

## **PROSPECTUS OF SANTANDER AUTHORISED UNIT TRUSTS**

**This document constitutes the Prospectus of:**

**Santander UK Growth Unit Trust (PRN: 171205);**

**Santander Equity Income Unit Trust (PRN: 108032); and**

**Santander Max 70% Shares Unit Trust\* (PRN: 188262),**

**each a UK authorised unit trust (the “Schemes”).**

**\*This Scheme is no longer available for investment.**

**27 February 2026**

This Prospectus is dated and valid as at 27 February 2026.

This document constitutes the Prospectus for each of the Schemes and has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook published by the Financial Conduct Authority as part of its Handbook of Rules and Guidance (the "**FCA Regulations**").

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

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

This 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. None of the Schemes are bound by any out of date prospectus and potential investors should check that they have the most recently published prospectus.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 Manager of each Scheme, is responsible for the information contained in this Prospectus and accepts such responsibility accordingly. The Manager 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 FCA Regulations to be included in it. No person has been authorised by the Manager to give any information or to make any representations in connection with the offering of Units 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 Manager. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Units shall not, under any circumstances, create any implication that the affairs of any Scheme have not changed since the date hereof.

The Trustee 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 Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Manager 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 Units are not listed on any investment exchange. Prospective Unitholders 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 Units.

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 Manager may need to disclose the name, address, taxpayer identification number and investment information relating to certain Unitholders 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 Units, each prospective Unitholder is agreeing to provide information upon request to the Manager or its delegate. If a Unitholder does not provide the necessary information, the Manager may be required to report it to HM Revenue & Customs.

The provisions of the relevant Trust Deed(s) are binding on all Unitholders (who are taken to have notice of them) and a copy of such is available on request from the Manager.

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

## CONTENTS

1	<b>The Schemes</b>
2	<b>Units</b>
3	<b>Management and Administration</b>
4	<b>The Trustee</b>
5	<b>Investment Manager and Sub-Investment Managers</b>
6	<b>Administrator and Registrar</b>
7	<b>Auditors</b>
8	<b>General</b>
9	<b>Register of Unitholders</b>
10	<b>Buying, Selling and Switching Units</b>
11	<b>Unit Prices</b>
12	<b>Prevention of Money Laundering</b>
13	<b>Compulsory Transfer or Redemption of Units</b>
14	<b>Suspension of Dealings in Units</b>
15	<b>Unit Class Conversions</b>
16	<b>Calculation of Net Asset Value</b>
17	<b>In Specie Redemption</b>
18	<b>Issue of Units in Exchange for In Specie Assets</b>
19	<b>U.S. Persons</b>
20	<b>Fees and Expenses</b>
21	<b>Income</b>
22	<b>Reports to Unitholders</b>
23	<b>United Kingdom Taxation</b>
24	<b>Change Process</b>
25	<b>Unitholder Meetings and Voting Rights</b>
26	<b>Winding Up of a Scheme</b>
27	<b>General Information</b>

<b>28</b>	<b>Risk Management Process</b>
<b>29</b>	<b>Best Execution</b>
<b>30</b>	<b>Inducements</b>
<b>Appendix 1</b>	<b>The Schemes</b>
<b>Appendix 2</b>	<b>Risk Factors</b>
<b>Appendix 3</b>	<b>Investment Powers and Safeguards</b>
<b>Appendix 4</b>	<b>Eligible Markets</b>
<b>Appendix 5</b>	<b>List of Sub-Custodians</b>
<b>Schedule 1</b>	<b>Performance Data</b>

## DEFINITIONS

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

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

“**Approved Counterparty**” means an approved counterparty as defined in COLL 5.2.23(1)(a-e).

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

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

“**Class**” means a particular class of Unit related to a single Scheme.

“**Client Money**” means money which the Manager holds or receives on behalf of a Unitholder or potential Unitholder which is held separately from the Manager or each Scheme’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.

“**Collective Investment Scheme**” means 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.

“**COLL Sourcebook**” means the Collective Investment Schemes Sourcebook (or, as appropriate, a chapter or rule thereof) which forms part of the Financial Conduct Authority’s Handbook of Rules and Guidance, as amended, restated or replaced from time to time.

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

“**EEA State**” means a member state of the European Union and any other state which is at that time a party to The EEA Agreement.

“**EEA UCITS**” means a Collective Investment Scheme established in accordance with the UCITS Directive in an EEA State.

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

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

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

“**Income Allocation Date**” means the date that any income attributable to a Unit is either paid out as an income distribution (for income Units) or is reinvested in the value of the Unit (for accumulation Units).

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

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

“**Manager**” means Santander Asset Management UK Limited, the manager of each Scheme.

“**Net Asset Value**” or “**NAV**” means the value of the scheme property of a Scheme less the liabilities of that Scheme as calculated in accordance with its Trust Deed.

“**PRA**” means the Prudential Regulation Authority.

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

“**Register**” means the register of Unitholders in the Schemes.

“**Scheme**” means an authorised unit trust scheme managed by the Manager which is set out in Appendix 1 to this Prospectus;

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

“**Sub-Investment Manager**” means a sub-investment manager appointed by the Manager.

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

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

“**Trust Deed**” means the trust deed of a Scheme, as amended by any supplemental deed.

“**UCITS Directive**” means the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended, and which applies to EEA UCITS.

“**UK UCITS**” means a UK UCITS as defined in the FCA Regulations.

“**United Kingdom**” and “**UK**” means England and Wales, Scotland and Northern Ireland (but not the Channel Islands or the Isle of Man).

“**Units**” means units in the capital of a Scheme, which relate to a particular Class.

“**Unitholder**” means a holder of Units.

“**Valuation Point**” means 12 noon 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 SCHEMES**

Each Scheme is an authorised unit trust scheme and a UK UCITS under the FCA Regulations. The assets of a Scheme belong exclusively to that Scheme 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 any other Scheme and shall not be available for any such purpose.

Each Scheme may have more than one Class allocated to it. Where a new Scheme or Class is established, an updated prospectus will be prepared as soon as reasonably practicable setting out the relevant information concerning the new Scheme or Class.

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

The Schemes in which Units are currently available are:

- Santander UK Growth Unit Trust;
- Santander Equity Income Unit Trust; and
- Santander Max 70% Shares Unit Trust\*.

\*This Scheme is no longer available for investment.

Details of each Scheme, including its investment objective and policy, are set out in Appendix 1. Investment of the assets of each Scheme must comply with the relevant provisions of the FCA Regulations and the investment objective and policy of the relevant Scheme.

Each Scheme is charged with the liabilities, expenses, costs and charges attributable to that Scheme, and within a Scheme charges are allocated between Classes in accordance with the terms of issue of those Classes. Unitholders are not liable for the debts of any Scheme.

### **1.1 Investment Objectives and Policies of the Schemes**

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

### **1.2 Investment Powers and Safeguards**

The assets of each Scheme will be invested with the aim of achieving the investment objective and policy of that Scheme as set out at Appendix 1. They must be invested so as to comply with the investment and borrowing powers and restrictions set out in the FCA Regulations, the Trust Deeds and this Prospectus.

A summary of the investment powers and safeguards applicable to each Scheme is set out in Appendix 3.

Each Scheme is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Scheme may harm performance by disrupting portfolio management strategies and by increasing costs. The Manager may at its discretion refuse to accept applications for or switching of Units, 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 Scheme(s). For these purposes the Manager may consider an investor's trading history in the Schemes or other funds managed by the Manager and accounts under common ownership or control.

### **1.3 ISA Qualification**

It is intended that the Schemes will be invested in a manner which aims to ensure that Units in each Scheme will constitute qualifying investments for the stocks and shares component of an individual savings account (ISA) in terms of the Individual Savings Account Rules 1998 (as amended) (the "ISA

Rules").

## 1.4 Investor Profile

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

Santander UK Growth Unit Trust may be appropriate for investors seeking capital growth with the potential for income, Santander Equity Income Unit Trust may be appropriate for investors seeking income with the potential for capital growth, and Santander Max 70% Shares Unit Trust\* may be appropriate for investors seeking a combination of capital growth and income. The Schemes are not suitable as a short-term investment as they are likely to demonstrate short-term volatility, and investors should be looking to invest for a minimum period of five years. Investors must be prepared to accept the risk of capital loss that comes with an investment in a Scheme. Risks associated with investing in the Funds are detailed in Appendix 2.

\*This Scheme is no longer available for investment.

## 2. UNITS

### 2.1 Classes within the Schemes

Each Scheme may have income or accumulation Units. The Classes currently available in each Scheme are set out in the table below:

<b>Scheme</b>	<b>Unit Classes</b>
<b>Santander UK Growth Unit Trust</b>	R Income Units R Accumulation Units
<b>Santander Equity Income Unit Trust</b>	R Income Units R Accumulation Units
<b>Santander Max 70% Shares Unit Trust*</b>	R Income Units R Accumulation Units

\*This Scheme is no longer available for investment.

Income attributable to accumulation Units is automatically added to (and retained as part of) the capital assets of the relevant Scheme at the end of each applicable interim and/or annual accounting period and is reflected in the relevant Unit price. Income attributable to income Units is distributed to Unitholders in respect of each accounting period and will be paid on the Income Allocation Dates as specified in Appendix 1.

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 Scheme will be adjusted accordingly.

Further Classes may be established from time to time by the Manager with the agreement of the Trustee, and where relevant the approval of the FCA, and in accordance with the relevant Trust Deed(s). On the introduction of any new Scheme or Class, a revised prospectus will be prepared setting out the details of such new Scheme or Class.

## 3. MANAGEMENT AND ADMINISTRATION

### 3.1 Manager

The Manager of the Schemes 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 Manager is Banco Santander S.A., which is incorporated in Spain.

### **3.2 Registered Office**

The registered office of the Manager is at 287 St. Vincent Street, Glasgow G2 5NB, United Kingdom. This is also the address in the United Kingdom for service on the Manager of notices or other documents required or authorised to be served on it.

