dividends from non-United Kingdom companies may be subject to foreign withholding tax. The Company will normally be able to recover part of any tax withheld from the foreign tax authority under the United Kingdom's double taxation agreements. Where a Fund suffers any irrecoverable foreign tax on income received then it may be able to set that foreign tax against any United Kingdom tax payable on the income, otherwise it will be a cost to the Fund.

Other (non-dividend) income received by a Fund will, after deduction of allowable management fees and other costs, as well as interest distributions where relevant, normally be subject to corporation tax at 20%.

A Fund which is over 60% invested in interest paying and economically equivalent investments for the whole of its distribution period can pay interest distributions.

### **24.3 Income**

A Fund may pay either dividend distributions or interest distributions depending on the investments held by it, and these are automatically retained in the relevant Fund in the case of accumulation Shares.

### **Equity Funds**

Where a Fund pays dividend distributions, these are paid without any deduction of tax. Since 6 April 2016, the first £5,000 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 circumstances. These rates are (in 2016/17): 0% for an individual with unused personal allowance, 7.5% for a basic rate taxpayer, 32.5% for a higher rate taxpayer or 38.1% for an additional rate taxpayer.

Corporate Shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the tax voucher). Any part representing income which has been liable to corporation tax in the Fund must be treated by the corporate Shareholder as an annual payment made after deduction of income tax at the basic rate, and corporate Shareholders may be subject to tax on the grossed up amount, with the benefit of a 20% deemed income tax deduction, or be able to reclaim part or all of the deemed tax deducted (excluding any representing foreign tax) as shown on the tax voucher. The remainder (including any part representing dividends received by the Fund from a company) will be treated as dividend income and, consequently, will be exempt from corporation tax.

Non-United Kingdom resident Shareholders will generally have no United Kingdom tax liability on dividend distributions.

### **Bond Funds**

A Fund which is over 60% invested in interest-paying and economically equivalent investments for the whole of its distribution period can pay interest distributions. These are generally known as "bond funds" for United Kingdom tax purposes. The only Fund which is currently a bond fund is Santander Atlas Portfolio 3. Funds which are bond funds pay interest distributions (instead of dividend distributions) which will be automatically retained in the relevant Fund in the case of accumulation Shares in such Funds, or distributed to Shareholders in the case of income Shares in such Funds. Any such interest distributions to Shareholders will be paid gross (that is, without any income tax being deducted and paid to HM Revenue & Customs) and Shareholders will be responsible for paying any income or other tax they are liable to on their interest distributions.

Since 6 April 2016, individuals have been entitled to a personal savings allowance in each tax year (£1,000 for nil or basic rate taxpayers, £500 for higher rate taxpayers and zero for additional rate taxpayers). Where a UK individual taxpayer's interest and interest distribution have used up the applicable personal savings allowance for a tax year, then any remaining amount will be liable to basic rate income tax at 20% or higher rate income tax at 40%, as appropriate. Additional rate taxpayers will be liable to income tax at 45% on the entire amount.

If a United Kingdom corporate taxpaying investor owns Shares and, during the Fund's accounting period it has at any time more than 60% by market value of its investments in debt securities, money placed at interest (other than cash awaiting investment), building society shares or in holdings in unit trusts, open-ended investment companies or other offshore funds with, broadly, more than 60% of their investments similarly invested, then the loan relationship rules will apply. Shareholders subject to United Kingdom corporation tax must treat their holding in the Fund as a creditor loan relationship, including the gross amount of any distributions, subject to a fair value basis of accounting. They will be liable to tax on the gross interest.

Non-United Kingdom resident Shareholders are also entitled to receive interest distributions without any deduction of income tax and they will not need to claim a refund from HM Revenue & Customs.

## **24.4 Income Equalisation**

The first income distribution received by a Shareholder after buying Shares may include an amount of

income equalisation. This is effectively a repayment of the income equalisation paid by the Shareholder as part of the purchase price, and is a return of capital and not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes, except when it is credited in respect of accumulation Shares. Equalisation is applied on all of the Funds.

## **24.5 Gains**

Shareholders who are resident in the United Kingdom for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Shareholder, corporation tax on gains arising from the redemption, transfer or other disposal of Shares (but not usually on switches between Classes within a Fund).

Part of any increase in value of accumulation Shares represents the accumulation of income. The net amount of income accumulated (including equalisation but after deduction of tax, where relevant) may be treated as additional acquisition costs when calculating the capital gain realised on their disposal.

Corporation taxpayers holding Shares in any Fund that is invested 60% or more in interest-paying investments or economically equivalent assets at any time in the investor's accounting period must treat their holding of Shares as a creditor relationship subject to a fair value basis of accounting for that period. Any chargeable gain for previous periods when the 60% limit was not exceeded is taxable only when the holding is realised.

Individual Shareholders will find further information in HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

## **24.6 Reporting Requirements**

In order to comply with legislation implementing the United Kingdom's obligations relating to the automatic exchange of information to improve international tax compliance (including United States FATCA), the Company may collect and report information about Shareholders and their investments in the Funds including information to verify their identity and tax status.

When requested to do so by the Company or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities.

By subscribing for Shares in the Company, each Shareholder is agreeing to provide all necessary information upon request from the Company or its delegate.

## **25. CHANGE PROCESS**

Changes to a Fund or the Company may be made in accordance with the method of classification below.

- (a) A fundamental change is a change or event which:
  - (i) changes the purpose or nature of a Fund;
  - (ii) may materially prejudice a Shareholder;
  - (iii) alters the risk profile of a Fund; or
  - (iv) introduces any new type of payment out of relevant scheme property.

The ACD will obtain prior approval from relevant Shareholders to any fundamental change by way of an extraordinary resolution of the Shareholders of the relevant Fund.

- (b) A significant change is a change or event which the ACD has determined is not a fundamental change but is a change which:
  - (i) affects a Shareholder's ability to exercise his rights in relation to his investment;

- (ii) would reasonably be expected to cause a Shareholder to reconsider his participation in a Fund;
- (iii) results in any increased payments out of the scheme property of the relevant Fund to the ACD or any of its associate companies; or
- (iv) materially increases other types of payment out of scheme property of the relevant Fund.

The ACD will give Shareholders at least 60 days' notice before implementing any significant change.

(c) A notifiable change is any change or event, other than a fundamental change or a significant change unless the ACD concludes that the change or event is insignificant.

The ACD will give Shareholders written notice of any fundamental change or significant change. Depending on the nature of the change, the ACD will inform Shareholders of notifiable events either by: sending of an immediate notification to Shareholders; publishing information about the change on its website; or including the information in the next report for the relevant Fund.

