

11 September 2023

## Notification to investors: merger proposal for investors in Sterling Bond

### About this information pack

**i Important information - opportunity to vote and have a say**

This information pack is important and requires your immediate attention. It contains information about a proposed merger of the fund you are invested in.

<b>Part A</b>	<b>Notification to Investors</b>	<b>[ ]</b>
	A high-level summary of our plan to merge the fund in which you are invested with another fund, and what you need to do.	
<b>Part B</b>	<b>Details of the proposal</b>	<b>[ ]</b>
	More detailed information about the plan, procedure, your options, costs of the merger and key dates.	
<b>Part C</b>	<b>Comparison of Sterling Bond and the Santander Sterling Bond Portfolio</b>	<b>[ ]</b>
	Detail regarding the differences between your current fund and the replacement fund proposed under the merger.	
<b>Part D</b>	<b>Merger Terms</b>	<b>[ ]</b>
	The technical and legal terms of the merger.	
<b>Part E</b>	<b>Glossary</b>	<b>[ ]</b>
	Explanation of the definitions and terms used in this information pack.	
<b>Appendix 1</b>	<b>Notice of the Investor Meeting</b>	<b>[ ]</b>
	Formal notice of the extraordinary general meeting of investors in Sterling Bond Fund.	
<b>Appendix 2</b>	<b>Voting Form</b>	<b>[ ]</b>
	The form you need to complete (form of proxy) to vote at the extraordinary general meeting.	

[If you need this information pack in an alternative format, for example Braille, please contact us using the contact details in Part A]

## Key Dates (UK time)

<b>8 September 2023</b>	The date at which a person must hold Shares in order to be eligible to vote (i.e., to qualify as an 'Investor', the "Qualification Date")
<b>11 September 2023</b>	The date we send this Information Pack to Investors
<b>10:30am on 7 January 2024</b>	The time and date by which we must receive your Voting Form
<b>10:30am on 9 January 2024 (or if the Investor Meeting is adjourned, it will be held at 10:30am on 23 January 2024)</b>	Investor Meeting where investors will have an opportunity to vote for or against the merger. See the Notice of Meeting at Appendix 1 for more information on the process of the meeting and voting.
<b>9 January (or if the Investor Meeting is adjourned, on 23 January 2024)</b>	Outcome of the Investor Meeting published on our website
<b>Additionally, if the Merger is approved by Investors:</b>	
<b>Scenario 1*: The Investor Meeting is on 9 January 2024 and the vote occurs</b>	
<b>9 January – 22 January 2024</b>	You will be able to deal in your shares in Sterling Bond as normal.
<b>Midday on 23 January 2024</b>	The last point for dealing in your Shares in Sterling Bond, after this you will not be able to buy or sell your Shares until after the Merger is effective, at which point you can trade in the New Shares (5 February 2024)
<b>Midday on 2 February 2024</b>	The point at which we value Sterling Bond and the Sterling Bond Portfolio for the purposes of the Merger.  This is also the date at which we will have an interim income allocation for Sterling Bond, which means the value of any income of Sterling Bond will be reflected in the value of your Shares prior to being exchanged for New Shares in the Merger.
<b>12:01pm on 2 February 2024</b>	The point at which the Merger is effective (the "Effective Date")
<b>9:00am on 5 February 2024</b>	The point at which dealing in the New Shares is available
<b>Scenario 2*: The Investor Meeting on 9 January is adjourned to 23 January 2024</b>	
<b>Midday on 23 January 2024</b>	The last point for dealing in your Shares in Sterling Bond, after this you will not be able to buy or sell your Shares until after the Merger is effective, at which point you can trade in the New Shares (5 February 2024)
<b>Midday on 2 February 2024</b>	The point at which we value Sterling Bond and the Sterling Bond Portfolio for the purposes of the Merger.  This is also the date at which we will have an interim income allocation for Sterling Bond, which means the value of any income of Sterling Bond will be reflected in the value of your Shares prior to being exchanged for New Shares in the Merger.
<b>12.01 pm on 2 February 2024</b>	The point at which the Merger is effective (the "Effective Date")
<b>9:00 am on 5 February 2024</b>	The point at which dealing in the New Shares is available

**\*Why are there two different timeline scenarios?**

The Investor Meeting on 9 January 2024 will need to be attended by two or more Investors to have an effective vote. In the event only one Investor attends, which is likely to occur due to the composition of Sterling Bond's shareholders, under the FCA rules, the meeting must be postponed (or "adjourned") for a period of 7 or more days. If only one Investor attends the adjourned meeting on 23 January 2024, they may have an effective vote.

# Part A: Notification to investors

11 September 2023

**In this Part, capitalised terms have the meanings set out in the Glossary in Part E.**

## Proposed Merger

You are a shareholder in Sterling Bond (the "**Sterling Bond Fund**").

We are writing to tell you about a proposed Merger of the Sterling Bond Fund with the Santander Sterling Bond Portfolio, a sub-fund of Santander Managed OEIC, (the "**Sterling Bond Portfolio**"), how this will affect you, and the action you may need to take.

Please read this Information Pack carefully, it provides full details of the proposal. If you are uncertain about the contents of this document, we recommend that you consult a financial adviser.

If the proposed Merger is approved by a vote of the Investors, on the Effective Date Shares in the Sterling Bond Fund will be exchanged for New Shares in the Sterling Bond Portfolio. We will then take steps to close the Sterling Bond Fund.

If the proposed Merger is not approved by a vote of the Investors, on the Effective Date Investors will continue to hold Shares in the Sterling Bond Fund and it will be run as it is now.

You will be able to vote to approve the Merger at the Investor Meeting.

We believe that the Merger is in the best interests of Investors and so we encourage you to vote in favour of the Merger.

### Reasons for the proposed Merger

We have reviewed the Sterling Bond Fund and the Sterling Bond Portfolio. Both funds have similar investment objectives, investment policies and risk profiles and are both suitable for investors who want exposure to at least 60% in corporate bonds issued in Sterling. However, there are some differences between the funds, and the key ones are set out in **Part B**.

Having considered the circumstances of both funds, we think the Merger is in the interests of Investors.