### **3.3 Issued Share Capital**

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

### **3.4 Head Office**

The head office of the Manager is at 287 St. Vincent Street, Glasgow G2 5NB, United Kingdom.

### **3.5 Regulatory Authority**

The Manager 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.

### **3.6 Terms of Appointment of the Manager**

The appointment of the Manager as manager of the Schemes was made pursuant to the Trust Deeds.

The Manager is responsible for managing and administering the Schemes' affairs in compliance with the FCA Regulations. Under the terms of the Trust Deeds, it provides investment management services in respect of the Schemes. The Manager also provides administrative, accounting and secretarial and registrar services to the Schemes. The Manager may delegate these functions as well as its fund accounting and pricing functions. No separate registrar fees are payable to the Manager for its services to the Schemes.

The Manager has delegated certain aspects of the following administration functions to FNZ TA Services Limited, which is authorised and regulated by the FCA (firm reference number 438687):

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

The Manager has also delegated certain aspects of the following functions to Santander Asset Management, S.A, S.G.I.I.C.:

- (i) contract settlements; and
- (ii) dealing on behalf of Schemes.

Santander Asset Management, S.A, S.G.I.I.C., is incorporated in Spain and is a member of the same

group as the Manager.

The Manager has delegated the following administration functions to The Bank of New York Mellon (International) Limited, which is authorised by the PRA and regulated by the FCA and the PRA in the conduct of its investment business with firm reference number 183100:

- (i) Scheme valuation and pricing; and
- (ii) preparation of report and accounts.

All delegations by the Manager of management functions will be in compliance with the requirements of the Manager's Conflicts of Interest Policy.

The Manager 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 Scheme. If more than one sub-investment manager is appointed to a Scheme, the Manager shall allocate the assets of the Scheme between the sub-investment managers in such proportions as it shall, at its discretion, determine. The Manager will monitor the performance of the sub-investment manager(s) for each Scheme in order to assess the need, if any, to make changes / replacements. Unitholders will be notified of any such change in the next annual / interim report or other periodic documentation sent to them.

The Manager may provide similar services for other clients but will endeavour to ensure fair treatment as between the Schemes and other customers whose funds are managed or advised by the Manager. Details of the fees payable to the Manager are set out in Section 21.1. The Manager (or its associates or any affected person) is also under no obligation to account to the Trustee, the Schemes or the Unitholders for any profit it makes on the issue or re-issue or cancellation of Units it has redeemed.

### **3.7 Remuneration Policy of the Manager**

The Manager must establish and apply remuneration policies and practices that are consistent with and promote sound and effective risk management. Details of the Manager's remuneration policy, including up-to-date details of how remuneration and benefits are calculated and the identities of the persons responsible for awarding remuneration and benefits, are available on the Manager's website at [www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk). Paper copies of the Manager's remuneration policy are also available free of charge from Level 7, 2 Redman Place, Stratford, London E20 1JQ, United Kingdom by calling 0800 328 1328.

### **3.8 Other Schemes Managed / Operated by the Manager**

The Manager currently also acts as authorised corporate director of the following regulated Collective Investment Schemes:

- Santander Multi-Manager OEIC;
- Santander Managed OEIC;
- Santander Managed Investments OEIC;
- Santander Managed Investments OEIC 2;
- Santander Managed Investments OEIC 3; and
- Santander Premium Fund.

### **3.9 Directors of the Manager**

The Directors of the Manager are:

- Brian Russell Odendaal;
- Jocelyn Dehnert (Non-Executive Director);
- Richard Royds (Non-Executive Director);
- Jack Treunen (Non-Executive Director); and
- Cassandra Lisette Waller.

Jocelyn Dehnert is also a director of Lamarck Limited and Coinvestor Limited.

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

#### **4. THE TRUSTEE**

The Trustee of the Schemes is NatWest Trustee and Depositary Services Limited, incorporated in England and Wales as a private limited company. The appointment of the Trustee as trustee of the Schemes was made pursuant to the Trust Deeds and the Trustee is a bank authorised by the regulator to act as a depositary of a Trust. Under the terms of the Trust Deeds and subject to the FCA Regulations, the Trustee is responsible for the safekeeping of the property of the Schemes entrusted to it and has a duty to take reasonable care to ensure that the Schemes are managed in accordance with the provisions of the FCA Regulations relating to the pricing of, and dealing in, Units and to the allocation of the income of the Schemes.

##### **4.1 Registered and Head Office**

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

##### **4.2 Ultimate Holding Company**

The ultimate holding company of the Trustee is NatWest Group plc, which is incorporated in Scotland.

##### **4.3 Principal Business Activity**

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

##### **4.4 Regulatory Organisation and Terms of Appointment of the Trustee**

The appointment of the Trustee was made pursuant to the Trust Deeds and an agreement dated 29 October 2018 between the Manager and the Trustee (the “**Depositary Agreement**”).

The Trustee is authorised and regulated by the FCA. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the regulator.

The Trustee is responsible for the safekeeping of all of the scheme property of the Schemes. The Trustee has retained the services of the Bank of New York Mellon London Branch, as Custodian, to assist in the safekeeping of the property of the Schemes under the terms of a custody agreement. The head address of the Custodian is One Canada Square, London E14 5AL, United Kingdom. The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Schemes 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 Manager.

The Trustee has a duty to take reasonable care to ensure that the Schemes are managed in accordance with the Trust Deeds and the FCA Regulations relating to pricing of, and dealing in, units and income of the Schemes.

The Trustee operates independently from the Schemes, Unitholders, the Manager and its associated

suppliers and the Custodian. As such, the Trustee does not anticipate any conflicts of interest with any of the aforementioned parties. In addition, the Trustee may act as trustee / 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 appointment by the Trustee of the Custodian.

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

The Trustee was appointed as trustee of the Schemes pursuant to the Trust Deeds and its powers, duties, rights and obligations in relation to such are also governed by a depositary agreement dated 15 March 2016 between the Manager and the Trustee (the "Depositary Agreement"). Under the Depositary Agreement, the Trustee and the Manager are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Trustee and the Manager under the Trust Deeds and the Depositary Agreement shall to the extent of any conflict be overridden by the FCA Regulations.

Under the Depositary Agreement, the Trustee will be liable for any loss of financial instruments held in custody or for any liabilities incurred as a result of the Trustee's negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Trustee 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.

It also provides that the Trustee will be entitled to an indemnity from the property of the relevant Scheme(s) for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on 90 days' notice by the Manager or the Trustee or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Trustee retire voluntarily, until the appointment of a new trustee of the Schemes.

The Trustee is entitled to receive remuneration out of the property of the Schemes for its services, as detailed in Section 20.2. The Trustee (or its associates or any affected person) is under no obligation to account to the Manager, the Schemes or Unitholders for any profits or benefits it makes or receives that are made or derived from or in connection with dealings in Units, any transaction in scheme property or the supply of services to the Schemes.

## **5. INVESTMENT MANAGER AND SUB-INVESTMENT MANAGERS**

The Manager acts as investment manager to the Schemes and may appoint Sub-Investment Managers. The Manager is responsible for day to day discretionary investment management of the assets of the Schemes in accordance with the relevant investment objectives and policies. The Manager shall have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by it under the Trust Deeds or the FCA Regulations to manage the investment of the scheme property of the Schemes.

The fees payable to the Manager as investment manager are included in the fees payable by each Scheme to the Manager and are not an obligation of the Schemes.

### **Sub-Investment Managers**

The Manager 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 Scheme. Sub-Investment Managers may be members of the same group of companies as the Manager or third party companies. If more than one Sub-Investment Manager is appointed to a Scheme, the Manager shall allocate the assets of the Scheme between the Sub-Investment Managers in such proportions as it shall, at its discretion, determine. The Manager will monitor the performance of the Sub-Investment Manager(s) for each Scheme in order to assess the need, if any, to make changes / replacements.

Unitholders will be notified of any such change appropriately. The Manager has appointed the following Sub-Investment Managers.

<b>Sub-Investment Manager</b>	<b>Registered office</b>
Santander Asset Management, S.A, S.G.I.I.C. (incorporated in Spain and is a member of the same group as the Manager)	Pº de la Castellana 24 – 28046, Madrid, Spain
Schroder Investment Management Limited	1 London Wall Place, London EC2Y 5AU, United Kingdom

The principal activity of each Sub-Investment Manager is the provision of investment management services.

Details of the Sub-Investment Manager(s) appointed to each Scheme can be found in Appendix I.

### Terms of appointment

Each Sub-Investment Manager was appointed by an agreement between the Manager and the relevant Sub-Investment Manager, as amended from time to time (each a “**Sub-Investment Management Agreement**”) as set out below.

<b>Schemes</b>	<b>Sub-Investment Manager</b>	<b>Terms of appointment</b>
<b>Santander Max 70% Shares Unit Trust*</b>	Santander Asset Management, S.A, S.G.I.I.C. (registered with the Commercial Registry of Madrid and with the Administrative Registry of the Spanish Commission of the Stock Market of Collective Investment Institutions Management Companies)	Date of agreement: 30 July 2008 (as amended from time to time)  The Sub-Investment Management Agreement may be terminated by either the Manager or Santander Asset Management, S.A, S.G.I.I.C., on 30 days’ written notice to the other party. The Sub- Investment Management Agreement may also be terminated immediately on the happening of certain events including if the Manger believes that this is in the best interests of investors, or if there is material breach by the other party. The Sub-Investment Management Agreement will terminate automatically in the event of either party’s insolvency.
<b>Santander Income Unit Trust, Santander UK Growth Unit Trust</b>	Schroder Investment Management Limited (authorised and regulated by the FCA)	Date of Agreement: 24 July 2020 (as amended from time to time)  The Sub-Investment Management Agreement may be terminated by either the Manager or Schroder Investment Management Limited in a number of circumstances including on three months’ written notice to the other party and immediately by either party on the happening of certain events including material breach by the other party, or in the event of the other party’s insolvency.