## **26. SHAREHOLDER MEETINGS AND VOTING RIGHTS**

The ACD has chosen to dispense with the need to hold annual general meetings. Additional general meetings may be convened at any time and notice of the date, place and time of any general meeting of Shareholders will be provided to them.

The convening and conduct of Shareholder meetings and the voting rights of Shareholders at those meetings is governed by the FCA Regulations and summarised below.

A meeting of all Shareholders in the Company, any Fund or any Class may be convened. All references below to a meeting apply equally to Company, Fund and Class meetings.

### **26.1 Requisitions of Meetings**

The ACD may convene a meeting at any time. Shareholders registered as holding at least one tenth in value of all the relevant Shares then in issue may require that a meeting be convened. A requisition by Shareholders must state the objects of the meeting and be dated and signed by those Shareholders then deposited at the Company's registered office. The ACD must then convene a meeting no later than eight weeks after receipt of such requisition.

### **26.2 Notice and Quorum**

Shareholders will receive at least 14 days' notice of a meeting. They are entitled to be counted in the quorum and vote at a meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy.

### **26.3 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 will not be varied, and a conversion of Shares of a particular Class into

Shares of another Class will not be effected, without the sanction of an ordinary resolution passed at a Class meeting of the Shareholders of that Class.

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

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

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

## **27. WINDING UP OF THE COMPANY OR TERMINATING A FUND**

### **27.1 The Company**

The Company may not be wound up except:

- by a 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 the Company or termination of a Fund (provided no material change in any relevant factor occurs prior to the date of the relevant revocation);
- (c) on the occurrence of an event specified in the Instrument of Incorporation as triggering a winding up of the Company or termination of a Fund;
- (d) when the period (if any) fixed for duration of the Company or a particular Fund by the Instrument of Incorporation expires or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Fund terminated (for example if the Net Asset Value of a Fund is less than £5,000,000 at any time more than one year after the first issue of Shares in that Fund);
- (e) in the case of the Company, on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any scheme property;
- (f) in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold scheme property; or
- (g) on the date when all Funds fall within (f) above or have otherwise ceased to hold any scheme property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- FCA Regulations relating to dealing, valuation, pricing, investment and borrowing will cease to apply to the Company or the Fund;

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

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

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

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

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

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.

## **28. GENERAL INFORMATION**

### **28.1 Unclaimed Income Distributions**

Any income distribution payment in respect of income Shares is paid by BACS. If payment is not claimed within six years of the date of payment, it is forfeited by the Shareholder and reverts to the capital property of the relevant Fund.

### **28.2 Documents of the Company**

The following documents may be inspected free of charge between 9am and 5pm on every Business Day at 67 Lombard Street, London EC3V 9LJ, United Kingdom:

- (a) the most recent annual and half yearly reports of the Company;
- (b) the Prospectus;
- (c) the Instrument of Incorporation;
- (d) the ACD Agreement; and
- (e) the NURS KII for each Class.

Shareholders may obtain copies of the above documents free of charge from the same address and documents (a), (b), (d) and (e) are available at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk).

### **28.3 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the ACD's Head of Client Relationship Support and Development at 67 Lombard Street, London EC3V 9LJ, United Kingdom. Complaints may also be made direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR, United Kingdom.

### **28.4 Compensation**

A Shareholder's investments in a Fund may be covered by the Financial Services Compensation Scheme. Depending on the claimant's eligibility and the circumstances of the claim, Shareholders may be entitled to compensation from this scheme if the Company or the ACD cannot meet their obligations. Most types of investments are covered by this scheme up to £50,000. Further information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation are also available on request.

### **28.5 Governing Law**

All deals in Shares are governed by the Laws of England and Wales.

### **28.6 Telephone recording**

Please note that the ACD, and, if appointed, any sub-investment manager(s), will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Funds or the management of the Funds. The ACD may also record telephone calls for security, training and monitoring purposes, to confirm investors' instructions and for any other regulatory reasons. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years.

## **29. LIQUIDITY MANAGEMENT**

The ACD's liquidity management policy is detailed within its risk management policy and is subject to change and regular review. Liquidity is managed so as to ensure that actual and potential sales of Shares can be met whilst also ensuring that there is sufficient flexibility to meet investment objectives. To manage liquidity, the ACD takes into account redemption profiles, market conditions and actual and potential levels of redemptions. If any new arrangements are put in place for managing the liquidity of the Funds the ACD will notify Shareholders of this as well as amending the ACD's liquidity management policy.

As part of its obligations under FCA Regulations, the ACD is required to inform Shareholders of the percentage of a Fund's assets that are subject to any special arrangements arising from their illiquid nature. Currently there are no such special arrangements and the ACD will notify Shareholders if this changes.



### **30. DELEGATION AND CONFLICTS OF INTEREST**

#### **30.1 Delegation**

When delegating the task of carrying out one or more functions on its behalf, the ACD must comply, in particular, with the following general principles:

- the delegation structure must not allow for the circumvention of the ACD's responsibilities or liability;
- the obligations of the ACD towards the relevant Fund and its Shareholders must not be altered as a result of the delegation;
- the conditions with which the ACD must comply in order to be authorised and carry out activities in accordance with Directive 2011/61/EU are not undermined;
- the delegation arrangement must take the form of a written agreement concluded between the ACD and the delegate;
- the ACD must ensure that the delegate carries out the delegated functions effectively and in compliance with applicable law and regulatory requirements, and establish methods and procedures for reviewing on an ongoing basis the services provided by the delegate. The ACD shall take appropriate action if it appears that the delegate cannot carry out the relevant functions effectively or in compliance with applicable laws and regulatory requirements;
- the ACD must supervise effectively the delegated functions and manage the risks associated with the delegation. For this purpose it must have at all times the necessary expertise and resources to supervise the delegated functions. The ACD shall set out in the relevant delegate agreement its right of information, inspection, admittance and access, and its instruction and monitoring rights against the delegate. The ACD shall also ensure that the delegate properly supervises the performance of the delegated functions and adequately manages the risks associated with the delegation;
- the ACD must ensure that the continuity and quality of the delegated functions or of the delegated task of carrying out functions are maintained in the event of termination of the delegation either by transferring the delegated functions or the delegated task of carrying out functions to another third party or by performing them itself;
- the respective rights and obligations of the ACD and the delegate must be clearly allocated and set out in the relevant agreement. In particular the ACD shall contractually ensure its instruction and termination rights, its rights of information and its right to inspections and access to books and premises of the delegate. The agreement shall make sure that sub-delegation can take place only with the consent of the ACD;
- where it concerns portfolio management, any delegation must be in accordance with the investment policy of the relevant Fund. The delegate shall be instructed by the ACD how to implement this investment policy and the ACD shall monitor whether the delegate complies with it on an ongoing basis;
- the ACD must ensure that the delegate discloses to the ACD any development that may have a material impact on the delegate's ability to carry out the delegated functions effectively and in compliance with applicable laws and regulatory requirements;
- the ACD must ensure that the delegate protects any confidential information relating to the ACD, the relevant Fund(s) and the relevant Shareholders;
- the ACD must ensure that any delegate establishes, implements and maintains a contingency plan for disaster recovery and periodic testing of backup facilities while taking into account the types of delegated functions.