We have chosen the Sterling Bond Portfolio as the appropriate fund to merge the Sterling Bond Fund into because the Sterling Bond Portfolio:

- has a benchmark it seeks to outperform which has a higher allocation to corporate bonds;
- can invest a larger amount in corporate bonds;
- can invest in some different types of bonds;
- can invest a small amount in emerging markets; and
- has one sub-investment manager which manages the whole of the fund under one investment strategy which has shown consistent performance.



In this document we (Santander Asset Management UK Limited) generally refer to ourselves as "**we**" and use "**us**" or "**our**" when referring to ourself.

### Any questions?

If you are uncertain as to how to respond to this document, you should consult a financial adviser.

If you have any questions concerning the proposed Merger, please contact us at:

UKInstitutional@santanderam.com

### Taking action

If you want to appoint someone to vote on your behalf you need to complete the attached Voting Form.

We must receive the Voting Form by 10.30am on 7 January 2024.

These factors have the potential to enhance future returns on your investment and some of the different types of bonds may provide additional protection to the value of the fund in certain market conditions. In addition, Sterling Bond Portfolio aims to deliver a maximum average outperformance (after fees and not guaranteed) against its benchmark that is 0.15% higher, when compared to the Sterling Bond Fund.

More detail is given in **Part B**.

### **Details of the proposal and the Merger process**

This Information Pack sets out the full terms of the proposed Merger, details of the procedure by which the Merger will be carried out and the action you should take.

### **Your vote counts**

In order for the Merger to be approved, the proposal requires at least three quarters by value (75%) of the votes cast at the Investor Meeting to be in favour. So it is important that you exercise your right to vote in relation to the proposal.



Yours faithfully

**Iulita Georgieva**

## Part B: Details of the proposal

**In this Part capitalised terms have the meanings set out in the Glossary in Part E.**

### **What are some key differences between the Sterling Bond Fund and the Sterling Bond Portfolio?**

The two funds are broadly similar. However, we have set out some noteworthy differences below and a side-by-side comparison of key features in **Part C**.

<b>Applicable rules</b>	<p>Each of the funds is a compartment (or 'sub-fund') of a type of company known as an investment company with variable capital (<b>ICVC</b>). The Sterling Bond Fund is a sub-fund of Santander Premium Fund, which is an ICVC regulated under the UCITS regime (this stands for Undertakings for Collective Investment in Transferable Securities). There are specific rules that apply to funds regulated under the UCITS regime.</p> <p>The Sterling Bond Portfolio is a sub-fund of Santander Managed OEIC which is a Non-UCITS Retail Scheme and is therefore regulated under a different set of rules.</p>
<b>Investment objective and policy</b>	<p>Both funds aim to provide a combination of capital growth and income over a 5-year time horizon.</p> <p>Both aim to outperform a benchmark that uses the same indices (Markit iBoxx Sterling Non Gilts Index TR and FTSE Actuaries UK Conventional Gilts All Stocks Index TR), in slightly different proportions with Sterling Bond Portfolio having a 10% higher allocation to corporate bonds (Markit iBoxx Sterling Non Gilts Index TR). It is expected that average outperformance for the Sterling Bond Fund will typically not be more than 0.10% per year (after the deduction of fees) in excess of the benchmark over a rolling three year period, whereas the average outperformance for the Sterling Bond Portfolio will typically not be more than 0.25% per annum, measured on the same basis. However, no level of outperformance for either of the funds is guaranteed.</p> <p>Both funds invest in corporate bonds (a type of debt). The Sterling Bond Fund must invest at least 60% in this type of bond, whereas the Sterling Bond Portfolio must invest at least 70% in this type of bond. The higher investment in these bonds has the potential to produce a higher return when compared to the Sterling Bond Fund.</p> <p>The investment limits of the two funds are very similar, but there are some differences. For example, the Sterling Bond Portfolio can invest in different types of corporate bonds and can invest a small amount in emerging markets. These differences mean that the Sterling Bond Portfolio can:</p> <ul style="list-style-type: none"><li>• expect a higher average outperformance, when compared to the Sterling Bond Fund, but this is not guaranteed; and</li><li>• use these investments to protect the fund's value in certain market conditions.</li></ul> <p>The Sterling Bond Fund invests (not more than 10%) indirectly via other funds. The Sterling Bond Portfolio does not invest in other funds but rather invests entirely directly into the underlying assets such as corporate bonds.</p>
<b>Investment management</b>	<p>We are the investment manager of both funds and have appointed sub-investment managers to assist with, or carry out, the management of the funds. The Sterling Bond Fund is managed by us and two sub-investment</p>

managers, under separate investment strategies. The Sterling Bond Portfolio is managed solely by one sub-investment manager. 70% of the Sterling Bond Fund is currently managed by the same sub-investment manager under the same investment strategy and process as the Sterling Bond Portfolio.

We reviewed the sub-investment managers and concluded that the sub-investment manager for the Sterling Bond Portfolio, and the way it manages that fund, is likely to produce the best outcomes for investors in various market conditions.

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**Risk profiles**

The funds have similar risk profiles.

This would be expected as both funds invest predominantly in corporate bonds.

The Risk and Reward Indicators\* of both funds is 4, meaning that both funds are able to take some risks in search of higher rewards and their prices may rise and fall accordingly.

*\* The Risk and Reward Indicator is a measure used to classify the risk of investment funds as shown in the Key Investment Information Document, ranging from 1 for the lowest risk category, to 7 for the highest risk category.*

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**Share classes**

You currently hold R accumulation Shares. If the Merger is approved you will receive New Shares in the Sterling Bond Portfolio in exchange for your existing shares. The type of share will be the same – accumulation shares – but the New Shares are called A Shares.

The way in which shares can be bought, sold and switched in the funds is the same.

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**Minimum investment amounts**

The minimum value of shares you can buy and sell are the same in both funds. The Sterling Bond Portfolio has a higher minimum amount that needs to be kept in the fund (£500 instead of £250) but this higher amount will not apply to Investors who are part of the Merger.

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**Accounting and income**

The annual accounting dates and interim accounting dates for the funds are different as set out in the below table. This means the dates of interim and annual fund reporting we publish are different.