\*This Scheme is no longer available for investment.

## **6. ADMINISTRATOR AND REGISTRAR**

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

As set out in Section 3.6, the Manager currently delegates the provision of registrar and other administration functions to FNZ TA Services Limited and Santander Asset Management, S.A, SGIIC.

## **7. AUDITORS**

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

## **8. GENERAL**

The Manager and the Trustee 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 Schemes.

The Manager and the Trustee may retain the services of the other or third parties to assist them in fulfilling their respective roles. The only exceptions are that the Trustee may not delegate oversight, custody or control of scheme property to the Manager or any associate of the Manager; 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 Trustee's consent.

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

The FCA Regulations contain various requirements relating to transactions entered into between a Scheme and the Manager, 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 Schemes.

Certain transactions between a Scheme and the Manager, or an associate of the Manager, may be voidable at the instigation of a Scheme in certain circumstances.

The Manager and other companies within the Santander Asset Management group may from time to time act as managers to other Collective Investment Schemes which follow similar investment objectives to those of the Schemes. It is therefore possible that the Manager may in the course of its business have potential conflicts of interest with the Schemes or a particular Scheme or between the Schemes and the other Collective Investment Schemes managed by the Manager. The Manager 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 Manager Agreement and in particular to its obligation to act in the best interests of the Schemes and the Unitholders 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 Manager will ensure that the Schemes and the Unitholders and any other Collective Investment Schemes it manages are fairly treated. The Manager maintains a written conflicts of interest policy.

The Manager 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 Schemes and Unitholders will be prevented. Should such situations arise the Manager will, as a last resort if the conflict cannot be avoided, disclose these to Unitholders in an appropriate format. Details of the Manager's conflicts of interest policy are available on request from the Manager.

## **9. REGISTER OF UNITHOLDERS**

Ownership of Units is evidenced by an entry on the Register, which is maintained by FNZ TA Services Limited at Level 7, 2 Redman Place, Stratford, London E20 1JQ, United Kingdom. The Register may be inspected by any Unitholder or his duly authorised agent during normal business hours at that

address without charge. Unit Certificates are not issued.

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

At least once each year, the Manager will send a statement to each person who holds or has held Units since the time of issue of the last statement. In the case of joint holdings, statements are sent to the first named Unitholder. The statement will describe any current holding of Units as at the date of the statement and any transactions in Units 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 a registered Unitholder.

## **10. BUYING, SELLING AND SWITCHING UNITS**

### **10.1 General**

The Schemes are intended for both retail and institutional investors. Retail investors may only invest in a Scheme through authorised intermediaries such as fund platforms, nominees or a financial adviser.

The Manager's delegate, FNZ TA Services Limited, is available to deal with requests from institutional investors (authorised intermediaries) to buy, redeem (sell) or switch Units between 9am and 5pm on each Business Day. Such applications and instructions may be made by post or electronic means where available. The Units are bought, sold or switched at a forward price, being the price determined at the next valuation of the property of the relevant Scheme after the receipt by FNZ TA Services Limited of the investor's instructions.

Please contact FNZ TA Services Limited at [investorqueries@fnzta.com](mailto:investorqueries@fnzta.com) for any enquiries related to applications and instructions to buy, redeem (sell) or switch Units.

Subject to the Manager's internal approvals for new investors including the anti-money laundering measures detailed in Section 12:

- valid requests received prior to the 12 noon Valuation Point are dealt that day;
- if valid requests are received after the Valuation Point, they are marked at the price at the next Valuation Point; and
- valid requests are processed at the next applicable Valuation Point following receipt of the request except in the case where dealing in a Scheme has been deferred or suspended as set out in Section 14 titled "Suspension of Dealing in Units".

Unit Prices are published on each Business Day on the Financial Express Fundinfo website ([www.trustnet.com](http://www.trustnet.com)) and the Manager's website ([www.santanderassetmanagement.co.uk](http://www.santanderassetmanagement.co.uk)), and are also available via other data vendors or by calling +44 (0)330 024 0785. Units are not listed or dealt on any investment exchange.

### ***Client Money***

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

In cases where a trade is settled to the Trustee before payment has been received by the Manager (see "Buying and Selling Units" below), any monies received thereafter by the Manager 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 Trustee.

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 Unitholders or potential Unitholders in relation to the period money is held as Client Money.

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

If the Third Party Bank where Client Money is held becomes insolvent the Manager 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 Unitholders 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 Unitholders hold directly and indirectly with the failed bank. To the extent the Manager is permitted to exclude liability under applicable law and regulation, the Manager 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 Manager 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 Manager or its agent may collect and report information about Unitholders for this purpose, including information to verify their identity and tax status.

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

Please note that the Manager may treat Unitholders as a Specified U.S. Person where the Manager acting as administrator is unable to establish that this is not the case, or redeem compulsorily their holding in accordance with Section 13 titled "Compulsory Transfer or Redemption of Units".

### **10.2 Minimum Subscriptions and Holdings**

The minimum value of Units in any one of the Schemes in which any one person may invest is £500 in respect of a first transaction and £250 in respect of any subsequent transaction.

Redemption requests may be for a value of £250 or more, although a Unitholder will not be entitled to realise part only of his holding of Units without the approval of the Manager and the Trustee, if by doing so his holding would be reduced to less than the minimum permitted holding (currently £500).

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

### **10.3 Buying and Selling Units**

Following a request to purchase Units, 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 Units purchased and the applicable price. Payment to satisfy a request to purchase Units should be cleared through the Manager's relevant bank account by the close of the fourth Business Day after the relevant Valuation Point.

As the Trustee / Manager will net settle trades to purchase Units 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 Manager. At the point the trade is settled the Register will be updated and the applicant will become the legal and beneficial owner of the Units, irrespective of whether payment has been received by the Manager.

If payment is not received from the applicant by the close of the fourth Business Day after the relevant Valuation Point the Manager reserves the right to cancel the relevant subscription of Units and the relevant applicant will not be entitled to any interest, income or capital earned on these Units. Units 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 Unit will not be returned to the applicant. Fractions of Units will be issued in such circumstances to the nearest whole thousandth of a Unit.

Instructions to redeem Units may be made in writing, or electronic means where available (as detailed in Section 10.1). A contract note will be issued, or made available via online portal where available, giving details of the Units sold and the price used.

Payments to satisfy a request to sell Units 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 Manager of a written and signed renunciation request in respect of the appropriate number of Units, or electronic means where available.

Apart from circumstances in which a Unitholder is selling his entire holding of Units in a Scheme:

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

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

Part of a Unitholder's holding may be sold but the Manager reserves the right to refuse a request to sell Units if the value of the Units in any Scheme to be sold is less than the minimum stated in respect of the appropriate Class in the Scheme in question (see Appendix 1 and Section 10.2).

#### **10.4 Switching between Schemes and into other Santander Funds**

Unitholders are entitled (subject to certain restrictions) to switch all or part of their Units in one Scheme for Units of a different Class in that Scheme, where available, or Units of the same or a different Class in a different Scheme or another UK domiciled fund for which the Manager acts as Authorised Corporate Director (a "**Santander UK Fund**"), provided they meet the entry requirements of the Class and (where relevant) the Santander UK Fund they wish to acquire.

Switching may be requested in writing or by electronic means where available to the Manager's delegate FNZ TA Services Limited as detailed in Section 10.1. In the case of joint Unitholders, the request must be signed by all the joint holders.

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

Please note that under United Kingdom tax law a switch of Units from one Scheme to another Scheme or Santander UK Fund is treated as a redemption of the original Units and a purchase of new Units / shares and will, for persons subject to United Kingdom taxation, be a realisation of the original Units for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the

Unitholder's circumstances. Switching Units of one Class within a Scheme for Units of another Class within the same Scheme will not generally be a disposal for the purposes of capital gains tax.

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

## **10.5 Dealing Charges**

### ***Initial Charge***

The Manager may impose an initial charge on the purchase of Units. 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 Scheme in Appendix 1. In practice the initial charge may be lower than the amount stated or may be waived in the Manager's discretion.

### ***Redemption Charge***

The Manager does not currently impose a redemption charge on a cancellation or redemption of any Units.

### ***Switching Charge***

The Manager may impose a switching charge on a switch of Units for Units of the same Class of another Scheme or Santander UK Fund only where that other Scheme or Santander UK Fund has a higher initial charge. The charge will be the difference between the two initial charges.

## **11. UNIT PRICES**

### **11.1 Price of a Unit**

Units are priced on a single mid-market pricing basis in accordance with the FCA Regulations.

The price of a Unit is the Net Asset Value attributable to the relevant Class divided by the number of Units of that Class in issue.

The Net Asset Values attributable to each Class of each Scheme will normally be calculated at 12 noon UK time on each Business Day.

The Manager reserves the right to revalue a Class or Scheme at any time at its discretion.

### **11.2 Dilution Adjustment**

For the purpose of calculating the price at which Units in a Scheme 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 Scheme's investments may be higher or lower than the mid-market values used in calculating the Unit price, for example due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances this will have an adverse effect on the continuing Unitholders in a Scheme. This effect is called "dilution".

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

A dilution adjustment will be applied where a Scheme is experiencing issues and redemptions of Units on an aggregated basis. The dilution adjustment is calculated by reference to the costs of dealing in the underlying investments of the relevant Scheme, including any dealing spreads, commissions and transfer taxes.

As dilution is directly related to the issues and sales of Units in a Scheme, 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 Manager expects to make a dilution adjustment as detailed above on most occasions when Units 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 Units.

The Manager's dilution adjustment policy is as follows:

- dilution adjustments per Scheme are at the discretion of the Manager and for the benefit of all Unitholders. The Manager reserves the right to disapply any dilution adjustment;
- dilution adjustments per Scheme are reviewed quarterly based on actual costs to the Scheme over the preceding quarter;
- where a Scheme swings to bid the dilution adjustment reduces the price of Units and where a Scheme swings to offer the dilution adjustment increases the price of Units.