### 30.2 Conflicts of interest

In accordance with point (b) of article 20(2) of Directive 2011/61/EU, the criteria to assess whether a delegation conflicts with the interests of the ACD or the Shareholders in each Fund shall at least include:

- where the ACD and the delegate are members of the same group or have any other contractual relationship, the extent to which the delegate controls the ACD or has the ability to influence its actions;
- where the delegate and a Shareholder in the relevant Fund are members of the same group or have any other contractual relationship, the extent to which this Shareholder controls the delegate or has the ability to influence its actions;
- the likelihood that the delegate makes a financial gain, or avoids a financial loss, at the expense of the relevant Fund or the Shareholders in that Fund;
- the likelihood that the delegate has an interest in the outcome of a service or an activity provided to the ACD or the relevant Fund;
- the likelihood that the delegate has a financial or other incentive to favour the interest of another client over the interests of the relevant Fund or the Shareholders in that Fund;
- the likelihood that the delegate receives or will receive from a person other than the ACD an inducement in relation to the collective portfolio management activities provided to the ACD and the Funds it manages in the form of monies, goods or services other than the standard commission or fee for that service.

Portfolio or risk management functions may be considered to be functionally and hierarchically separated from other potentially conflicting tasks only where the following conditions are satisfied:

- persons engaged in portfolio management tasks are not engaged in the performance of potentially conflicting tasks such as controlling tasks;
- persons engaged in risk management tasks are not engaged in the performance of potentially conflicting tasks such as operating tasks;
- persons engaged in risk management functions are not supervised by those responsible for the performance of operating tasks;
- separation is ensured throughout the whole hierarchical structure of the delegate up to its governing body and is reviewed by the governing body and, where it exists, the supervisory function of the delegate.

Where portfolio management functions are delegated, the ACD will ensure that the delegate maintains a written conflicts of interest policy.

Potential conflicts of interest shall be deemed properly prevented, identified, managed, monitored and, as a last resort, disclosed to Shareholders in a Fund only if:

- the ACD ensures that the delegate takes all reasonable steps to prevent, manage and monitor potential conflicts of interest that may arise between itself and the ACD, that Fund or the Shareholder in that Fund. The ACD shall ensure that the delegate has procedures in place corresponding to those required under articles 31 to 34 of EU Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012.
- the ACD ensures that the delegate discloses potential conflicts of interest as well as the procedures and measures to be adopted by it in order to manage such conflicts of interest to the ACD, which shall disclose them to the Company and the Shareholders in that Fund in accordance with article 36 of EU Commission Delegated Regulation (EU) No.231/2013 of 19 December 2012.

### **31. BEST EXECUTION**

The ACD's best execution policy sets out the basis upon which it will effect transactions and place orders in relation to the Company. The ACD will act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. It will take all sufficient steps to obtain, when executing decisions to deal on behalf of the relevant Fund, the best possible result for each Fund taking into account factors such as price and costs. Details of this best execution policy are available on the ACD's website at [www.santanderam.co.uk](http://www.santanderam.co.uk).

### **32. INDUCEMENTS**

The ACD will not accept and retain any fees, commissions or monetary benefits, or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of that party. However, this does not apply to minor non-monetary benefits that are capable of enhancing the quality of the service provided to a Fund, and are of a scale and nature such that they could not be judged to impair the ACD's compliance with its duty to act honestly, fairly and professionally in the best interests of the relevant Fund.

In the event that the ACD receives any fees, commissions or monetary benefits from a third party in relation to any services provided to a Fund, the ACD will return these to the relevant Fund as soon as reasonably possible and inform Shareholders in the Fund about such fees, commissions and/or monetary benefits, as applicable.

### **33. FAIR TREATMENT OF INVESTORS**

Procedures, arrangements and policies have been put in place by the ACD to ensure compliance with the principles of fair treatment of investors. These include but are not limited to:

- (a) acting in the best interest of the Funds and of Shareholders;
- (b) executing the investment decisions taken for the account of the Funds in accordance with the objectives, the investment policy and the risk profile of the Funds;
- (c) ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders;
- (d) ensuring that fair, correct and transparent pricing models and valuation systems are used for the Funds managed;
- (e) preventing undue costs being charged to the Funds and Shareholders;
- (f) taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and
- (g) recognising and dealing with complaints fairly.

## **APPENDIX 1**

### **INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS**

Investment of the assets of each Fund must comply with the COLL Sourcebook, the FUND Sourcebook and the Fund's own investment objective and policy.

Details of each Fund are set out below, including information on its investment objective and policy, available Classes, accounting reference dates, charges, minimum investment levels and distribution dates.

A detailed statement of the investment and borrowing restrictions applicable to each Fund is contained in Appendix 2. A list of the eligible securities and derivatives markets on which each Fund may invest is contained in Appendix 3.

## GENERAL INFORMATION AND GLOSSARY OF TERMS USED IN INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS

### 1. Benchmarks

A Fund may employ a benchmark, in the form of an Index or a commercial peer group, in one or more of three ways:

- (i) as a “**Constraint Benchmark**”, whereby the Fund’s investments are selected with reference to an Index, in some cases so that the composition of the Fund’s investments remains at all times within a stated Tracking Error of the composition of that Index;
- (ii) as a “**Target Benchmark**”, whereby a target for the Fund’s performance has been set with reference to the performance of an Index or the average performance of a commercial peer group;
- (iii) as a “**Comparator Benchmark**”, whereby the Fund’s performance can be compared against the performance of an Index or the average performance of a commercial peer group to determine the success of the Fund in meeting its investment objective. The ACD will not use a Comparator Benchmark to determine the assets a Fund holds or the level of risk it is taking.

An “**Index**” is a hypothetical portfolio of investments which represents a segment of the financial market.

Any Sub-Investment Manager(s) appointed by the ACD to manage a portion of a Fund may manage that portion to a different Benchmark (if applicable) to that of the Fund overall. In these circumstances the ACD will ensure that either: (i) the Sub-Investment Manager’s Benchmark has a high correlation with that of the Fund, or (ii) it is otherwise an appropriate Benchmark to use in relation to that portion of the Fund. The ACD will continue in such situations to manage and / or monitor the Fund overall to the Benchmark stated in the Fund’s investment objective and policy.