	<b>Sterling Bond Fund</b>	<b>Sterling Bond Portfolio</b>
<b>Annual accounting date</b>	31 October	31 March
<b>Interim accounting date(s)</b>	30 April	30 June, 30 September, 31 December

Both funds offer accumulation share classes only which means the value of any income received by the funds is invested in the underlying assets and reflected in the value of your shares.

The Sterling Bond Fund allocates income twice a year (30 June, 31 December) whereas the Sterling Bond Portfolio allocates income four times a year (28 February, 31 May, 31 August, 30 November), but as these are accumulation shares, you will not notice any difference as the income is not paid to you.

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**Charges**

The Ongoing Charges Figure (**OCF**) of the Sterling Bond Portfolio, 0.53%, is lower than the OCF of the Sterling Bond Fund for the same period, 0.57% (based on each of the Funds' June 2023 Ongoing Charges Figures).

As a result of the Merger, the fixed costs of the Sterling Bond Portfolio (e.g. the Depositary fees) will be spread over a larger asset base and this is expected to result in a lower OCF you pay.

The transaction costs incurred by the Sterling Bond Portfolio for the year to 30 June 2023 were 0.35% which is slightly higher than the Sterling Bond Fund which has transaction costs of 0.20% for the same period. Transaction costs reflect the costs incurred by the Funds by trading in the underlying investments. These can change from year to year based on the trading activity of the Fund. For more information on the costs and charges please visit:

<https://www.santanderassetmanagement.co.uk/retail-investor/our-solutions/costs-and-charges>

## What are the costs of the Merger?

The costs of the Merger, including the legal costs, accounting costs and any costs of the Investor Meeting (or any adjourned Meeting) will be paid by us. We will also pay the associated costs to close the Sterling Bond Fund if the Merger is approved.

The Sterling Bond Fund will pay the costs of realignment mentioned in the section **Realigning the Sterling Bond Fund** below. This is not expected to be more than 0.13% of the net asset value (or £13 per £10,000 held) of Sterling Bond Fund (this figure is based on inputs accurate on 17 July 2023). If these estimated costs materially increase (in our reasonable opinion), we will notify you via our website prior to the Investor Meeting.

## What are your options?

If you are an Investor at the Qualification Date, you have a right to vote on the proposal for the Merger as long as you still hold Shares in the Sterling Bond Fund on 9 January 2024, (or if the Investor Meeting is adjourned, 23 January 2024).

You can also exercise any of the options set out below.

Before making your choice, we recommend that you read the Non-UCITS retail scheme Key Investor Information (NURS KII) that reflects the Sterling Bond Portfolio's investment objective and policy. It is attached with this Information Pack and also available on our website at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk) or from our team using the contact details above.



We can't make recommendations as to which option you should choose. You may wish to discuss your options in consultation with a professional adviser.

### Option 1: Proceed with the outcome of the vote

If the Merger is approved, Investors in the Sterling Bond Fund will receive New Shares in the Sterling Bond Portfolio.

Alternatively, if the Merger is not approved, you will continue to hold your existing investment without any changes.

### Option 2: Switch your investment to another fund

You are entitled to switch your Shares for shares or units in another fund we manage, free of any initial, redemption or switching charges.

You must ensure that you read the relevant KIID before switching. All KIIDs are available on our website at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk) or available from our team.

Please note that instructions to switch must be received by us by 12:00 noon on 23 January 2024.

### Option 3: Redeem (sell

You can redeem (sell back) your Shares. Unless your shares are held in an ISA, a redemption will be treated as a 'disposal' for UK tax purposes and you may be



**back) your investment**

liable to capital gains tax on any gains arising from the redemption of your Shares.

Please note that instructions to sell must be received by us by 12:00 noon on 23 January 2024.

## **What are the procedures for voting and the Investor Meeting?**

**Appendix 1** to this Information Pack is the formal Meeting Notice.

The Meeting Notice sets out the wording of the proposal that Investors will vote on at the Investor Meeting (also known as a 'resolution') and the time and address of the Investor Meeting.

At least three quarters (by value) of the votes made by Investors in the Sterling Bond Fund must approve the Merger for it to take place.

If you invest in the Sterling Bond Fund directly, you have a right to vote at the Investor Meeting in your own name.

To vote, you do not need to attend the Investor Meeting - you can vote through an appointed representative (a 'proxy') who you instruct, which can include the Investor Meeting's chairperson. Use the Voting Form at **Appendix 2** to do this.

If the Merger is approved it will take place on 2 February 2024.

Details of the outcome of the Investor Meeting will be available on our website at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk) shortly after the Investor Meeting.

If the proposed Merger is not approved by a vote of the Investors, on the Effective Date Investors will continue to hold Shares in the Sterling Bond Fund and it will be run as it is now. We will assess all possible options for the Sterling Bond Fund going forward, considering the best interests of all Investors.

## **What happens if the Merger goes ahead?**

If the Merger is approved, on 2 February 2024 all of the property of the Sterling Bond Fund will be transferred to the Sterling Bond Portfolio and we will issue New Shares in place of any Shares in the Sterling Bond Fund. Please see **Part C** for information on the class of New Shares to be issued if the Merger proceeds.

The Merger will be governed by the detailed Merger Terms in **Part D**.



If the Merger is approved, it will take place on the Effective Date and it will bind all Investors at that time, whether or not they voted in favour of it, or voted at all.

## **Dealings in Shares in the Sterling Bond Fund**

We will continue to process requests to buy, sell, switch or convert Shares (**dealing requests**) in the fund in the normal way until 12:00 noon on 23 January 2024. After this point, in order to facilitate the Merger, dealing requests in the Sterling Bond Fund will be suspended.

Any dealing requests received after 12:00 noon on 23 January 2024 will be rejected and you will have to provide another instruction for your New Shares after the Merger (from 5 February 2024).

We will notify Investors of their new holding in the Sterling Bond Portfolio as soon as reasonably practical after the Effective Date. You may deal in your New Shares before you receive that notice.

Any mandates or other standing instructions which you have given us in relation to your Shares in the Sterling Bond Fund will automatically apply to the New Shares issued to you under the Merger. If you do not want these mandates to be carried forward, please let us know. You can, of course, change these mandates or instructions at any time.