The Manager's swing basis policy is as follows:

- in the event that on any one day there is net cash flow arising from the issue and / or redemption of Units in a Scheme, the Manager 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 for a Scheme, the Manager maintains the right to apply no swing where the published Unit price will be the mid-market Unit price.

## **12. 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 Units. Normally this will not result in any delay in carrying out instructions but should the Manager request additional information; this may mean that instructions will not be carried out until the information is received. In these circumstances, the Manager may refuse to issue or sell Units, release the proceeds of redemption or carry out such instructions.

## **13. COMPULSORY TRANSFER OR REDEMPTION OF UNITS**

The Manager may impose the restrictions it thinks necessary to ensure that no Units 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 Manager may in its sole discretion reject any application for purchase or sale of Units or any exchange notice given.

If the Manager becomes aware that: any Units are owned directly or beneficially in breach of any law or governmental regulation; or the Unitholder in question is not eligible to hold such Units or if it reasonably believes this to be the case, it may give notice requiring the transfer or repurchase of such Units. 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 Units.

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

In addition to the provisions above, if it comes to the attention of the Manager that a person is registered as holding Units in any of the Schemes directly, rather than via a platform, financial adviser or in a nominee name, and is therefore in breach of the restrictions set out in this Prospectus at Section 2.1, the Manager reserves the right to redeem those Units as soon as practically possible.

#### **14. SUSPENSION OF DEALINGS IN UNITS**

The Manager may, with the prior agreement of the Trustee, or shall, if the Trustee so requires, at any time for a period not exceeding 28 days suspend redemption of Units in a Scheme if it, or the Trustee in the case of any requirement by the Trustee, is of the opinion that there is good and sufficient reason to do so having regard to the interests of all participants in that Scheme. If the redemption of Units in a Scheme is suspended, the obligations relating to the issue, cancellation, sale and redemption of Units and the valuation of Units will cease to apply in respect of the Scheme concerned.

The Manager must inform the FCA of such suspension immediately, stating the reason for the suspension. The calculation of the Unit price in the relevant Scheme will commence at 12 noon UK time on each Business Day after the suspension has been lifted.

#### **15. UNIT CLASS CONVERSIONS**

The Manager may in its sole discretion effect a conversion of Units of a particular Class into Units of another Class within the same Scheme, provided there is no detriment to any affected Unitholders, and Unitholders whose Units are being converted have been given at least 60 days' notice.

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

The Net Asset Value of the scheme property of a Scheme 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 Scheme 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 Manager, 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 Manager, 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 Manager, 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 Manager, is fair and reasonable;
- (c) property other than that described in (a) and (b) above:

at a value which, in the opinion of the Manager, 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 Manager and the Trustee;
- (b) if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the Manager and the Trustee;
- (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 Manager and the Trustee.

**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 Manager, 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 designated currency of a Scheme 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 Unitholders or potential Unitholders.

## **17. IN SPECIE REDEMPTION**

If a Unitholder requests the redemption or cancellation of Units, the Manager may, if it considers the deal substantial in relation to the total size of the Scheme concerned, cancel the Units and transfer scheme property to the Unitholder instead of paying the price of the Units in cash. A deal involving Units representing 5% or more in value of a Scheme will normally be considered substantial, although the Manager may in its discretion agree an in specie redemption with a Unitholder whose Units represent less than 5% in value of the Scheme concerned.

Before the transfer of scheme property, the Manager may give written notice, or notice by way of electronic means where available, to the Unitholder that scheme property will be transferred to that Unitholder.

The Manager will select the property to be transferred in consultation with the Trustee.

The Manager will ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Unitholder than to continuing Unitholders in the relevant Scheme.

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

The Manager may issue Units in exchange for assets other than money, but will only do so where the Trustee is satisfied that the relevant Scheme acquiring those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders in that Scheme. The Manager will ensure that the beneficial interest in assets is transferred to the Scheme with effect from the issue of the Units.

The Manager will not issue Units in any Scheme in exchange for assets the holding of which would be inconsistent with the investment objective of that Scheme.

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

The Units 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 Schemes have not been and will not be registered under the United States Investment Company Act of 1940 (as amended). The Manager 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 Units in a Scheme); or

(j) any other person or entity whose ownership of Units or solicitation for ownership of Units the Manager (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. FEES AND EXPENSES**

### **20.1 Manager's Fees and Expenses**

#### ***Initial Charge***

The Manager may impose an initial charge on the purchase of Units. 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 Scheme in Appendix 1. In practice the initial charge may be lower than the amount stated or may be waived in the Manager's discretion. The Manager may only change the current initial charge in accordance with the FCA Regulations.

#### ***Redemption Charge***

The Trust Deeds contain a power enabling the Manager to make a charge on redemption of Units in a Scheme, but the Manager does not currently impose a redemption charge on a cancellation or redemption of any Units. The Manager may only change the current redemption charge in accordance with the FCA Regulations. If such a charge was introduced, it would not apply to Units issued before the date of the introduction (i.e. those not previously subject to a redemption charge).

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

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

The annual management charge accrues daily and is payable monthly in arrears from the scheme property of each Scheme. The daily calculation is based on the value of the scheme property of the relevant Scheme attributable to that Class valued as at 12 noon UK time on the previous day, adjusted to take account of instructions which have been received to buy or sell Units in the relevant Scheme.

The extent to which all or part of the Manager's annual management charge may be charged against the capital of a Scheme instead of against the income of a Scheme will only be carried out with the approval of the Trustee. This treatment of the Manager's annual management charge may increase the amount of income available for allocation to Unitholders in the Scheme concerned but may constrain capital growth.

Currently, for Santander UK Growth Unit Trust and Santander Max 70% Shares Unit Trust\*, the annual management charge is charged against income (as opposed to capital), and for Santander Equity Income Unit Trust it is charged against capital. See Section 20.8 for further details.

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

\*This Scheme is no longer available for investment.

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

The fees and expenses of any Sub-Investment Manager are paid by the Manager out of its remuneration through the annual management charge.

### **Expenses**

The Manager is entitled to recover out of the scheme property of each Scheme all reasonable and properly evidenced out-of-pocket expenses incurred in the performance of its duties as Manager as well as any expenses incurred for the establishment and maintenance of the Register. The list set out at Section 20.5 includes the types of expenses which may be incurred by the Manager and which are recoverable from the scheme property of each Scheme.

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

### **20.2 Trustee's Fees and Expenses**

The Trustee receives for its own account a periodic fee. This fee accrues and is payable from the scheme property of each Scheme in respect of the same accrual intervals and on the same dates as the Manager's annual management charge. The Trustee's current fees and charges for each Scheme are:

- if the total net assets of the Schemes are equal to or less than £250,000,000, 0.012%;
- in respect of net assets in excess of £250,000,000 and equal to or less than £500,000,000, 0.010%;
- 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%.

Any value added tax on fees payable to the Trustee will be added to the above fees. These rates may be varied from time to time with the agreement of the Manager in accordance with the FCA Regulations.

### **20.3 Transaction and Custody Charges**

The Custodian is entitled to receive out of the scheme property of each Scheme transaction and custody charges as agreed between the Trustee and the Manager from time to time.

Transaction charges vary depending on the jurisdiction in which the particular property of the relevant Scheme is held. Transaction charges for the likely investment areas of the Schemes 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 Scheme under custody in the various jurisdictions, and are payable monthly in arrears.

### **20.4 Expenses**

The Trustee is also entitled to recover out of the scheme property of each Scheme reasonable out of pocket expenses properly incurred by it (as well as, where agreed with the Manager, its sub-custodians and agents) in the performance of its duties and responsibilities as Trustee. The duties and responsibilities for which reimbursement to the Trustee may be made include :

- (a) delivery and receipt of scheme property of a Scheme (including registration thereof);
- (b) holding, acquiring, realising or otherwise dealing with any scheme property of a Scheme

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

## **20.5 Other Expenses**

The Manager may pay the following expenses out of the property of each Scheme:

- (a) fees and expenses payable to the Manager and the Trustee 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 Units;
- (c) fees in respect of publication and circulation of Net Asset Value and Unit prices;
- (d) fees and expenses of the Auditors as well as tax, legal and other professional advisors of the Scheme;
- (e) brokers' bond and errors and omissions insurance taken out and maintained in relation to the Scheme;
- (f) costs of meetings of a Scheme or a Class of a Scheme;
- (g) costs of producing, printing and distributing reports, accounts, notices and the Prospectus to Unitholders;
- (h) costs incurred as a result of an update of the Prospectus or amendment of a Trust Deed and any other administrative expenses;
- (i) costs in relation to allocations of income and related notifications to Unitholders;
- (j) interest on borrowings and charges incurred in negotiating borrowings or varying the terms of such borrowings;
- (k) costs of listing Units of a Scheme;

- (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 Units of a Scheme 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 Manager;
- (n) such other expenses as the Manager resolves are properly payable out of the scheme property of a Scheme; and
- (o) any value added tax that may be payable on any of the above expenses.

The Manager and, where relevant, any Sub-Investment Managers use internal and external research to inform their decision making. The Manager and any Sub-Investment Managers currently pay for the research they use out of their own resources.

## **20.6 Allocation of Fees and Expenses between Schemes**

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

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

## **20.7 Profits or Benefits Made from Dealings in Units or Other Transactions**

The Manager, the Trustee, the Custodian, the Auditors or any other "affected persons" are not liable to account to each other or to Unitholders for any profits or benefits made or received which derive from or in connection with dealings in the Units or any transaction in the scheme property of a Scheme or the supply of services to a Scheme.

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

Where the investment objective of a Scheme 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 Manager's fees and expenses, and/or other fees and expenses, may be charged against capital instead of against income. This will only be done with the approval of the Trustee. This treatment of the fees and expenses will increase the amount of income available for allocation to Unitholders in the Scheme concerned, but may constrain capital growth.