“**Tracking Error**” is a measure of the variation at a given time between the potential realised returns of: (i) a Fund’s investments, and (ii) the investments which make up an Index. In general, the lower the Tracking Error, the lower the degree of variation of the Fund’s investments from those of the relevant Index and hence the more closely that Index is tracked by the Fund. A lower Tracking Error also means a Fund can take a lower level of risk relative to the relevant Constraint Benchmark, while a higher Tracking Error means a Fund can take more risk compared to the relevant Constraint Benchmark. Note that a Tracking Error of zero will still have a level of risk equal to the relevant Constraint Benchmark’s risk.

Where a Fund is managed with reference to an Index as a Constraint Benchmark subject to a Tracking Error upper target, the ACD uses a forward looking measure and assumptions to calculate Tracking Error, and consequently it is not guaranteed that the realised Tracking Error (as measured using historic Fund and Index returns) for the Fund will fall below the upper target specified.

### 2. Collective Investment Schemes

A “**Collective Investment Scheme**” is an investment fund used for collective investment by investors. Their money is invested on a pooled basis by an investment manager in return for a fee.

### 3. Derivatives

A “**Derivative**” is a contract which derives its value / price from an underlying asset, such as shares or bonds. A Fund may employ Derivatives in one or both of two ways:

- (i) for “**Efficient Portfolio Management**”, which means that Derivatives will be used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk of the Fund;

- (ii) for “**Investment Purposes**”, which means that Derivatives will be more widely used as an investment strategy to meet the objective of the Fund.

#### 4. Hedging

A Fund may buy assets which are denominated in a foreign currency but “**Hedged to UK Pounds Sterling**”. Hedging is used by a Fund to reduce the effects of exchange rate movements between UK Pounds Sterling and the value of a foreign currency in which assets are traded.

#### 5. Risk

A Fund may be managed to stay within a risk category defined by the Santander UK Risk Categorisation Process, ranging from “**Lower Risk**”, through “**Medium Risk**”, to “**High Risk**”. A Fund in the High Risk category will be broadly equal in risk to a diversified global equity fund or Index.

#### 6. Volatility

“**Volatility**” is a measure of how much the return on an investment in a Fund fluctuates around its average return, and can be used to categorise a Fund according to how much risk an investment in it involves. A Fund may target a “**Volatility Risk Level**” from 1 to 10 (whereby 1 is the least volatile and so lowest risk and 10 the most volatile and highest risk) measured and calculated by an independent third party risk rating company, and the Fund’s potential gains and losses are likely to be constrained by the aim to stay within this Volatility Risk Level.

**Santander Atlas Portfolio 3**  
**PRN 636804**

**Investment Objective and Policy**

**Objective**

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

**Policy**

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

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

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

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

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

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

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below a pre-determined 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.

**Further Information**

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

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

Variable remuneration of individual fund managers for the Fund is determined by assessing a number of different factors. Insofar as these relate to investment performance, any assessment will be made by comparing Fund performance relative to a commercial peer group of competitor funds with similar investment objectives and policies.

Classes

Retail Accumulation Shares

	Retail Income Shares
	Institutional Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	Retail Shares: £500
	Institutional Shares: £500
Minimum Subsequent Investment	Retail Shares: £250
	Institutional Shares: £1.50
Minimum Withdrawal	Retail Shares: £250
	Institutional Shares: £1.50
Minimum Holding	Retail Shares: £250
	Institutional Shares: £500
ACD's Annual Management Charge	Retail Shares: 0.40%
	Institutional Shares: 0.40%
OCF Cap	0.99%
Initial Charge	Retail Shares: 0%
	Institutional Shares: 0%
Annual Accounting Date and Annual Income Allocation Date	1 December
Annual Income Distribution Date	1 February
Interim Accounting Date	1 June
Interim Income Allocation Dates	Quarterly, two months prior to distribution: 1 March, 1 June and 1 September
Interim Income Distribution Dates	1 May, 1 August and 1 November
Annual Report published by	1 April
Interim Report published by	1 August
Leverage	Gross method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)
	Commitment method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)
Additional Information	Up to date details of where Underlying Funds are established can be obtained on request from the ACD



**Santander Atlas Portfolio 4**  
**PRN 636803**

**Investment Objective and Policy**

**Objective**

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

**Policy**

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

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

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

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

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

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

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 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.

**Further Information**

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

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

Variable remuneration of individual fund managers for the Fund is determined by assessing a number of different factors. Insofar as these relate to investment performance, any assessment will be made by comparing Fund performance relative to a commercial peer group of competitor funds with similar investment objectives and policies.

Classes

Retail Accumulation Shares

Retail Income Shares

	Institutional Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	Retail Shares: £500 Institutional Shares: £500
Minimum Subsequent Investment	Retail Shares: £250 Institutional Shares: £1.50
Minimum Withdrawal	Retail Shares: £250 Institutional Shares: £1.50
Minimum Holding	Retail Shares: £250 Institutional Shares: £500
ACD's Annual Management Charge	Retail Shares: 0.40% Institutional Shares: 0.40%
OCF Cap	0.99%
Initial Charge	Retail Shares: 0% Institutional Shares: 0%
Annual Accounting Date and Annual Income Allocation Date	1 December
Annual Income Distribution Date	1 February
Interim Accounting Date	1 June
Interim Income Allocation Dates	Quarterly, two months prior to distribution: 1 March, 1 June, 1 September
Interim Income Distribution Dates	1 May, 1 August, 1 November
Annual Report published by	1 April
Interim Report published by	1 August
Leverage	Gross method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)  Commitment method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)
Additional Information	Up to date details of where Underlying Funds are established can be obtained on request from the ACD

**Santander Atlas Portfolio 5**  
**PRN 636802**

**Investment Objective and Policy**

**Objective**

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

**Policy**

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

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

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

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

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

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

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 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.

**Further Information**

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

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

Variable remuneration of individual fund managers for the Fund is determined by assessing a number of different factors. Insofar as these relate to investment performance, any assessment will be made by comparing Fund performance relative to a commercial peer group of competitor funds with similar investment objectives and policies.