## **Realigning the Sterling Bond Fund**

From 23 January 2024 to the Effective Date, in order to efficiently implement the Merger, we will change the composition (**realign**) of the Sterling Bond Fund's portfolio to match the composition of the Sterling Bond Portfolio's portfolio. During this period of realignment, you will not be able to buy or sell Shares in the Sterling Bond Fund.

We anticipate that about 30% of the assets of the Sterling Bond Fund, including the way they are managed, will need to be realigned with the portfolio of the Sterling Bond Portfolio. This means that, from 23 January 2024, the sub-investment managers in the Sterling Bond Fund will stop managing the assets and the sub-investment manager for the Sterling Bond Portfolio will realign the portfolios.

The Sterling Bond Fund can hold up to 5% of its portfolio in cash. However, as the realignment means some of the fund's assets will need to be sold, it is likely that it will hold a larger amount of cash (up to 10%) during this realignment phase. We do not anticipate that holding this amount in cash, or the realignment more generally, will have any material impact on the Sterling Bond Fund's performance. However, there will be a realignment cost which is estimated to be 0.13%– please see "**What are the Costs of the Merger**" above for more detail.

## **Treatment of income**

The current accounting period of the Sterling Bond Fund will end on 31 October 2023. As the Effective Date of the Merger is not until 2 February 2024, if the Merger is approved, and to efficiently implement it, we will introduce an interim income allocation date for the Sterling Bond Fund at 12:00 noon on 2 February 2024. This will allow us to reflect any income that has built up between the end of the accounting period and the Effective Date in the value of New Shares.

## What are the tax implications?

This is a summary of our understanding of the current UK legislation and HM Revenue & Customs practice relevant to UK resident investors regarding the issue of New Shares in relation to the Merger proposal. It may be subject to change.

We do not expect a difference in the tax treatment of your Shares in the Sterling Bond Fund and the New Shares.

Based on our understanding of the tax legislation, the Merger should not involve a 'disposal' of your Shares in the Sterling Bond Fund for capital gains tax purposes, whatever the size of your investment. We have applied for and expect to receive confirmation of this from HM Revenue & Customs.

New Shares issued to you under the Merger, should have the same acquisition cost and acquisition date for capital gains tax purposes as your Shares in the Sterling Bond Fund.

We do not expect UK stamp duty or stamp duty reserve tax or equivalent overseas taxes to be payable in respect of the transfer of the property of the Sterling Bond Fund to the Sterling Bond Portfolio under the Merger.

Unless your shares are held within an ISA, any redemption or switch is likely to be treated as a 'disposal' of your Shares in the Sterling Bond Fund for tax purposes and may give rise to capital gains tax on any gains arising from the redemption or switch of your Shares in the Sterling Bond Fund.

## Consents and Confirmations

**Depositary:** In accordance with normal practice, NatWest Trustee and Depositary Services Limited, in its capacity as depositary of the Sterling Bond Fund, whilst expressing no opinion on the merits of the Merger proposal, has informed us that it considers that the Merger Terms are in an appropriate form to be placed before investors for their consideration and it consents to the references made to it in this document in the form and context in which they appear.

**Santander Asset Management UK Limited:** In our capacity as authorised corporate director of the Sterling Bond Portfolio, we have confirmed that the implementation of the Merger proposal and receipt by the Sterling Bond Portfolio of the assets of the Sterling Bond Fund:

- is not likely to result in any material prejudice to existing shareholders in the Sterling Bond Portfolio;
- is consistent with the investment objectives of the Sterling Bond Portfolio; and
- can be effected without any breach of a rule in chapter 5 of COLL of the FCA Rules.

**Financial Conduct Authority:** Notification has been made to the FCA of the proposed Merger. The FCA has confirmed that implementation of the Merger will not affect the ongoing authorisation of the Santander Managed OEIC.

## What other information is available to you?

The following documents are available for inspection at our offices during normal business hours until the date of the Investor Meeting (or any adjourned meeting, if required):

1. the instrument of incorporation, prospectus, NURS KII or KII (as applicable) and latest report and accounts relating to the Sterling Bond Fund and the Sterling Bond Portfolio;
2. the confirmation letter we received from the Depositary referred to above;
3. the confirmation letter from the Financial Conduct Authority referred to above; and
4. any confirmation letters received from HM Revenue & Customs referred to above.



Please note that we are not responsible for any personal tax which arises in relation to Investors' dealings in Shares in the Sterling Bond Fund, including in relation to the Merger.

If you are in any doubt about your potential liability to tax, you should consult a professional adviser.

# Part C: Comparison of the Sterling Bond Fund and the Sterling Bond Portfolio

**In this Part capitalised terms have the meanings set out in the Glossary in Part E**

The following tables compare key aspects of the Sterling Bond Fund and the Sterling Bond Portfolio.

## Investment management

Below we have set out a comparison of various investment management characteristics of the Sterling Bond Fund and the Sterling Bond Portfolio. This includes a comparison of the investment objectives and policies.

	<b>Sterling Bond Fund</b>	<b>Sterling Bond Portfolio</b>
<b>Fund size (£) as at 30 June 2023</b>	c£176 million	c£230 million
<b>Type of Fund</b>	UCITS	Non-UCITS Retail Scheme
<b>Form</b>	Sub-fund of an investment company with variable capital registered in England and Wales.  The fund is a sub-fund of Santander Premium Fund.	Sub-fund of an investment company with variable capital registered in England and Wales.  The fund is a sub-fund of Santander Managed OEIC.
<b>Regulatory status</b>	FCA authorised	
<b>Currency</b>	GBP	
<b>Investment Objective</b>	<p>The Fund's objective is to provide a combination of capital growth (to grow the value of your investment) and income over a 5+ year time horizon.</p> <p>The Fund will aim to outperform (after the deduction of fees) the following composite Target Benchmark measured over a rolling 3 year time period: 80% Markit iBoxx GBP Non-Gilts Index TR and 20% FTSE Actuaries UK Conventional Gilts All Stocks TR.</p> <p>It is expected that average outperformance for the Fund will typically not be greater than 0.10% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.</p>	<p>The Fund's objective is to provide a combination of capital growth (to grow the value of your investment) and income over a 5+ year time horizon.</p> <p>The Fund will aim to outperform (after the deduction of fees) the following Target Benchmark measured over a rolling 3 year time period: 90% Markit iBoxx Sterling Non Gilts Index TR and 10% FTSE Actuaries UK Conventional Gilts All Stocks Index TR.</p> <p>It is expected that average outperformance for the Fund will typically not be greater than 0.25% per annum (after the deduction of fees) in excess of the Target Benchmark measured over a rolling 3 year period, although no level of outperformance is guaranteed.</p>