However, if the Manager is of the opinion that there is insufficient capital in a Scheme to meet the relevant fees and expenses, such fees and expenses may be deducted from income. Where fees and expenses for a Scheme are charged against income, this will reduce the amount of any income available for allocation to Unitholders in the Scheme concerned, but may preserve capital growth.

Currently for each Scheme (other than Santander Equity Income Unit Trust) all payments out of scheme property, including the annual management charge, are taken from income (other than payments made as a result of effecting transactions which are taken from capital) rather than capital (and only if there is insufficient income will the excess be deducted from capital, which may constrain capital growth). For Santander Equity Income Unit Trust, all payments out of scheme property are taken from the capital of the Scheme.

## **20.9 OCF Cap**

A Scheme may operate with an "OCF cap" in respect of one or more of its Unit Classes. This means that the ongoing charges figure ("OCF") the Unit Class is subject to is set at a fixed maximum amount. Where a Unit Class has an OCF cap this will be included in Appendix 1.

Where a Unit Class has an OCF cap, if the costs which are included in the OCF calculation exceed the amount of the cap then the Manager will pay any excess out of its own resources. Where the OCF calculation is equal to or below the OCF cap, the Unit Class will pay this amount.

## **21. INCOME**

### **21.1 Accounting Periods**

Details of the accounting periods and Income Allocation Dates for each Scheme are set out in Appendix 1.

### **21.2 Income Distributions**

No distributions of income will take place in respect of accumulation Units. Income attributable to accumulation Units is automatically transferred to (and retained as part of) the capital assets of the relevant Scheme at the end of each interim and/or annual accounting period and is reflected in the Unit price.

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 Scheme for that accounting period;
- deducting the charges and expenses of the Scheme paid or payable out of income property for that accounting period;
- adding the Manager's best estimate of tax relief on these expenses and charges; and
- making certain other adjustments which the Manager considers appropriate in relation to tax and other issues.

Available Income 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 Scheme to the income in order to preserve full distribution for other Classes.

In respect of income Units that may be in issue, distributions of income are made on or before the Income Allocation Date in respect of the income attributable to each Class in each accounting period.

Where income Classes are available, the relevant Income Allocation 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 Unitholders 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 Manager's choice. The Manager will take reasonable steps to contact Unitholders 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 Unitholders 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 Unitholders and £100 or less for professional Unitholders), the steps the Manager must take to trace the relevant Unitholders before paying the money or assets to charity are less but the Manager will still make efforts to contact the relevant Unitholders.

### **21.3 Income Equalisation**

Part of the purchase price of a Unit reflects the relevant share of the accrued income of a Scheme. The first allocation of income in respect of a Unit 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 Units of that Class issued in an accounting period by the number of those Units, and applying the resultant average to each of the Units.

## **22. REPORTS TO UNITHOLDERS**

The annual reports and half-yearly reports of the Schemes will be published each year no later than the dates shown in Appendix 1. Reports will not be published in respect of any other interim accounting dates.

Copies of annual and half-yearly long reports may be requested from the Manager or inspected at FNZ TA Services Ltd, Level 7, 2 Redman Place, Stratford, London E20 1JQ, United Kingdom.

## **23. UNITED KINGDOM TAXATION**

### **23.1 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 Schemes and of Unitholders who are United Kingdom resident (except where indicated) and hold Units 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.

### **23.2 The Schemes**

Each Scheme is treated as a separate entity for United Kingdom tax purposes. The Schemes 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 Scheme. In some cases dividends from non-United Kingdom companies may be subject to foreign withholding tax. The Manager 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 Scheme 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 Scheme.

Other (non-dividend) income received by a Scheme 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%.

Where a Scheme invests through a United Kingdom authorised investment fund which pays dividend distributions, the Scheme will generally need to treat the distribution as comprising a dividend stream reflecting the dividends received by the underlying fund which is also exempt from tax and a non-dividend stream.

### **23.3 Income**

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

#### ***Equity Funds***

Where a Scheme pays dividend distributions, these are paid without any deduction of tax. The first £1,000 of dividends, including dividend distributions from a Scheme, paid to an individual (or, in the case of accumulation Units, retained in a Scheme and reinvested) in the 2023/24 tax year (falling to £500 for future tax years) 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 2023/24): 0% for an individual with unused personal allowance, 8.75% for a basic rate taxpayer, 33.75% for a higher rate taxpayer or 39.35% for an additional rate taxpayer.

Corporate Unitholders 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 Scheme must be treated by the corporate Unitholder as an annual payment made after deduction of income tax at the basic rate, and corporate Unitholders 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 Scheme from a company) will be treated as dividend income and, consequently, will be exempt from corporation tax.

This will satisfy the tax liability of corporation tax payers, or they may be able to reclaim from HM Revenue & Customs part or all of the tax deemed to have been deducted as shown on the tax voucher.

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

### **Bond Funds**

A Scheme 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. None of the Schemes are currently bond funds.

Schemes which are bond funds pay interest distributions (instead of dividend distributions) which will be automatically retained in the relevant Scheme in the case of accumulation Units in such Schemes, or distributed to Unitholders in the case of income Units in such Schemes. Any such interest distributions to Unitholders will be paid gross (that is, without any income tax being deducted and paid to HM Revenue & Customs) and Unitholders will be responsible for paying any income or other tax they are liable to on their interest distributions.

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 Units and, during the investor's accounting period the relevant Scheme 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 to the investor for its relevant accounting period. All such Unitholders subject to United Kingdom corporation tax must treat their holding in the Scheme as a creditor loan relationship, including the amount of any distributions, subject to a fair value basis of accounting, and they will be liable to tax accordingly.

Non-United Kingdom resident Unitholders are also entitled to receive interest distributions without any deduction of income tax and they will not generally have any UK tax liability on the income.

### **23.4 Income Equalisation**

The first income distribution received by a Unitholder after buying Units may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the Unitholder 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 Units for capital gains tax purposes, except when it is credited in respect of accumulation Units. Equalisation is applied on all of the Schemes.

## 23.5 Gains

Unitholders 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 Unitholder, corporation tax on gains arising from the redemption, transfer or other disposal of Units (but not usually on switches between Classes within a Scheme).

Part of any increase in value of accumulation Units 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 Units in any Scheme that is invested 60% or more in interest-paying investments or economically equivalent assets at any time in the Unitholder's accounting period must treat their holding 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 Unitholders will find further information in HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

## 23.6 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 Manager may collect and report information about Unitholders and their investments in the Schemes including information to verify their identity and tax status.

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

By subscribing for Units, each Unitholder is agreeing to provide all necessary information upon request from the Manager or its delegate.

## 24. CHANGE PROCESS

Changes to a Scheme 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 Scheme;
  - (ii) may materially prejudice a Unitholder;
  - (iii) alters the risk profile of a Scheme; or
  - (iv) introduces any new type of payment out of relevant scheme property.

The Manager will obtain prior approval from relevant Unitholders to any fundamental change by way of an extraordinary resolution of the Unitholders of the relevant Scheme.

- (b) A significant change is a change or event which the Manager has determined is not a fundamental change but is a change which:
  - (i) affects a Unitholder's ability to exercise his rights in relation to his investment;
  - (ii) would reasonably be expected to cause a Unitholder to reconsider his participation in a Scheme;
  - (iii) results in any increased payments out of the scheme property of the relevant Scheme to the

Manager or any of its associate companies; or

(iv) materially increases other types of payment out of scheme property of the relevant Scheme.

The Manager will give Unitholders 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 Manager concludes that the change or event is insignificant.

The Manager will write to Unitholders in respect of any fundamental change or significant change. Depending on the nature of the change, the Manager will inform Unitholders of notifiable events either by: sending of an immediate notification to Unitholders; publishing information about the change on its website; or including the information in the next report for the relevant Scheme.

## **25. UNITHOLDER MEETINGS AND VOTING RIGHTS**

The convening and conduct of Unitholder meetings and the voting rights of Unitholders at those meetings is governed by the FCA Regulations. Unitholders will receive at least 14 days' notice of a meeting (inclusive of the date of service and the date of the meeting). They are entitled to attend and vote at a meeting either personally or by proxy. The quorum for a meeting is two Unitholders, present personally or by proxy. Attending 'personally' includes attending remotely in the case of a virtual or hybrid meeting.

A general meeting may be convened as:

(a) a 'physical meeting', a general meeting convened at a physical location where Unitholders, or their proxy, must be physically present;

(b) a 'virtual meeting', a general meeting where Unitholders, or their proxy, may attend and vote remotely; or

(c) a 'hybrid meeting', a general meeting which allows Unitholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely.

Details of the format of the general meeting and any relevant instructions for attending will be provided in the meeting notice. Notices of meetings and adjourned meetings will be sent to Unitholders at their registered addresses (or email addresses).

A meeting of all Unitholders in any Scheme or any Class may be convened. All references below to a meeting apply equally to Scheme and Class meetings.

### **25.1 Voting Rights**

At any meeting of Unitholders in a Scheme an extraordinary resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of a show of hands) demanded by the chairman, the Trustee or at least two Unitholders.

On a show of hands every Unitholder who attends personally, or is present by its representative properly authorised in that regard or by proxy, will have one vote.

On a poll:

(a) votes may be given personally or by proxy or in another manner permitted by the relevant Trust Deed;

(b) the voting rights for each Unit must be the proportion of the voting rights attached to all of the Units in issue that the price of the Unit bears to the aggregate price or prices of all of the Units in issue:

- (i) if any Unit is a participating security, at the time determined in accordance with the FCA Regulations;
  - (ii) otherwise at the date specified in the FCA Regulations; and
- (c) a Unitholder need not use all his votes or cast all his votes in the same way.

In the case of joint Unitholders the vote of the senior who tenders a vote whether personally or by proxy will be accepted to the exclusion of the votes of the other joint Unitholders and for this purpose seniority will be determined by the order in which the names stand in the Register of the relevant Scheme.

Neither the Manager nor any associate of the Manager will be entitled to vote at any such meeting except in respect of Units which it holds on behalf of, or jointly with, a person who, if himself a registered Unitholder, would be entitled to vote, and from whom it has received voting instructions.

