

Santander UK Growth Unit Trust

Prospectus changes following updates to Scheme Documents

The table below shows the previous disclosure in the Prospectus for the Scheme's investment objectives, investment policy and further information, compared to the updated version.

| | Previous | Updated |
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| Objective | <p>The Scheme's objective is to provide capital growth and potentially some income over a 5+ year time horizon.</p> | <p>The Scheme's objective is to provide capital growth (to grow the value of your investment) and potentially some income over a 5+ year time horizon.</p> <p>The Scheme will aim to outperform (after the deduction of fees) the following Target Benchmark measured over a rolling 3 year time period: FTSE All Share Index TR.</p> <p>It is expected that average outperformance for the Scheme will typically not be greater than 1.35% per annum (after the deduction of fees) in excess of the Target Benchmark over a rolling 3 year period, although no level of outperformance is guaranteed.</p> |
| Policy | <p>The Scheme aims to achieve its objective by investing at least 80% in a wide range of shares issued by listed companies domiciled, incorporated or which conduct a significant part of their business in the UK, generally comprised within the Constraint Benchmark stated below.</p> <p>To obtain exposure to these assets, the Scheme's investments will typically be accessed directly but up to 10% of the Scheme's investments may be accessed indirectly by purchasing units in Collective Investment Schemes managed by</p> | <p>The Scheme is actively managed (by the appointed Sub-Investment Manager) and aims to achieve its objectives by investing at least 80% in a wide range of shares in companies listed, at the time of purchase, in the UK. Such companies may also be domiciled, incorporated or conduct a significant part of their business in the UK, and can include Real Estate Investment Trusts (a type of property investment company) and other investment trusts.</p> <p>The Scheme may also invest up to 20% in shares in companies listed, at the time of purchase, in developed markets outside of the UK. The Scheme will at all times be</p> |