<p><b>Investment Policy</b></p>	<p>The Fund is actively managed and aims to achieve its objectives by investing at least 95% in bonds.</p> <p>The Fund may invest:</p> <ul style="list-style-type: none"> <li>• between 60-90% in bonds issued by companies, supranationals, and other non-sovereign entities; and</li> <li>• between 10-40% in bonds issued by governments (typically these will be bonds issued by the UK Government).</li> </ul> <p>It is expected that the Fund will typically invest at least 65% in bonds issued by companies.</p> <p>The Fund may invest in developed markets globally but at least 95% of the Fund's assets must be denominated in or Hedged to Pounds Sterling.</p> <p>The Fund will invest in bonds which are, at the time of purchase, investment grade. In addition, up to 10% of the Fund may be invested in bonds which are, at the time of purchase, sub-investment grade, and up to 5% of the Fund may be invested in bonds which are, at the time of purchase, unrated (where a Sub-Investment Manager will determine whether the bonds have quality equivalent to investment grade or sub-investment grade).</p> <p>The Fund's investment in bonds can include bonds which are "non-standard" (up to 25% of the Fund, although typically the Fund doesn't hold more than 5%). These may, for example, be bonds which can make payments earlier than their target maturity date, or have terms where the principal amount of the bond can be paid back over the term of the bond, instead of being paid at the bond's maturity date, or asset backed or mortgage backed securities (investments whose return is generated from and backed by a basket of debt, for example mortgages). With regard to asset backed and mortgage-backed securities, the Fund's exposure will be limited to 10%.</p> <p>The Fund may also invest a maximum of 5% in cash, cash like and other money market instruments.</p> <p>At least 90% of the Fund will be invested directly. Up to 10% of the Fund can be invested indirectly by investing in units of Actively Managed and / or Passively Managed Collective</p>	<p>The Fund is actively managed (by the appointed Sub-Investment Manager) and aims to achieve its objective by investing at least 95% in bonds.</p> <p>The Fund invests:</p> <ul style="list-style-type: none"> <li>• a minimum of 70% in bonds issued by companies, supranationals, and other non-sovereign entities; and</li> <li>• a maximum of 30% in bonds issued by governments (typically these will be bonds issued by the UK Government).</li> </ul> <p>The Fund may invest globally (including up to 5% in non-developed markets) but at least 95% of its investments must be denominated in or Hedged to Pounds Sterling, and at least 70% denominated in Pounds Sterling.</p> <p>At least 90% of the Fund's investments will be in bonds which are, at the time of purchase, investment grade. Up to 10% of the Fund can be in those which are at the time of purchase, sub-investment grade and up to 5% can be unrated (where the Sub-Investment Manager will determine whether the bonds have quality equivalent to investment grade or sub-investment grade).</p> <p>The Fund's investment in bonds can include those which are "non-standard" (up to 30% of the Fund). These may, for example, be bonds which can make payments earlier than their target maturity date, or have terms where the principal amount of the bond can be paid back over the term of the bond, instead of being paid at the bond's maturity date, or asset backed or mortgage backed securities (investments whose return is generated from and backed by a basket of debt, for example mortgages). With regard to asset backed and mortgage-backed securities, exposure will be limited to 5% of the Fund.</p> <p>The Fund's investment in bonds can also include (up to 20% of the Fund) those which are "index linked" (bonds which have their coupon payments adjusted for inflation by linking the payments to an inflation indicator), although this is not a key part of the Fund's investment strategy.</p> <p>The Fund invests directly in bonds, and not indirectly by purchasing units in Collective Investment Schemes.</p>
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	<p>Investment Schemes (which may be managed by the ACD, any Sub-Investment Manager or other companies, including within the Santander Group).</p> <p>The Fund may use Derivatives for Efficient Portfolio Management (including hedging), where Derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Fund.</p>	<p>The Fund may also invest up to 5% in cash, cash like and other money market instruments.</p> <p>The Fund may use Derivatives for Efficient Portfolio Management (including hedging), where Derivatives are used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Fund.</p>
<b>Investment powers</b>	<p>UCITS and Non-UCITS Retail Schemes have different investment powers. However, as set out in <b>Part B</b>, in practice, the funds are managed to very similar investment objectives and policies. As such, although a Non-UCITS Retail Scheme can, for example, invest in property and gold, the Sterling Bond Portfolio (which is a Non-UCITS Retail Scheme) will not take advantage of all of these additional powers.</p>	
<b>Sub-Investment Manager/s</b>	<p>BlackRock Investment Management (UK) Limited (manages approximately 70% of the assets)</p> <p>Western Asset Management Company Limited (manages approximately 21% of the assets)</p> <p>The remaining (approximately 9%) of the assets are managed by ACD</p>	<p>BlackRock Investment Management (UK) Limited (manages 100% of the assets)</p>
<b>Risk and Reward Indicator (RRI)</b>	<p>4 - Medium Risk</p>	
<b>Main risk factors</b>	<p><b>Credit Risk:</b> Changes in interest rates or rating of an issuer may affect the performance of fixed income securities.</p> <p><b>Interest Rate Risk:</b> Fluctuating interest rates when a bond is not held until maturity. In a rising interest environment, the market value of a bond would decrease, and vice versa.</p> <p><b>Investment Style &amp; Management Risk:</b> The investment style chosen and the assets selected to deploy this style by the Sub-Investment Manager deliver returns that are inferior to alternative choices.</p> <p><b>Liquidity Risk:</b> The event of an inability to sell assets within the Fund, without incurring a loss of capital, will directly impact the Fund's ability to meet short term financial demands.</p> <p><b>Derivatives Risk:</b> Derivatives are highly sensitive to price movements in the underlying asset. Some derivatives can incur losses or gains that may generate additional volatility in the value of the Fund.</p> <p><b>Counterparty Risk:</b> The insolvency of a derivative counterparty or counterparty providing services to the Fund, such as safekeeping of assets, may expose the Fund to financial losses.</p>	

#### Classes of Shares or New Shares, and accounting dates

The table below, sets out the Shares in issue in the Sterling Bond Fund and the corresponding New Shares that will be issued to Investors if the Merger proceeds, including detail of the OCF and annual management charge. The table below also sets out details of the funds' accounting periods.