## **26. WINDING UP OF A SCHEME**

### **26.1 Occasions on which a Scheme may be wound up**

The Trustee will proceed to wind up any of the Schemes (in accordance with Section 26.2 below), on the occurrence of any of the following events:

- (a) the order declaring the Scheme to be an authorised unit trust scheme is revoked;
- (b) the FCA has agreed to a request by either the Manager or the Trustee for the revocation of the order declaring the Scheme to be an authorised unit trust scheme, on conclusion of the winding-up of the Scheme;
- (c) the expiration of any period specified in the relevant Trust Deed as the period at the end of which the Scheme concerned is to terminate; or
- (d) the effective date of a duly approved scheme of arrangement which is to result in the Scheme that is subject to the scheme of arrangement being left with no property.

### **26.2 Procedure for winding up Schemes**

In the event that any of the Schemes are to be wound up, the procedure for winding up will be as follows:

- (a) in a case falling within Section 26.1(d) above, the Trustee will wind up the Scheme in accordance with the approved scheme of arrangement;
- (b) in any other case, the Trustee must, as soon as practicable after the Scheme falls to be wound up, realise the property of the Scheme and, after paying out or retaining adequate provisions for all liabilities properly so payable of such property and retaining provision for the costs of the winding-up, distribute the proceeds to the relevant Unitholders and the Manager (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Scheme as at the date of the relevant event specified in Section 26.1(a), (b) or (c) above;
- (c) any unclaimed net proceeds or other cash held by the Trustee in respect of the Scheme after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into court or as the court may direct, subject to the Trustee having a right to retain any expenses incurred by it in making and relating to that payment into court;
- (d) where the Trustee and one or more Unitholders in the Scheme agree, the requirement in Section 26.2(b) to realise the scheme property does not apply to that part of the scheme property proportionate to the entitlement of that or those Unitholders. The Trustee may distribute that part in the form of property, after making adjustments or retaining provisions as appears to the Trustee appropriate for ensuring that or those Unitholders bear a proportional share of the relevant liabilities and costs;
- (e) on completion of the winding-up, in respect of the events referred to in Section 26.1(b) or (c) above,

the Trustee will notify the FCA in writing of that fact and at the same time the Manager or Trustee will request the FCA to revoke the order of authorisation under section 256(1) of the Act.

Once a Scheme falls to be wound up, any unclaimed net proceeds or other cash (including unclaimed distributions) held by the Trustee after the expiration of twelve months from the date on which the same became payable is to be paid by the Trustee into court or as the court may direct, subject to the Trustee having a right to retain from those net proceeds or other cash any expenses incurred in so making the payment.

## **27. GENERAL INFORMATION**

### **27.1 Unclaimed Income Distributions**

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

### **27.2 Documents of the Schemes**

The following documents may be inspected free of charge between 9am and 5pm on every Business Day at FNZ TA Services Ltd, Level 7, 2 Redman Place, Stratford, London E20 1JQ, United Kingdom:

- (a) the most recent annual and half yearly reports of the Schemes;
- (b) the Prospectus;
- (c) the Trust Deeds; and
- (d) the KIID for each Class.

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

### **27.3 Complaints**

Complaints concerning the operation or marketing of the Schemes may be referred to the Manager by email to [SAMUKComplaints@santanderam.com](mailto:SAMUKComplaints@santanderam.com), or by post to Santander Asset Management UK: Commercial Team, 287 St. Vincent Street, Glasgow G2 5NB, United Kingdom. Complaints may also be made direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR, United Kingdom.

### **27.4 Compensation**

A Unitholder's investments in a Scheme may be covered by the Financial Services Compensation Scheme. Depending on the claimant's eligibility and the circumstances of the claim, Unitholders may be entitled to compensation from this scheme if the Manager on behalf of the relevant Scheme cannot meet their obligations. Most types of investments are covered by this scheme up to £85,000. Further information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation are also available from the Manager on request.

### **27.5 Governing Law**

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

### **27.6 Telephone recording**

Please note that the Manager (and if any are 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 Schemes or the management of the Schemes. The Manager 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.

## **27.7 Socially Responsible Investment Policy**

In accordance with Santander Group policies, Santander Equity Income Unit Trust, Santander Max 70% Shares Unit Trust\* and Santander UK Growth Unit Trust apply Environmental, Social and Governance (“ESG”) and controversial weapon screens which seek to avoid holding certain companies operating in sensitive sectors. The Funds do not, however, have specific sustainable objectives or sustainability characteristics.

The Socially Responsible Investment Policy is available on the Santander Asset Management Global website at [www.santanderassetmanagement.com](http://www.santanderassetmanagement.com).

\*This Scheme is no longer available for investment.

## **28. RISK MANAGEMENT PROCESS**

The Manager is required to employ a risk management process in respect of the Schemes which enables it to accurately monitor and manage the global exposure from financial derivative instruments which each Scheme gains. The Manager uses two different methodologies to calculate a Scheme’s global exposure: the “Commitment Approach” or “Value at Risk” (“VaR”).

The Commitment Approach is used to calculate global exposure for Schemes which use less sophisticated derivative strategies and / or are internally limited to using derivatives for efficient portfolio management purposes. It involves measuring the exposure to derivatives by calculating the equivalent position, for each derivative, to the underlying asset. Such exposure may not exceed 100% of the net value of the scheme property of the relevant Scheme.

For Schemes which utilise more complex derivative instruments and strategies, VaR is used to measure the global exposure of the Schemes and manage the potential loss to them due to market risk. There are two types of VaR measure which can be used to monitor and manage the global exposure of a Scheme, either on a comparative basis or with an appropriate benchmark: “relative VaR” or “absolute VaR” (commonly used for absolute return style funds). The Manager’s selection of the VaR measure to be utilised must be justifiable based on the complexity of the relevant Scheme.

The Manager must ensure that the global exposure methodology selected for a Scheme is appropriate, taking into account the investment strategy pursued by the Scheme, the types and complexities of the derivatives and forward transactions used by it and the proportion of its scheme property comprising derivatives and forward transactions. Unless noted otherwise in Appendix 1, the Commitment Approach is used.

## **29. BEST EXECUTION**

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

## **30. INDUCEMENTS**

The Manager will not accept and retain any fees, commissions or monetary benefits, or accept any nonmonetary 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 Scheme, and are of a scale and nature such that they could not be judged to impair the Manager’s compliance with its duty to act honestly, fairly and professionally in

the best interests of the relevant Scheme.

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

## **APPENDIX 1**

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

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

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

The risks relevant to each Scheme are contained in Appendix 2. A detailed statement of the investment and borrowing restrictions applicable to each Scheme is contained in Appendix 3. A list of the eligible securities and derivatives markets on which each Scheme may invest is contained in Appendix 4.

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

### 1. Benchmarks

A Scheme's benchmark will be defined in one of three ways:

- (i) as a "**Target Benchmark**", whereby a target for the Scheme's performance has been set, or a payment out of a Scheme's scheme property is permitted, by reference to a comparison of one or more aspects of the a Scheme's scheme property or price with fluctuations in the value or price of an Index or Indices or any other similar factor;
- (ii) as a "**Constraint Benchmark**", whereby, without being a Target Benchmark, arrangements are in place in relation to the Scheme according to which the composition of the portfolio of the Scheme is, or is implied to be, constrained by reference to the value, the price or the components of an Index or Indices or any other similar factor; or
- (iii) as a "**Comparator Benchmark**", whereby without being a Target Benchmark or a Constraint Benchmark, the Scheme's performance is compared against the value or price of an Index or Indices or any other similar factor.

Although a Scheme's Benchmark will be defined in one of these ways, the full extent of how the Benchmark is relevant to the Scheme will be explained in its investment objective and policy.

The Manager is required to produce and maintain robust written plans setting out the actions the Manager will take in the event that certain Indices used by the Manager in relation to one or more of the Schemes materially changes or ceases to exist. Further information on the Manager's plans in this regard are available from the Manager on request. As at the date of this Prospectus this is applicable to all of the Schemes.

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

"**Tracking Error**" is a measure of the variation at a given time between the potential realised returns of: (i) a Scheme'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 Scheme's potential realised returns from those of the relevant Index. However as the Tracking Error of an equity fund is calculated relative to an equity Index, whereas that of a bond fund is calculated relative to a bond Index, and also as the expected return and volatility levels between equities and bonds is different, comparing the level of Tracking Error for an equity fund against that for a bond fund may not be meaningful.

Where a Scheme is managed with reference to an Index and subject to a Tracking Error, the Manager uses a forward looking measure and assumptions to calculate the Tracking Error (this is known as "ex-ante Tracking Error"), and consequently it is not guaranteed that the realised Tracking Error (this is known as "ex-post Tracking Error" as measured using historic Scheme and Index returns) for the Scheme will be equal to the Tracking Error 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.

An "**Actively Managed Collective Investment Scheme**" is one where the fund manager seeks to add value by using its expertise and discretion to select investments which aim to meet the fund's investment objective, whereas a "**Passively Managed Collective Investment Scheme**" is designed to track the performance of an Index or another investment.

### 3. Derivatives

A "**Derivative**" is a contract which derives its value / price from an underlying asset, such as shares or

bonds. A Scheme may employ Derivatives in one or both of two ways:

- (i) for “**Efficient Portfolio Management**”, 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 of the Scheme;
- (ii) for “**Investment Purposes**”, which means that a Scheme may also use them more widely as an investment strategy to meet its objective.

#### **4. Hedging**

A Scheme may buy assets which are denominated in a foreign currency but “**Hedged to Pounds Sterling**”. Hedging is used by a Scheme to reduce the effects of exchange rate movements between Pounds Sterling and the value of a foreign currency in which assets are traded. Hedging may also be used in other ways for Efficient Portfolio Management.