Classes

Retail Accumulation Shares

	Institutional Accumulation Shares
Currency of Denomination	Pounds Sterling
Minimum Initial Investment	Retail Shares: £500 Institutional Shares: £500
Minimum Subsequent Investment	Retail Shares: £250 Institutional Shares: £1.50
Minimum Withdrawal	Retail Shares: £250 Institutional Shares: £1.50
Minimum Holding	Retail Shares: £250 Institutional Shares: £500
ACD's Annual Management Charge	Retail Shares: 0.40% Institutional Shares: 0.40%
OCF Cap	0.99%
Initial Charge	Retail Shares: 0% Institutional Shares: 0%
Annual Accounting Date and Annual Income Allocation Date	1 December
Annual Income Distribution Date	1 February
Interim Accounting Date and Interim Income Allocation Date	1 June
Interim Income Distribution Date	1 August
Annual Report published by	1 April
Interim Report published by	1 August
Leverage	Gross method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)  Commitment method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)
Additional Information	Up to date details of where Underlying Funds are established can be obtained on request from the ACD

**Santander Atlas Portfolio 7**  
**PRN 636801**

**Investment Objective and Policy**

**Objective**

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

**Policy**

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

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

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

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

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

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

The Fund may use Derivatives for Efficient Portfolio Management.

The Fund operates with an OCF cap, which means that the ACD will aim to keep the cost of investing in it, excluding transaction costs, below 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.

**Further Information**

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

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

Variable remuneration of individual fund managers for the Fund is determined by assessing a number of different factors. Insofar as these relate to investment performance, any assessment will be made by comparing Fund performance relative to a commercial peer group of competitor funds with similar investment objectives and policies.

Classes

Retail Accumulation Shares

Institutional Accumulation Shares

Currency of Denomination	Pounds Sterling
Minimum Initial Investment	Retail Shares: £500 Institutional Shares: £500
Minimum Subsequent Investment	Retail Shares: £250 Institutional Shares: £1.50
Minimum Withdrawal	Retail Shares: £250 Institutional Shares: £1.50
Minimum Holding	Retail Shares: £250 Institutional Shares: £500
ACD's Annual Management Charge	Retail Shares: 0.40% Institutional Shares: 0.40%
OCF Cap	0.99%
Initial Charge	Retail Shares: 0% Institutional Shares: 0%
Annual Accounting Date and Annual Income Allocation Date	1 December
Annual Income Distribution Date	1 February
Interim Accounting Date and Interim Income Allocation Date	1 June
Interim Income Distribution Date	1 August
Annual Report published by	1 April
Interim Report published by	1 August
Leverage	Gross method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)  Commitment method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)
Additional Information	Up to date details of where Underlying Funds are established can be obtained on request from the ACD

**Balanced International Tracking  
PRN 636806**

**Investment Objective and Policy**

**Objective**

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

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

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

**Policy**

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

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

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

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

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

The Fund may use Derivatives for Efficient Portfolio Management.

**Further Information**

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

Variable remuneration of individual fund managers for 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 as well as a commercial peer group of competitor funds with similar investment objectives and policies.

Classes	Retail Accumulation Shares
	I Accumulation Shares
Currency of Denomination	Pounds Sterling

Minimum Initial Investment	Retail Accumulation Shares: £1.00 I Accumulation Shares: £500
Minimum Subsequent Investment	Retail Accumulation Shares: £1.00 I Accumulation Shares: £1.50
Minimum Withdrawal	Retail Accumulation Shares: £1.00 I Accumulation Shares: £250
Minimum Holding	Retail Accumulation Shares: £1.00 I Accumulation Shares: £250
ACD's Annual Management Charge	Retail Accumulation Shares: 1.50% I Accumulation Shares: 0.35%
Initial Charge	0%
Annual Accounting Date and Annual Income Allocation Date	1 December
Annual Income Distribution Date	1 February
Interim Accounting Date and Interim Income Allocation Date	1 June
Interim Income Distribution Date	1 August
Annual Report published by	1 April
Interim Report published by	1 August
Leverage	Gross method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)  Commitment method calculation basis: 2:1 (i.e. 200% exposure as % of NAV)
Additional Information	Up to date details of where Underlying Funds are established can be obtained on request from the ACD



## APPENDIX 2

### INVESTMENT POWERS AND SAFEGUARDS

#### 1 General

The Company is a non-UCITS retail scheme and is structured as an umbrella company. It comprises various Funds, each of which is operated as a distinct Fund with its own portfolio of investments. The property of each Fund is invested with the aim of achieving the investment objective of that Fund but subject to the limits on investment set out in this Appendix and the provisions of chapter 5 of the FCA's COLL Sourcebook which are applicable to non-UCITS Schemes. These limits apply to each Fund as summarised below.

#### 2 Prudent Spread of Risk

The ACD must ensure that, taking account of the investment objectives and policy of each Fund, the scheme property of each Fund aims to provide a prudent spread of risk.

#### 3 Transferable Securities

Each Fund is able to invest up to 100% in "approved securities", which are either: (i) transferable securities or money market instruments admitted to official listing in an EEA State; (ii) traded on or under the rules of an eligible securities market (otherwise than by the specific permission of the market authority); or (iii) recently issued transferable securities provided that the terms of issue include an undertaking that application will be made for those securities to be admitted to an eligible market (as defined below) and that such admission is secured within a year of issue.

Transferable securities include shares and stock of companies, debentures, debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness issued by a variety of issuers (including governments, local authorities, and public authorities), warrants or certificates representing certain securities, in each case which are transferable without the consent of a third party.

An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

An eligible securities markets is a:

- (i) regulated market;
- (ii) market established in an EEA State which is regulated, operates regularly and is open to the public; or
- (iii) market which the ACD, after consultation with and notification to the Depositary, has decided is appropriate for the purpose of investment of or dealing in the property of the Company, having regard to the relevant criteria in the FCA Regulations. These markets must operate regularly and be regulated, recognised, adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors, and open to the public.
- (iv) The eligible markets for any Fund as at the date of this prospectus are shown in Appendix 3. Further eligible securities markets may be added in accordance with Section 25 titled "Change Process".

#### 4 Spread

**4.1 Spread: General (not applicable in respect of a transferable security of any approved money market instrument to which "Spread: Government and Public Securities" applies)**

- (1) Not more than 20% in value of a Fund is to consist of deposits with a single body.

(2) Not more than 10% in value of a Fund is to consist of transferable securities or money market instruments issued by any single body. This limit of 10% is raised to 25% in value of a Fund in respect of covered bonds. In applying these limits, certificates representing certain securities are to be treated as equivalent to the underlying security.

A single body is:

(a) in relation to transferable securities and money market instruments, the person by whom they are issued; and

(b) in relation to deposits, the person with whom they are placed.

(3) Not more than 20% of a Fund can be invested in transferable securities which: do not satisfy any of the paragraphs (i), (ii) or (iii) of "approved securities" in section 3 above; are money market instruments which are not admitted to or dealt in on an eligible market; and / or form part of an unregulated schemes.

(4) A Fund may be invested in transferable securities as described above on which any sum is unpaid only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund at the time when payment is required without contravening the Regulations.

(5) A Fund may not acquire any investment attached to an actual contingent liability unless the maximum amount of such liability is ascertainable at the time of acquisition.