	<b>Sterling Bond Fund</b>	<b>Sterling Bond Portfolio</b>
<b>Class of Shares</b>	R Shares (Accumulation)	A Shares (Accumulation)
<b>Minimum holding</b>	£250	£500 (please note that this will not apply to Investors who proceed with the Merger)
<b>Minimum subsequent investment</b>	£1.50	
<b>Minimum withdrawal</b>	£1.50	
<b>Annual Management Charge</b>	0.50%	
<b>Ongoing Charges Figure (as at 29 June 2023)</b>	0.57%	0.53%
<b>Financial year end</b>	31 October	31 March
<b>Interim accounting Date</b>	30 April	30 June, 30 September, 31 December
<b>Income allocation dates</b>	30 June, 31 December  As noted in <b>Part B</b> , an additional interim income allocation date will be declared in order to facilitate the Merger. This will require an additional interim accounting date on the date of the Merger.	28 February, 31 May, 31 August, 30 November

# Part D: Merger Terms

**In this Part, capitalised terms have the meanings set out in the Glossary in Part E.**

The following section sets out the legal process for the Merger

## **1. Definitions and interpretation**

- 1.1 References to paragraphs are to paragraphs of these Merger Terms.
- 1.2 The Glossary is deemed to form part of these Merger Terms.
- 1.3 If there is any conflict between these Merger Terms and the instrument of incorporation or the prospectus of the Santander Premium Fund (of which the Sterling Bond Fund is a sub-fund), then these Merger Terms will prevail.

## **2. Approval of Investors**

- 2.1 The Merger will only take place if the Merger itself, and these Merger Terms, are approved by an extraordinary resolution of Investors.
- 2.2 If the extraordinary resolution referred to at paragraph 2.1 is passed, the Merger will be binding on all Investors (whether or not they voted in favour of it, or voted at all) and the Merger Terms will be carried out as set out in the following paragraphs.

## **3. Effective Date**

If approved by Investors, we intend for the Merger to become effective on the Effective Date, 2 February 2024.

## **4. Type of merger**

The Merger is a scheme of arrangement within the meaning of Chapter 7.6 of the FCA's Collective Investment Schemes sourcebook.

## **5. Last dealings in the Sterling Bond Fund**

- 5.1 The last dealing in Shares in the Sterling Bond Fund will be 23 January 2024 at 12:00 noon.
- 5.2 Any dealing requests received after 12:00 noon on 23 January 2024 will be rejected and you will have to provide another instruction for your New Shares after the Merger (from 5 February 2024).

## **6. Income allocation arrangements**

- 6.1 The additional interim accounting period for the Sterling Bond Fund will end at 12 noon on the Effective Date.
- 6.2 Any income that has accrued in the interim accounting period and is available for allocation, will be transferred to the capital account of the Sterling Bond Fund, allocated to accumulation Shares and will be reflected in the value of those Shares (and used to calculate the number of New Shares in the Sterling Bond Portfolio).



## 7. **Calculation of the Sterling Bond Fund and the Sterling Bond Portfolio**

- 7.1 On the Effective Date, at midday (which is the valuation point for both the Sterling Bond Fund and the Sterling Bond Portfolio) the value of the property of each fund will be calculated.
- 7.2 The value of the Sterling Bond Fund and the Sterling Bond Portfolio will be used to calculate the number of New Shares to be issued to each Investor (under paragraphs 8 and 9 below).

## 8. **Transfer of property from the Sterling Bond Fund to the Sterling Bond Portfolio and issue of New Shares**

- 8.1 We will, in consultation with NatWest, calculate an amount necessary to meet the actual and contingent liabilities of the Sterling Bond Fund after the Merger (the **Retained Amount**). The Retained Amount is to be used by NatWest as depositary of the Sterling Bond Fund for the purposes of discharging those liabilities.
- 8.2 The property of the Sterling Bond Fund will become part of the property of the Sterling Bond Portfolio in exchange and in full payment for the issue of New Shares. NatWest will stop holding the property of Sterling Bond Fund (other than the Retained Amount), and will hold the property of the Sterling Bond Portfolio and NatWest will ensure that any necessary transfers and re-designations are carried out.
- 8.3 We will arrange New Shares to be issued to Investors (who are registered as holding Shares on the Effective Date) without any initial charge. The type of New Shares to be issued is detailed in **Part B**.
- 8.4 All Shares in the Sterling Bond Fund will be deemed to be cancelled and will no longer be of any value as at 12:01pm on the Effective Date.
- 8.5 Investors will be treated as exchanging their Shares for New Shares. The value of New Shares received will not include any element of income.

## 9. **Basis for the issue of New Shares**

- 9.1 The price of New Shares to be issued under the Merger Terms will be the price based on the Sterling Bond Portfolio value as at 12 noon on the Effective Date.
- New Shares will be issued to each Investor in proportion to their individual entitlement to the Sterling Bond Fund value as at 12 noon on the Effective Date.
- 9.2 The formula used in calculating an Investor's entitlement to New Shares is available on request from [UKInstitutional@santanderam.com](mailto:UKInstitutional@santanderam.com)
- 9.3 The number of New Shares to be issued to each Investor will (if necessary) be rounded up to the nearest denomination of shares at our expense. We will within four business days of the Effective Date, pay into the Sterling Bond Portfolio an amount equal to the value of the additional shares issued as a result of the rounding up.

## 10. **Notification of the New Shares issued under these Merger Terms**

- 10.1 Certificates will not be issued in respect of New Shares.
- 10.2 We intend to notify each Investors (or, in the case of joint holders, the first named of such holders on the register) of the number and class of New Shares issued to that Investor within 14 days of the Effective Date.

- 10.3 Transfers, switches or redemptions of New Shares issued under these Merger Terms may be carried out from the next business day after the Effective Date.