#### **5. Manager’s Exclusions Policy**

In accordance with Santander Group policies the Schemes apply Environmental, Social and Governance and controversial weapon screens which seek to avoid holding certain companies operating in sensitive sectors. Further details are available in the Socially Responsible Investment Policy which is available on the Santander Asset Management Global website at [www.santanderassetmanagement.com](http://www.santanderassetmanagement.com).

#### **6. Index Disclaimers**

The Schemes are not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively the “**LSE Group**”). FTSE Russell is a trading name of certain of the LSE Group companies. All rights in FTSE All Share Index TR (the “**FTSE Index**”) vest in the relevant LSE Group company which owns the FTSE Index. FTSE® is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license. The FTSE Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the FTSE Indices or (b) investment in or operation of a Scheme. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from a Scheme or the suitability of the FTSE Index for the purpose to which it is being put by the Manager.

MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “**MSCI Parties**”) expressly disclaims all warranties (including, without limitation, any warranties or originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages ([www.msci.com](http://www.msci.com)).

**Santander UK Growth Unit Trust**  
**PRN 171205**

The Scheme is an authorised unit trust by virtue of an authorisation order dated 10 February 1995, and a UCITS Scheme which complies with the relevant sections of the COLL Sourcebook.

**Investment Objective and Policy**

**Objective**

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.

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.

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.

**Policy**

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.

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 invested between 85% and 100% in shares.

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.

The Scheme will typically invest directly. However, the Scheme can also invest indirectly:

- by investing up to 10% in units of Actively Managed and / or Passively Managed Collective Investment Schemes. These Collective Investment Schemes may be managed by the 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.

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

**Investment Strategy and Process**

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.

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 best interests of Unitholders in the Scheme.

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.

As part of its investment process the Sub-Investment Manager will consider a number of factors with a focus on:

- Quality: companies that have, for example, consistent profits and strong cash flow, low debt and actual or potential asset growth;
- Momentum: a company's share price has performed well over a short period and is expected to continue to do so; and
- Value: a company's share price is lower than expected based on the company's characteristics and financial results.

To help inform its investment views and in addition to its own analysis, the Sub-Investment Manager uses external research as well as a third party screening process which identifies and ranks some of the companies the Scheme may invest in based on quality, momentum and value.

An assessment will be completed by the Sub-Investment Manager on investment opportunities before investment decisions are made. Based on its investment views, the Sub-Investment Manager will select shares in companies which it believes will best achieve the 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.

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.

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.

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 this is consistent with the investment strategy of the Scheme.

### **Further Information**

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.

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 FCA.

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 the Scheme's scheme property for the purpose of calculating its NAV.

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.

Sub-Investment Manager	Schroder Investment Management Limited
Classes	R Income Units R Accumulation Units
Currency of Denomination	Pounds Sterling
Minimum Initial Investment and Minimum Holding	£500
Minimum Subsequent Investment	£250
Minimum Withdrawal	£250
Initial Charge	0%
Annual Management Charge	0.65%
Annual Accounting Date	15 April
Interim Accounting Date	15 October
Income Allocation Dates	15 June, 15 December
Grouping Periods for Income Equalisation	16 October to 15 April, 16 April to 15 October
Global Exposure measurement used	Commitment Approach

The global exposure in respect of the Scheme must not exceed 100% of the Scheme's Net Asset Value. The global exposure calculation may take account of netting and hedging arrangements, where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure (as provided for in the CESR guidelines (Ref. CESR/10-788)).

**If there are insufficient or trivial amounts of income in a Scheme, the Manager reserves the right not to make a distribution.**

**Santander Equity Income Unit Trust**  
**PRN 108032**

The Scheme is an authorised unit trust by virtue of an authorisation order dated 23 February 1971, and a UCITS Scheme which complies with the relevant sections of the COLL Sourcebook.

**Investment Objective and Policy**

**Objective**

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

The Scheme has a target income (although this is not guaranteed) of at least:

- 90% of the yield of the FTSE All Share Index TR (the "**Target Benchmark**") over a one year period; and
- 100% of the yield of the Target Benchmark over a rolling three year period.

**Policy**

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. 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 invested between 85% and 100% in shares.

The Scheme may also invest, globally in developed markets, up to 5% in investment grade bonds issued by companies, governments, government bodies and supranationals (excluding sub-investment grade bonds), and up to 10% in cash, cash like and other money market instruments. This flexibility may be used at times when, for example, the Sub-Investment Manager believes that the potential returns from exposure to shares generally, or shares in a specific company relative to bonds issued by that company, have become less attractive, or due to adverse market conditions.

The Scheme will typically invest directly. However, the Scheme can also invest indirectly:

- by investing up to 10% in units of Actively Managed and / or Passively Managed Collective Investment Schemes. These Collective Investment Schemes may be managed by the 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 primarily to generate income.

The Scheme 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 Scheme.

**Investment Strategy and Process**

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 in the selection of shares in companies, to manage the entire Scheme and has put in place the investment guidelines which the Sub-Investment Manager must follow.

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 best interests of Unitholders in the Scheme.

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 deliver income, in particular shares in companies which pay dividends.

As part of its investment process the Sub-Investment Manager will consider a number of factors with a focus on:

- Quality: companies that have, for example, consistent profits and strong cash flow, low debt and actual or potential asset growth;
- Momentum: a company's share price has performed well over a short period and is expected to continue to do so; and
- Value: a company's share price is lower than expected based on the company's characteristics and financial results.

To help inform its investment views and in addition to its own analysis, the Sub-Investment Manager uses external research as well as a third party screening process which identifies and ranks some of the companies the Scheme may invest in based on quality, momentum and value.

An assessment will be completed by the Sub-Investment Manager on investment opportunities before investment decisions are made. Based on its investment views, the Sub-Investment Manager will select shares in companies which it believes will best achieve the Scheme's investment objectives. In practice this means the Scheme's portfolio will typically consist of shares in companies which offer attractive dividend prospects (with the aim of providing income for the Scheme) and also predominantly have good quality and momentum characteristics (which provides the potential for capital growth for the Scheme).

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 income from dividends.

The companies the Sub-Investment Manager invests in can be of any size, however it will have a bias to investing in medium sized companies (for example those companies in the FTSE 250 Index). This is because the Sub-Investment Manager believes that these companies have good quality and momentum characteristics as well as attractive dividend prospects.

Although the Sub-Investment Manager has discretion to select investments, it will typically manage the 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 this is consistent with the investment strategy of the Scheme.

### **Further Information**

The Scheme's target annual income over a one year period will be measured each year from 16 February to its annual accounting date on 15 February. There is no guarantee that the Scheme will achieve its income, or that the distributions will not change throughout the year.

The Target Benchmark has been selected for the Scheme as it is representative of shares listed in the UK and therefore broadly in line with the investment policy of the Scheme.

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 FCA.

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.

Sub-Investment Manager	Schroder Investment Management Limited
Classes	R Income Units R Accumulation Units
Currency of Denomination	Pounds Sterling
Minimum Initial Investment and Minimum Holding	£500
Minimum Subsequent Investment	£250
Minimum Withdrawal	£250
Initial Charge	0%
Annual Management Charge	0.50%
Annual Accounting Date	15 February
Interim Accounting Date	15 August
Income Allocation Dates	15 April, 15 October
Grouping Periods for Income Equalisation	16 August to 15 February, 16 February to 15 August
Global Exposure measurement used	Commitment Approach  The global exposure in respect of the Scheme must not exceed 100% of the Scheme's Net Asset Value. The global exposure calculation may take account of netting and hedging arrangements, where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure (as provided for in the CESR guidelines (Ref. CESR/10-788)).

**If there are insufficient or trivial amounts of income in a Scheme, the Manager reserves the right not to make a distribution.**

**Santander Max 70% Shares Unit Trust\***  
**PRN 188262**

**\*This Scheme is no longer available for investment.**

The Scheme is an authorised unit trust by virtue of an authorisation order dated 2 February 1999, and a UCITS Scheme which complies with the relevant sections of the COLL Sourcebook.

### **Investment Objective and Policy**

#### **Objective**

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

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

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

#### **Policy**

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

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

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

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

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

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

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

Up to 10% of the Scheme can be invested indirectly, and for a sustained period, by purchasing units of

Passively Managed Collective Investment Schemes managed by other companies (not the Manager or other companies within the Santander Group).

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

### ***Investment Strategy and Process***

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

The 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 best interests of Unitholders in the Scheme.

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Further Information**

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

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

In respect of the 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 the Scheme's scheme property for the purpose of calculating its NAV.

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.

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

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

Sub-Investment Manager	Santander Asset Management, S.A, S.G.I.I.C.
Classes	R Income Units  R Accumulation Units
Currency of Denomination	Pounds Sterling
Minimum Initial Investment and Minimum Holding	£500
Minimum Subsequent Investment	£250
Minimum Withdrawal	£250
Initial Charge	0%
Annual Management Charge	R Income Units: 0.65%  R Accumulation Units: 0.65%
Annual Accounting Date	15 May
Interim Accounting Date Income Allocation Dates	15 November 15 July, 15 January
Grouping Periods for Income Equalisation	16 May to 15 November, 16 November to 15 May
Global Exposure measurement used	Commitment Approach  The global exposure in respect of the Scheme must not exceed 100% of the Scheme's Net Asset Value. The global exposure calculation may take account of netting and hedging arrangements, where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure (as

provided for in the CESR guidelines (Ref. CESR/10-788).

**If there are insufficient or trivial amounts of income in a Scheme, the Manager reserves the right not to make a distribution.**

## **APPENDIX 2**

### **RISK FACTORS**

The amount of risk to which Unitholders 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 relevant Scheme.

The value of an investment in a Scheme, and any income generated from it, will be affected by changes in interest rates, general market conditions and other political, social and economic developments, as well as by specific matters relating to the assets in which a Scheme invests.

Past performance should not be taken as a guide to the future and there is no guarantee that any investment will make profits or that losses may not be incurred. No assurance is given that a Scheme's objective will be achieved, investors should therefore ensure that they are satisfied with the risk profile of the relevant Scheme.