(6) The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of a Fund. For the purposes of calculating this limit, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified below:

- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
- (b) it is exposed only to negligible risks (eg government bonds of first credit rating or cash) and is liquid;
- (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- (d) it can be fully enforced by the Company at any time.

OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with the conditions set out in section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive and are based on legally binding agreements.

All derivatives are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee and is characterised by a daily mark-to market valuation of the derivative positions and an at least daily margining.

(7) Not more than 35% in value of a Fund is to consist of the units of any one collective investment scheme.

#### **4.2 Spread: Government and Public Securities**

(1) This rule applies in respect of transferable securities or approved money market instruments ("such securities") which are issued or guaranteed by:

- (a) an EEA State;
- (b) a local authority of an EEA State;

- (c) a non-EEA State; or
- (d) a public international body to which one or more EEA States belong.

(2) Where no more than 35% in value of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

(3) More than 35% in value of a Fund may be invested in such securities issued or guaranteed by a single state, local authority or public international body provided that:

- (a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is appropriate in accordance with the investment objectives of that Fund;
- (b) no more than 30% in value of the property of that Fund consists of such securities of any one issue;
- (c) the property of the Fund includes at least six different issues of such securities, whether of that or another issuer; and
- (d) such securities may be issued or guaranteed by any of the following states: Austria, Belgium, Brazil, Bulgaria, Canada, China, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom or United States of America.

#### 4.3 Investment in Warrants and Nil and Partly Paid Securities

A Fund may not invest in warrants and nil and partly paid securities unless the investment complies with the following conditions:

- (1) the exposure created by the exercise of the right conferred by the warrant must not exceed the limits applicable to the Fund detailed in sections 4.1 and 4.2 above;
- (2) up to 100% of the value of the property of a Fund may consist of warrants provided that warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the Regulations. Securities and approved money market instruments on which any sum is unpaid may be held by a Fund provided it is reasonably foreseeable that the amount of any existing and potential call for any sum could be paid by the Fund at any time when the payment is required without contravening the Regulations.

Warrants often involve a high degree of gearing so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of the warrant. The prices of warrants can therefore be volatile and this will increase the volatility of the relevant Fund.

#### 4.4 Investment in Collective Investment Schemes

The property of a Fund may be invested in units in a collective investment scheme (a “**Second Scheme**”) provided conditions (1) to (5) below are met.

- (1) The Second Scheme:
  - (a) satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;
  - (b) is a non-UCITS retail scheme;
  - (c) is a recognised scheme in accordance with section 264, section 270 or section 272 of the Act;

- (d) is constituted outside the United Kingdom and its investment and borrowing powers are the same or more restrictive than those of a non-UCITS retail scheme; or
  - (e) is a scheme not falling within (a) to (d) and in respect of which no more than 20% in value of the property of that Fund (including any transferable securities which are not approved securities) is invested.
- (2) The Second Scheme operates on the principle of the prudent spread of risk.
- (3) The Second Scheme is prohibited from having more than 15% in value of its property consisting of units in collective investment schemes.
- (4) Participants in the Second Scheme must be entitled to have their units redeemed in accordance with the scheme rules at a price related to the net value of the property to which the units relate and determined in accordance with the Second Scheme.
- (5) Where the Second Scheme is an umbrella fund, the provisions in (2) to (4) and the requirements in the section titled "Spread: General" above apply to each of its sub-funds as if it were a separate scheme.

A Fund may invest in or dispose of units in a Second Scheme whose ACD is the ACD of the Company or an associate of the ACD of the Company, only if the ACD is under a duty to pay to the Fund by the close of business on the fourth Business Day after the agreement to buy or to sell the amount referred to in (a) and (b).

- (a) Where an investment is made and there is a charge in respect of such investment, either:
  - (i) any amount by which the consideration paid by the Fund for the units in the Second Scheme exceeds the price which would have been paid for the benefit of the Second Scheme had the units been newly issued or sold by it; or
  - (ii) if such price cannot be ascertained by the ACD of the Company, the maximum amount of any charge permitted to be made by the seller of units in the Second Scheme.
- (b) Where a disposal is made and there is a charge in respect of such disposal, the amount of any charge made for the account of the ACD or operator of the Second Scheme or an associate of any of them in respect of the disposal.

Further to the above paragraph, any addition to or deduction from the consideration paid on the acquisition or disposal of units in the Second Scheme, which is applied for the benefit of the Second Scheme and is, or is like, a dilution levy made in accordance with FCA Regulation is to be treated as part of the price of the units and not as part of any charge; and any charge made in respect of an exchange of units in one sub-fund or separate part of the Second Scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

The property of a Fund may include Shares in another Fund of the Company.

#### **4.5 Use of Derivatives**

(1) Derivatives may be used by the Funds for efficient portfolio management as set out in the investment objectives of each Fund in Appendix 1. The Net Asset Value of a Fund may therefore at times be highly volatile. However it is the ACD's intention that the Funds, owing to their portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments. The use of derivatives may change the risk profile of a Fund. Please also see Section 20 titled "Risk Factors".

The requirements for the techniques used for efficient portfolio management and hedging are that they are:

- (a) economically appropriate in that they are realised in a cost effective way; and

- (b) entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the relevant Fund with a risk level consistent with the Fund's risk profile and the risk diversification rules laid down in the FCA Regulations.
- (2) A transaction in a derivative or a forward transaction must:
  - (a) be in an approved derivative or be one which complies with the relevant FCA Regulations;
  - (b) if an OTC derivative, be in a future, an option, a contract for difference or other derivative traded over the counter, which must: be entered into with a counterparty which is acceptable under the FCA Regulations; be on approved terms as to valuation and close out; and be capable of reliable valuation and subject to verifiable valuation;
  - (c) have the underlying consisting of any or all of the following to which the Fund is dedicated: transferable securities; approved money market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; financial indices which satisfy the criteria set out in FCA Regulation; interest rates; foreign exchange rates; and currencies;
  - (d) if an approved derivative be effected on or under the rules of an eligible derivatives market;
  - (e) not cause a Fund to diverge from its investment objectives, or be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives; and
  - (f) be with an Eligible Institution or Approved Bank;

The use of derivatives must be supported by a risk management process maintained by the ACD, which should take account of the investment objectives and policies of the Funds. A copy of this risk management process is available on request from the ACD.

- (3) A transaction in derivatives or a forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which a Fund is or may be committed by another person is covered under the paragraph 4 below.
- (4) Exposure is covered if adequate cover from the scheme property for the relevant Fund is available to meet its total exposure, taking into account the initial outlay, the value of its underlying assets, any reasonably foreseeable market movements, counterparty risk and the time available to liquidate any positions.
- (5) Cash not yet received into the scheme property of a Fund but due to be received within one month, is available as cover for the purposes of paragraph 4 above.
- (6) Property of a Fund which is the subject of a stocklending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- (7) The exposure relating to derivatives held by a Fund may not exceed the net value of its scheme property.