#### 11. **Mandates and other instructions in respect of New Shares**

Mandates and other instructions to us that are in force on the Effective Date in respect of Shares will be deemed to apply to New Shares following the Merger. Investors may change these mandates or instructions at any time.

#### 12. **Termination of the Merging Fund**

- 12.1 After the Merger has taken place, we will take steps to terminate the Sterling Bond Fund.
- 12.2 The Retained Amount (which will be made up of cash and other assets, if necessary) and any income arising on it, will be used by NatWest to pay any outstanding liabilities of the Sterling Bond Fund. This will be in accordance with our directions and instructions and the provisions of the instrument of incorporation and prospectus of the Santander Premium Fund and any applicable laws or regulations.
- 12.3 If, on the completion of the termination of the Sterling Bond Fund, there are any surplus moneys remaining in the Sterling Bond Fund, they, together with any income that has arisen, will be transferred to the Sterling Bond Portfolio. No further issue of shares in the Sterling Bond Portfolio will be made as a result. NatWest will stop holding the Retained Amount in its capacity as depository of the Sterling Bond Fund and will make any transfers and re-designations as we may direct and/or instruct.
- 12.4 If the Retained Amount is insufficient to discharge all the liabilities of the Sterling Bond Fund, NatWest will, if permitted by applicable laws and regulations, be entitled to pay the amount of the shortfall out of the scheme property of the Sterling Bond Portfolio if directed to do so by us.
- 12.5 On completion of the termination of the Sterling Bond Fund, we and NatWest will be discharged from all our obligations and liabilities in respect of the Sterling Bond Fund, except those arising from a breach of duty before that time. Termination accounts in respect of the Sterling Bond Fund will be drawn up and made available to Investors on request.
- 12.6 If, after the completion of the termination of the Sterling Bond Fund, contingent assets arise that were not recognised (or were only partly recognised by the us and NatWest at the Effective Date), those assets will be transferred to the Sterling Bond Portfolio less any costs that we or NatWest might incur in securing these assets for the Sterling Bond Portfolio.

#### 13. **Costs, charges and expenses**

- 13.1 Up to the Effective Date we will continue to receive our usual fees and expenses out of the property of the Sterling Bond Fund for being the authorised corporate director. NatWest will also be entitled to receive their fee and expenses for acting as depository, as well as expenses properly incurred in connection with carrying out its responsibilities under these Merger Terms.
- 13.2 We will pay the costs of preparing and implementing the Merger (other than any costs of realignment as detailed in **Part B**).

#### 14. **Reliance on register**

14.1 We, and NatWest, can assume that all information contained in the register of Investors of the Sterling Bond Fund on the Effective Date is correct, and will use that information to calculate the number of New Shares to be issued under these Merger Terms.

14.2 We may act and rely upon any certificate, opinion, evidence or information provided to us by our professional advisers or by the auditors of the Sterling Bond Fund in connection with these Merger Terms and will not be responsible for any resulting loss.

15. **Impact on the Sterling Bond Portfolio**

The Merger will cause the net asset value and number of shares in the Sterling Bond Portfolio to increase. Other than this, there is no expected impact on the Sterling Bond Portfolio.

16. **Alterations to these Merger Terms**

These Merger Terms may be amended by us with the consent of NatWest.

17. **Governing law**

These Merger Terms are governed by and will be construed in accordance with the laws of England and Wales.

Dated: 11 September 2023

## Part E: Glossary

<b>“Effective Date”</b>	12:01pm on 2 February 2024, or such other date as may be agreed by us and the FCA
<b>“FCA”</b>	the Financial Conduct Authority or any successor regulatory body
<b>“Information Pack”</b>	this document (the Merger proposal information pack)
<b>“Investor”</b>	each person who holds Shares in the Sterling Bond Fund (as at 8 September 2023) and who, for the purposes of the Merger Terms only, remains a shareholder until the Effective Date
<b>“Investor Meeting”</b>	the extraordinary general meeting of Investors described in the Meeting Notice
<b>“KIID”</b>	means the key investor information document of the Sterling Bond Fund, the Sterling Bond Portfolio or another fund, as the context requires
<b>“Meeting Notice”</b>	the meeting notice at <b>Appendix 1</b> calling attention to the extraordinary general meeting of Investors on 9 January 2024
<b>“Merger”</b>	the scheme of arrangement under which property of the Sterling Bond Fund is transferred to the Sterling Bond Portfolio in exchange for an issue of New Shares  we also refer to ‘Merged’ which has a corresponding meaning
<b>“Merger Terms”</b>	the technical and legal terms governing the Merger set out in Part D
<b>“NatWest”</b>	as the context requires, NatWest Trustee and Depositary Services Limited as either depositary of: (a) the Sterling Bond Fund; or (b) the Sterling Bond Portfolio
<b>“New Shares”</b>	Retail Accumulation shares in the Sterling Bond Portfolio
<b>“Qualification Date”</b>	8 September 2023, the date at which a person must hold Shares in order to be eligible to vote
<b>“Shares”</b>	shares in the Sterling Bond Fund
<b>“Sterling Bond Fund”</b>	Sterling Bond, a sub-fund of Santander Premium Fund
<b>“Sterling Bond Portfolio”</b>	the Santander Sterling Bond Portfolio, a sub-fund of Santander Managed OEIC
<b>“Voting Form”</b>	the voting form included as <b>Appendix 2</b>

# Appendix 1: Notice of the Investor Meeting

**In this Appendix, capitalised terms have the meanings set out in the Glossary in Part E.**

## **Notice of an extraordinary general meeting of Sterling Bond Fund**


This document notifies you that Santander Asset Management UK Limited will hold an extraordinary general meeting of the shareholders of the Sterling Bond Fund at 2 Triton Square, London NW1 3AN on 9 January 2024 at 10:30am. The purpose of the meeting is to consider the extraordinary resolution below and, if shareholders agree, to pass it.

### **Extraordinary resolution:**

That, the scheme of arrangement (the Merger) between **Sterling Bond Fund**, a sub-fund of Santander Premium Fund and **Santander Sterling Bond Portfolio**, a sub-fund of Santander Managed OEIC, the terms of which are set out in the Information Pack dated 11 September 2023, is hereby approved and that Santander Asset Management UK Limited (as authorised corporate director) is instructed, and NatWest Trustee and Depositary Services Limited (as depositary) is authorised, to implement the Merger in accordance with its terms.