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| | <p>other companies and / or the Manager or other companies within the Santander Group.</p> <p>The Manager has the discretion to manage the Scheme 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 Scheme's objective. An assessment will be completed on all investment opportunities before any investment decisions are made. The extent to which the composition of the Scheme will differ from that of the Constraint Benchmark will vary from time to time, subject to the Scheme at all times investing at least 80% in a wide range of shares issued by listed companies generally comprised within the Constraint Benchmark stated below.</p> <p>At least 80% of the Scheme 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 shares, bonds, cash, near cash and other money market instruments.</p> <p>The Scheme is managed with reference to the FTSE All Share Index as a Constraint Benchmark. The FTSE All Share Index is provided by FTSE, which is included in the public register of administrators and benchmarks established and maintained by the European Securities and Markets Authority from 1 January 2018.</p> <p>The Scheme may use Derivatives for Efficient Portfolio Management.</p> | <p>invested between 85% and 100% in shares.</p> <p>The Scheme may also invest, globally in developed markets, up to 5% in bonds issued by companies, governments, government bodies and supranationals (excluding sub-investment grade bonds), and up to 10% in cash, cash like and other money market instruments. This flexibility may be used at times when, for example, the Sub-Investment Manager believes that the potential returns from exposure to shares generally, or shares in a specific company relative to bonds issued by that company, have become less attractive, or due to adverse market conditions.</p> <p>The Scheme will typically invest directly. However, the Scheme can also invest indirectly:</p> <ul style="list-style-type: none"> • by investing up to 10% in units of Actively Managed and / or Passively Managed Collective Investment Schemes. These Collective Investment Schemes may be managed by the Manager, any Sub-Investment Manager or other companies (including within the Santander Group). The Collective Investment Schemes may invest in a broader range of assets than the Scheme (for example they may have exposure to commodities) and may use Derivatives differently; and • in property through investment in Real Estate Investment Trusts. <p>The Scheme may use Derivatives for Efficient Portfolio</p> |
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| | | <p>Management (including hedging), which means that Derivatives may be used to either reduce risk, reduce cost, or to generate additional capital or income without materially affecting the risk profile of the Scheme.</p> <p>Investment Strategy and Process</p> <p>The Manager's investment philosophy is that the Scheme's investment objectives can be achieved from appointing a skilled investment manager which focuses on long term investment views. The Manager has appointed one Sub-Investment Manager, based on their expertise, to manage the entire Scheme and has put in place the investment guidelines which the Sub-Investment Manager must follow. In these investment guidelines the Manager will set the Sub-Investment Manager a target to outperform the Target Benchmark which will be consistent with the Scheme's investment objective to outperform the Target Benchmark. On this basis it is expected that average outperformance for the Scheme will typically not be greater than 1.35% per annum (after the deduction of fees) in excess of the Target Benchmark over a rolling three year period. The outperformance target set for the Sub-Investment Manager (and therefore any Scheme level outperformance) is a target only and is not guaranteed.</p> <p>The Manager has in place an internal analysis and due diligence process to monitor the Sub-Investment Manager's management of the Scheme, and it can change the Sub-Investment Manager at its discretion if it believes that this is in the</p> |
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| | | <p>best interests of Unitholders in the Scheme.</p> <p>The Sub-Investment Manager actively manages the Scheme. This means that it aims to achieve the Scheme's investment objectives by using its discretion to select investments that it believes will increase in value over time, providing capital growth.</p> <p>As part of its investment process the Sub-Investment Manager will consider a number of factors with a focus on:</p> <ul style="list-style-type: none"> • Quality: companies that have, for example, consistent profits and strong cash flow, low debt and actual or potential asset growth; • Momentum: a company's share price has performed well over a short period and is expected to continue to do so; and • Value: a company's share price is lower than expected based on the company's characteristics and financial results. <p>To help inform its investment views and in addition to its own analysis, the Sub-Investment Manager uses external research as well as a third party screening process which identifies and ranks some of the companies the Scheme may invest in based on quality, momentum and value.</p> <p>An assessment will be completed by the Sub-Investment Manager on investment opportunities before investment decisions are made. Based on its investment views, the Sub-Investment Manager will select shares in companies which it believes will</p> |
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| | | <p>best achieve the Scheme's investment objectives. In practice this means the Scheme's portfolio will typically consist of shares in companies which predominantly have good quality and momentum characteristics and offer capital growth.</p> <p>While the Sub-Investment Manager will favour long term investments and avoid a high turnover of the Scheme's portfolio and associated costs which can negatively impact the Scheme's performance, it can change the Scheme's investments, including to hold shorter term investments, where it believes these will provide capital growth.</p> <p>The companies the Sub-Investment Manager invests in can be of any size, however it will have a bias to investing in medium sized companies (for example those companies in the FTSE 250 Index). This is because the Sub-Investment Manager believes that these companies have good quality and momentum characteristics as well as delivering higher capital growth than other companies.</p> <p>Although the Sub-Investment Manager has discretion to select investments, it will typically manage the Scheme with a Tracking Error (against the Target Benchmark) of up to 6%. This means that although the Sub-Investment Manager does not have to invest in the same assets or in the same amounts, and may hold significantly fewer assets, than those which make up the Target Benchmark, some of the Scheme's investments will reflect the constituents of the Target Benchmark. The Tracking Error of the Scheme's portfolio may occasionally (for instance during volatile market conditions) be higher than 6% provided</p> |
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| | | <p>this is consistent with the investment strategy of the Scheme.</p> |
| <p>Further Information</p> | <p>The Constraint Benchmark for the Scheme is the FTSE All Share Index, which means the Manager is specifically limited to manage the Scheme, and make any decisions to invest or not invest in an asset, with reference to this Benchmark. When managing by reference to this Benchmark, the Manager may diverge from the assets contained within the Constraint Benchmark and retains discretion regarding the selection and weighting of assets. This Constraint Benchmark has been selected for the Scheme as it best represents the investments that the Manager has to choose from as specified in its investment objective and policy.</p> <p>Variable remuneration of individual fund managers for the Scheme is determined by assessing a number of different factors. Insofar as these relate to investment performance, any assessment will be made by comparing Scheme performance relative to the Constraint Benchmark as well as a commercial peer group of competitor funds with similar investment objectives and policies.</p> | <p>The Target Benchmark for the Scheme has been selected as it is representative of the companies the Scheme can invest in and therefore broadly in line with the investment policy of the Scheme.</p> <p>The Target Benchmark is provided by FTSE International Limited, which as at the date of this Prospectus is included in the public register of administrators and benchmarks established and maintained by the European Securities and Markets Authority.</p> <p>In respect of the Scheme's objective to outperform the Target Benchmark after the deduction of fees, the term "fees" includes all fees, costs, charges, expenses and liabilities which are deducted from the value of Scheme property for the purpose of calculating its NAV.</p> <p>If the Manager considers that the Scheme'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 Scheme, it may implement this change after providing Unitholders with reasonable notice in advance.</p> |