(8) Not more than 10% of a Fund is to be put at risk in respect of an exposure from an OTC derivative transaction to any one counterparty.

(9) All derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is:

- (a) backed by an appropriate performance guarantee; and
- (b) characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

(10) No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

- (a) the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property of the assignment (or, in Scotland, assignation) of rights; and
- (b) the property and rights referred to in (a) above are owned by the Fund at the time of the agreement.

(11) The provisions of paragraph 10 above do not apply to a deposit, or where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the relevant scheme property which falls within one of the following asset classes:
  - (i) cash;
  - (ii) liquid debt instruments (eg government bonds of first credit rating) with appropriate safeguards (in particular haircuts); or
  - (iii) other highly liquid assets which are recognised considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (eg haircuts where relevant).

(12) In the asset classes referred to in paragraph 11 above, assets may be considered as liquid where the relevant instruments can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## **5 Cash and Near Cash**

Each Fund may hold cash or near cash to the extent that it is necessary in order to enable:

- (a) the pursuit of the Fund's investment objectives;
- (b) redemption of Shares;
- (c) efficient management of the Fund in accordance with its investment objectives; or
- (d) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

## **6 Borrowing**

On the instructions of the ACD, the Company may borrow money for the use of the Funds on terms that the borrowing is to be repayable out of the property of the relevant Fund. Such borrowing is subject to

any restriction set out in the Instrument of Incorporation. The Company may borrow only from an Eligible Institution or an Approved Bank. Borrowings may be arranged with the Depositary which is an Eligible Institution. The ACD must ensure that any borrowing of a Fund complies with the FCA Regulations.

The ACD must ensure that borrowing does not exceed 10% of the value of the property of a Fund on any Business Day.

These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes, meaning borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

For the purposes of this section, borrowing includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the scheme property of a Fund with the expectation that the sum will be repaid.

## **7 Breaches of the Investment and Borrowing Powers and Limits**

Generally the ACD must at its own expense take action to rectify any breach by a Fund of its investment and borrowing powers and limits as soon as it becomes aware of it. However if:

- (a) the reason for the breach is beyond the control of the ACD and the Depositary; or
- (b) the exercise of rights conferred by investments held for any Fund would involve a breach,

the ACD must take the steps necessary to rectify such breach as soon as is reasonably practicable having regard to the interests of relevant Shareholders, and, in any event, within six months or, if it is a derivative or forward transaction, five Business Days.

## **8 Supplementary Information**

Shareholders may upon request to the ACD obtain the following information which is supplementary to the Prospectus and which relates to:

- (a) the quantitative limits applying to the risk management of a Fund;
- (b) the methods used in relation to (a); and
- (c) any recent development of the risk and yields of the Fund’s main categories of investment.

### APPENDIX 3

#### ELIGIBLE SECURITIES MARKETS

The Funds may deal through the securities markets indicated below in addition to any market established in an EEA State on which transferable securities admitted to official listing in an EEA State are dealt in or traded.

Australia	Australian Securities Exchange (ASX Limited)
	Montreal Stock Exchange
Canada	Toronto Stock Exchange
Hong Kong	Hong Kong Exchanges
	Jasdaq
	Nagoya Stock Exchange
	Osaka Securities Exchange
Japan	Tokyo Stock Exchange
New Zealand	New Zealand Stock Exchange
Singapore	Singapore Exchange
Switzerland	SIX Swiss Exchange
	NASDAQ
United States	New York Stock Exchange



## **ELIGIBLE DERIVATIVES MARKETS**

The Funds may deal through the derivatives markets indicated below in addition to any market established in an EEA State on which transferable securities admitted to official listing in an EEA State are dealt in or traded.

Australia	Australian Securities Exchange (ASX Limited)
	Montreal Stock Exchange
Canada	Toronto Stock Exchange
Hong Kong	Hong Kong Exchanges/HK Ex
	Osaka Securities Exchange
Japan	Tokyo Stock Exchange
New Zealand	New Zealand Futures and Options Exchange
	Chicago Board of Trade
	Chicago Mercantile Exchange
United States	NYSE

## APPENDIX 4

### LIST OF SUB-CUSTODIANS

Country	
Argentina	Citibank N.A., Argentina
Australia	Hong Kong and Shanghai Banking Corporation Limited Australia Branch  Citigroup Pty Limited
Austria	UniCredit Bank Austria AG  Citibank N.A. (Milan)
Bahrain	HSBC Bank Middle East Limited
Bangladesh	Hong Kong and Shanghai Banking Corporation Limited
Belgium	Citibank Europe Plc, UK branch
Bermuda	HSBC Bank Bermuda Limited
Botswana	Stanbic Bank Botswana Limited
Brazil	Citibank N.A., Brazil  Itaú Unibanco S.A
Bulgaria	Citibank Europe Plc, Bulgaria Branch
Burkina Faso	Please see WAEMU market
Canada	CIBC Mellon Trust Company (CIBC Mellon)
Cayman islands	Bank of New York Mellon
Channel Islands	Bank of New York Mellon
Chile	Banco de Chile  Itaú Corpbanca S.A.
China	HSBC Bank (China) Company Limited
Colombia	Cititrust Colombia S.A. Sociedad Fiduciara
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privredna Banka Zagreb d.d.
Cyprus	BNP Paribas Securities Services, S.C.A Athens
Czech Republic	Citibank Europe Plc, Organizacni Slozka
Denmark	Skandinaviska Enskilda Banken AB (Publ)
Egypt	HSBC Bank Egypt S.A.E.
Estonia	Seb Pank AS
Euroclear	Euroclear Bank  Clearstream Banking S.A
Finland	Skandinaviska Enskilda Banken AB (Publ)
France	BNP Paribas Securities Services S.C.A.  Citibank Europe Plc, UK branch
Germany	Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Ghana	Stanbic Bank Ghana Limited