**Iulita Georgieva**  
**For and on behalf of Santander Asset Management (UK) Limited**

Issued on 11 September 2023

 Please read the notes on the following page

### **Any questions?**

If you have any questions concerning the proposed Merger, please contact us at:

UKInstitutional@santanderam.com

## Notes:

1. A shareholder who is entitled to attend and vote at the Investor Meeting can appoint someone to attend the Investor Meeting as their representative and vote instead of them (a proxy). The proxy need not need to be a shareholder.
2. A form of proxy (labelled '**Voting Form**') is attached and, if appointing a proxy, shareholders are requested to complete and return it so that it arrives by post to Santander Asset Management UK Limited – Proxy Voting, 301 St Vincent Street, Glasgow, G2 5HN or by email to UKInstitutional@santanderam.com, marked for the attention of Proxy Voting Management by 10:30am on 7 January 2024. Voting Forms will only be valid if properly and fully completed in accordance with the instructions on the form and accompanying notes.
3. In the case of joint shareholders, the vote of the senior shareholder who tenders a vote (whether at the Investor Meeting or by proxy) will be accepted to the exclusion of the votes of the other joint shareholders and for this purpose seniority will be determined by the order in which the names stand in the register of shareholders.
4. The minimum number of participants (quorum) for the Investor Meeting is any two shareholders attending the Investor Meeting, or represented by proxy. If no quorum is present within half an hour after the time appointed for the Investor Meeting, it will be adjourned to a date and time at least seven days later. The quorum at an adjourned Investor Meeting is one shareholder at the meeting or by proxy. Any Voting Forms returned as required for the Investor Meeting will remain valid, unless otherwise instructed, for the adjourned meeting.
5. At the Investor Meeting, the vote will be taken by poll. On a poll, each Share's voting rights are determined by that Share's price in relation to the total price of all shares at the Qualification Date).
6. NatWest has appointed Pak Chan, Chief Executive Officer of Santander Asset Management UK Limited, or, if unavailable, a duly authorised representative of Santander Asset Management UK Limited, to be chairperson for the Investor Meeting. In the event of (i) a tied vote at the Investor Meeting; or (ii) the Investor Meeting being duly convened with a quorum present but at which no Investors vote, the chairperson will be entitled to a casting vote. It is expected that any such casting vote would be exercised in favour of the resolution.
7. An Investor entitled to more than one vote does not have to use any or all of their votes or cast all of their votes in the same way.
8. The majority required for the passing of the extraordinary resolution is 75 % or more (by value) of the total of votes cast (whether for or against the resolution).
9. We may, if necessary, postpone or cancel the extraordinary general meeting. If this becomes necessary, we will take steps to inform Investors as relevant.

# Appendix 2: Voting form

**i** Please read the notes on the following page

**In this Appendix, capitalised terms have the meanings set out in the Glossary.**

This Voting Form (or form of proxy) is for use at the Investor Meeting to be held at 2 Triton Square, London NW1 3AN on 9 January 2024 at 10:30am (or 23 January 2024 at 10:30 am if the meeting is adjourned).

Before filling in this form read the Information Pack dated 11 September 2023 and the notes on the next page.

**Name** (See Note 6)

**Address(es)** (See Note 6)

**Client Account Number (if known)**

**Your proxy**

Tick the appropriate box to choose your representative (proxy) for the Investor Meeting and at any adjournments of it (see Note 1):

**The meeting Chairperson (default)**

**The person named below**

**Representative's name and address**

**Vote**

Indicate how your representative (proxy) should vote in respect of the resolution.

In respect of the resolution set out in the Meeting Notice, I direct my representative (proxy) to vote as follows (see Notes 2 and 3).

**Number or percentage of shares**

**For the resolution**

**Against the resolution**

Please complete and return this Voting Form so we receive it by post to Santander Asset Management UK Limited – Proxy Voting, 301 St Vincent Street, Glasgow, G2 5HN or by email to UKInstitutional@santanderam.com, marked for the attention of [Proxy Voting Management]. By 10:30am on 7 January 2024

**Signature(s)** (see Notes 4, 5 and 6)

**Date**

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**Notes:**

To participate in the Merger, this Voting Form must be properly completed and received no later than 10:30am on 7 January 2024. If you do not return this form (or do not complete it properly), your representative (proxy) will not be able to vote on your behalf, and your vote may not count.

Please return the form by post to Santander Asset Management UK Limited – Proxy Voting, 301 St Vincent Street, Glasgow, G2 5HN or by email to UKInstitutional@santanderam.com, marked for the attention of Proxy Voting Management.

1. Please indicate whether you wish to appoint the meeting chairperson or another person as your representative (proxy) for the Investor Meeting. The person you choose does not need to be a shareholder but must attend the Investor Meeting to represent you. If you do not make a selection, by default the chairperson will be appointed as your proxy.
2. Please indicate how you wish to vote in relation to the resolution. If this form is signed and returned without instructions for voting, the representative (proxy) is able to vote or abstain from voting as they see fit.
3. Voting on the resolution will be by a 'poll' and your rights to vote relate to the value your Shares have in proportion to all of the Shares in issue at the Qualification Date. You do not have to use all of your voting rights or vote them all in the same way. Please contact us (using the contact details provided in the Information Pack) if you want to split your votes.
4. If this Voting Form is signed under an authority, we can only validate it if you provide the authority (or a notarially certified copy of it) by post to Santander Asset Management UK Limited – Proxy Voting, 301 St Vincent Street, Glasgow, G2 5HN.
5. A body corporate (such as a company) must execute this Voting Form under seal or have it signed by an officer (or officers as relevant), who are authorised in writing to sign it.
6. In the case of joint shareholders, please ensure that all signatures and all names and addresses are included in the Voting Form.
7. Use of this Voting Form does not prevent a shareholder from attending the Investor Meeting and voting. However, in all other cases, a Voting Form may be revoked only with our consent.
8. Any Voting Forms returned as required for the Investor Meeting will remain valid, unless otherwise instructed, for any adjourned meeting.