Greece	BNP Paribas Securities Services S.C.A., Athens
Guinea Bissau	Please see WAEMU market
Hong Kong	Deutsche Bank AG Hong Kong and Shanghai Banking Corporation Limited
Hungary	Citibank Europe Plc, Hungarian Branch Office
Iceland	Landsbankinn hf
India	Deutsche Bank AG Hong Kong and Shanghai Banking Corporation Limited
Indonesia	Deutsche Bank AG, Jakarta
Ireland	Bank of New York Mellon
Israel	Bank Hapoalim B.M.
Italy	Italian CSD, Monte Titoli
Ivory Coast	Please see WAEMU market
Japan	Mizuho Bank Ltd Bank of Tokyo-Mitsubishi UFJ Limited
Jordan	Standard Chartered Bank
Kazakhstan	Joint-Stock Company Citibank Kazakhstan
Kenya	CfC Stanbic Bank Limited
Kuwait	HSBC Bank Middle East Limited, Kuwait
Latvia	AS SEB Banka
Lebanon	HSBC Bank Middle East Limited, Beirut Branch
Lithuania	AB SEB Bankas
Luxembourg	Euroclear Bank
Malawi	Standard Bank Limited
Malaysia	Deutsche Bank (Malaysia) Berhad
Mali	Please see WAEMU market
Malta	Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Mauritius	Hong Kong and Shanghai Banking Corporation Limited
Mexico	Citibanamex
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	Bank of New York Mellon SA/NV
New Zealand	National Australia Bank Limited
Niger	Please see WAEMU market
Nigeria	Stanbic IBTC Bank Plc
Norway	Skandinaviska Enskilda Banken AB (Publ)
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Deutsche Bank AG
Panama	Citibank N.A., Panama Branch
Peru	Citibank Del Peru S.A.

Philippines	Deutsche Bank AG
Poland	Bank Polska Kasa Opieki S.A.
Portugal	Citibank Europe Plc, Sucursal em Portugal
Qatar	HSBC Bank Middle East Limited, Doha
Romania	Citibank Europe Plc, Romania Branch
Russia	Deutsche Bank Ltd  AO Citibank  Public Joint Stock Company (PJSC) ROSBANK
Saudi Arabia	HSBC Saudi Arabia Limited
Senegal	Please see WAEMU market
Serbia	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd  United Overseas Bank Ltd
Slovak Republic / Slovakia	Citibank Europe Plc, pobočka zahraničnej banky
Slovenia	UniCredit Banka Slovenia d.d.
South Africa	Standard Bank of South Africa Limited
South Korea	Deutsche Bank AG  Hong Kong and Shanghai Banking Corporation Limited
Spain	Santander Securities Services, S.A.U.  Banco Bilbao Vizcaya Argentaria, S.A.
Sri Lanka	Hong Kong and Shanghai Banking Corporation Limited
Swaziland	Standard Bank Swaziland Limited
Sweden	Skandinaviska Enskilda Banken AB (Publ)
Switzerland	Credit Suisse (Switzerland) Ltd
Taiwan	HSBC Bank (Taiwan) Limited
Tanzania	Stanbic Bank Tanzania Limited
Thailand	Hong Kong and Shanghai Banking Corporation Limited
Togo	Please see WAEMU market
Tunisia	Banque Internationale Arabe de Tunisie
Turkey	Deutsche Bank A.S.
Uganda	Stanbic Bank Uganda Limited
Ukraine	Public Joint Stock Company "Citibank"
United Arab Emirates-ADX	HSBC Bank Middle East Limited, Dubai
United Arab Emirates-DFM	HSBC Bank Middle East Limited, Dubai
United Arab Emirates-NASDAQ	HSBC Bank Middle East Limited, Dubai
United Kingdom	Bank of New York Mellon  Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
United States	Bank of New York Mellon

	HSBC Bank, USA, N.A.
Uruguay	Banco Itaú Uruguay S.A.
Venezuela	Citibank N.A., Sucursal Venezuela
Vietnam	HSBC Bank (Vietnam) Ltd
WAEMU (West African Economic and Monetary Union)	Société Générale de Banques en Côte d'Ivoire
Zambia	Stanbic Bank Zambia Ltd
Zimbabwe	Stanbic Bank Zimbabwe Limited

### SCHEDULE 1

Fund	Launch Date	% Growth 30/06/2006 to 30/06/2007	%Growth 30/06/2007 to 30/06/2008	%Growth 30/06/2008 to 30/06/2009	%Growth 30/06/2009 to 30/06/2010	%Growth 30/06/2010 to 30/06/2011	%Growth 30/06/2011 to 29/06/2012	%Growth 29/06/2012 to 28/06/2013	%Growth 28/06/2013 to 29/06/2014	%Growth 29/06/2014 to 29/06/2015	%Growth 29/06/2015 to 29/06/2016	%Growth 29/06/2016 to 29/06/2017
Santander Atlas Portfolio 3 Retail Acc Shares	17/9/2003	(acc) 1.0	(acc) -5.3	(acc) -8.7	(acc) 12.5	(acc) 5.8	(acc) 5.1	7.40	5.3	4.7	2.2	7.1
Santander Atlas Portfolio 3 Retail Inc Shares		(inc) 0.9	(inc) -5.2	(inc) -8.7	(inc) 12.4	(inc) 5.8	(inc) 5.1	7.40	5.4	4.6	2.2	7.2
Santander Atlas Portfolio 3 Ins Acc Shares		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.2	2.6	7.3
Santander Atlas Portfolio 4 Retail Acc Shares	17/9/2003	(acc) 6.6	(acc) -8.2	(acc) -11.5	(acc) 14.7	(acc) 12.3	(acc) -0.4	(acc) 13.51	7.1	6.3	1.3	11.8
Santander Atlas Portfolio 4 Retail Inc Shares		(inc) 6.6	(inc) -8.2	(inc) -11.5	(inc) 14.7	(inc) 12.3	(inc) -0.5	(inc) 13.54	6.2	6.2	1.2	11.8
Santander Atlas Portfolio 4 Ins Acc Shares		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.7	1.6	11.9
Santander Atlas Portfolio 5 Retail Acc Shares	17/9/2003	(acc) 10.5	(acc) -10.4	(acc) -13.9	(acc) 15.5	(acc) 15.5	(acc) -4.1	(acc) 16.95	7.6	7.3	-2.0	16.8
Santander Atlas Portfolio 5 Ins Acc Shares		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.7	-1.9	16.9
Santander Atlas Portfolio 7 Retail Acc Shares	17/9/2003	(acc) 13.5	(acc) -13.1	(acc) -16.8	(acc) 16.7	(acc) 19.8	(acc) -8.7	(acc) 20.65	8.3	8.4	-2.8	23.8
Santander Atlas Portfolio 7 Ins Acc Shares		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.9	-2.6	24.0
Balanced International Tracking Retail Acc Shares	21/3/2005	(acc) 9.1	(acc) -8.9	(acc) -10.6	(acc) 15.2	(acc) 14.3	(acc) -0.1	(acc) 14.82	8.3	6.2	2.5	18.2

Source: Lipper

Basis: Bid-to-Bid

**PAST PERFORMANCE IS NOT NECESSARILY A GUIDE TO FUTURE PERFORMANCE.**