Only risks that are considered material and that are currently known have been disclosed. Risks may arise in the future which could not have been anticipated in advance. Risk factors may apply to each Scheme to varying degrees, and this exposure will also vary over time. This Prospectus will be updated as required to reflect any changes to the Risk Factors detailed in this Prospectus.

## 1. Summary Risk Table

A detailed description of the risks is set out in Part 2 (General Risks) and Part 3 (Specific Risks).

General Risks are applicable to all of the Funds. The table below indicates the Specific Risks applicable to each Fund which are related to the risks specifically associated with the management of a Fund and its portfolio of assets.

Santander Authorised Unit Trusts			
Risk Factor	Equity Income Unit Trust	Max 70% Shares Unit Trust*	UK Growth Unit Trust
Bond Risk	✓	✓	✓
Capital Erosion Risk	✓		
Collective Investment Schemes (CIS) Risk	✓	✓	✓
Country Risk	✓	✓	✓
Currency Hedging Risk		✓	
Currency Risk	✓	✓	✓
Derivatives Risk	✓	✓	✓
Income Risk	✓		
Investment Style and Management Risk	✓		✓
Leverage Risk	✓	✓	✓
Non-Developed Market Risk		✓	
Number-Based Model Risk		✓	
Smaller and Medium Sized Companies Risk	✓		✓
Stock Market Risk	✓	✓	✓

\*This Scheme is no longer available for investment.

## **2. General Risks**

### **2.1 Climate Risk**

Climate change is an evolving risk which may affect the value of the underlying investments of a Scheme. Climate change risk includes i) transition risks which are risks associated with markets transitioning to a lower-carbon economy (including policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change) and ii) physical risks which may be acute (e.g. extreme weather events) or chronic (e.g. longer term shifts in climate patterns such as sustained higher temperatures). For the avoidance of doubt, none of the Schemes are managed with reference to climate change.

### **2.2 Counterparty Risk**

A Scheme 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 Scheme. 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 Scheme. A Scheme will also be exposed to the risk of insolvency of a counterparty providing services to the Scheme such as safekeeping of assets, which may expose the Scheme to financial losses. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an ongoing basis. The Manager maintains an active oversight of counterparty exposure for each Scheme.

### **2.3 Custody risk**

The Trustee is responsible for the safekeeping of the scheme property of the Schemes. The Trustee has delegated this function to the Custodian. The Custodian does not keep all the assets of the Schemes itself but uses a network of sub-custodians. Unitholders are exposed to the risk of loss that could result from the insolvency, negligence or fraudulent action of the Trustee, Custodian or any sub-custodian to the extent that the Trustee may face difficulties ensuring the restitution of the securities to the Scheme in all or in part or a timely manner. Securities of the Schemes will normally be identified in the Trustee's books as belonging to the Schemes and segregated from other assets which mitigates but does not exclude the risk of non-restitution in case of insolvency. The Schemes may invest in markets which custodial and/or settlement systems are not fully developed and is thus exposed to additional risks.

### **2.4 Cyber Security Risk**

The Manager and its service providers may be impacted by cyber security incidents which can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, an illegal or malicious attempt to harm or gain access to IT infrastructure for the purposes of compromising security or causing other operational disruption. Such attacks could lead to the inability to operate a service or the loss of information (including personal data).

Cyber-attacks affecting the Manager, Administrator or Trustee or other service providers, such as Intermediaries, have the ability to cause disruption and impact business operations. For example, dealing in a Scheme may be impacted, or it may not be possible to calculate the NAV.

The Manager seeks to ensure that it has appropriate safeguards in place to mitigate the risk of a cyber-attack and to minimise any adverse consequences arising from the attack. However, as it is not possible to predict all types of such attack, the Manager is not able to guarantee that all risks of a cyber-attack have been assessed.

### **2.5 Dilution risk**

A Scheme may suffer a reduction in the value of its assets due to dealing costs incurred when buying and selling investments. To offset this dilution effect the Manager applies a dilution adjustment (also known as "dynamic swing pricing") to the price of a Unit when bought or as a deduction when sold

(see section 12.2 for further details).

## **2.6 Inflation and Interest Rate Risk**

Over time the real value and return of an investment may be impacted by inflation and interest rates. Generally, when interest rates decline, the value of fixed income securities (such as bonds) can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline (see Bond Risk for further information on this). The performance of any investments in securities denominated in a foreign currency will also depend on the interest rate environment in the country issuing the currency. Inflation is the risk that a Scheme's assets or income from a Scheme's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of a Scheme's investments could decline.

## **2.7 Liquidity Risk**

Investments made by the Schemes 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.

### ***Large Redemptions Risk***

If large numbers of shares in a Scheme were to be redeemed at or around the same time, the Scheme may be required to sell a large portion of its investments quickly to cover these deals. This might result in a reduction in the value of the Scheme and in the prices achieved for securities sold by the Scheme. The value of securities within the Scheme may also be affected if other collective investment schemes investing in the same types of Investments to a Scheme find themselves in the same situation.

## **2.8 Political, legal and regulatory risk**

The management and operation of a Scheme is heavily prescribed by the FCA Handbook. Through a Scheme's lifecycle, the requirements which a Scheme, or the Manager (or its service providers), are subject to may change, and new requirements may be imposed. There is a risk that value of a Scheme's investments may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in regulation, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation. Where an investor is resident outside of the UK, they should note that the regulatory system relevant to UK funds may be different from that relevant to funds in their relevant jurisdiction.

## **2.9 Public health issues and pandemics**

Epidemics, pandemics, outbreaks of disease, public health issues such as COVID-19 (or other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, and Severe Acute Respiratory Syndrome (SARS) could materially adversely affect the Manager and any third party service provider it appoints, as well as the activities, operations and investments of the Schemes.

COVID-19 spread rapidly around the world since its initial emergence in December 2019 and negatively affected (and may continue to negatively affect or materially impact) the global economy and markets (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks).

Notable disruptions as a result of public health issues and pandemics may include material uncertainty in the ability to value the assets and lack of available investments. This may impact a Scheme's performance and liquidity.

Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot be predicted, previous occurrences of

other epidemics, pandemics and outbreaks of disease, had material adverse effects on the economies, private markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which could adversely affect the business, financial condition, operations and liquidity of the Manager, its service providers (including the Investment Manager), a Scheme and/or the assets that it invests in. Should these or other major public health issues, including pandemics, arise or spread (or continue to worsen), the Manager, its service providers (including the Investment Manager) and/or a Scheme could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the Manager's, or its service providers' (including the Investment Manager's) and/or the Scheme's operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

### **2.10 Suspension of Dealing Risk**

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

### **2.11 Value of Investment Risk**

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.

### **3. Specific Risks**

#### **3.1 Bond Risk**

Schemes 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.

Bonds are a type of fixed income security. Generally, they tend to be less volatile than pure equity. However, they can be exposed to other risks. 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. If interest rates change there is a risk that the reinvestment by a Scheme of interest payments it receives from a fixed income security will be subject to a different market rate of return compared to that at the time of purchase of the fixed income security. The performance of a Scheme 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 & emerging markets bonds***

Sub-investment grade fixed income and emerging market fixed income 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 Scheme 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.

#### ***Asset-backed (“ABS”) and Mortgage-backed (“MBS”) Securities***

MBS are a type of bond issued in the United States backed by a pool of mortgages, whereas ABS are backed by loans other than mortgages. In addition to the general risks associated with investing in bonds described above, investment in ABS or MBS carries a prepayment risk, whereby the borrowers of the underlying loans make larger than anticipated repayments, which may lead to a lower amount of interest being payable on these loans and therefore a lower interest payment being received by the ABS or MBS, and the value of the ABS or MBS reducing.

#### **3.2 Capital Erosion Risk**

Where the investment objective of a Scheme 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 Manager's fees and expenses and / or other fees and expenses, may be charged against capital instead of against income and may constrain the capital growth of the Scheme. This may result in capital erosion or constrain the capital growth of the Scheme. See Section 20.8 of the main body of the Prospectus for further details.

#### **3.3 Collective Investment Scheme Risk**

Where a Scheme invests in another Collective Investment Scheme, it will bear along with other investors its portion of the expenses of that Collective Investment Scheme, including management, performance and / or other fees. Other Collective Investment Schemes that a Scheme invests in will also be subject to their own risks based on their investment policy. For example they could hold assets in a different currency to that of the relevant Scheme, be denominated in a different currency to that of the relevant Scheme, take more risks or use derivatives more extensively than the relevant Scheme or invest more extensively in non-developed markets than the relevant Scheme.

#### **3.4 Country Risk**

Investing all or significant proportions of a Fund's assets into a single country is generally considered higher risk than investing more globally as the Fund will be exposed to the fluctuations of a single market and, in most cases, a single currency. Furthermore, shares of companies in a single country may become less liquid in certain market conditions which only apply to the single country, and bonds in a single country will be sensitive to that country's interest rate environment. As a result, shares and bond price fluctuations may be greater.

### **3.5 Currency Hedging Risk**

A Scheme may engage in currency hedging transactions. Hedging transactions are designed to reduce, as much as possible, the currency risk for investors.

There is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. Should a hedging strategy be incomplete or unsuccessful, the value of that Scheme's assets and income can remain vulnerable to fluctuations in currency exchange rate movements.

Investors should be aware that there may be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the relevant Scheme.

### **3.6 Currency Risk**

If investors choose a Scheme which invests overseas, they should note that, as the Schemes 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.

### **3.7 Derivatives**

In accordance with the investment limits and restrictions set out in Appendix 1, each of the Schemes may use derivatives for efficient portfolio management (including for hedging) to reduce risk, reduce cost, or to generate additional capital or income if consistent with the risk profile of the Scheme. The use of derivatives is not intended to significantly alter the overall risk profile of the Scheme.

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

In accordance with standard industry practice when using derivatives, a Scheme 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 Scheme 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 Scheme 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 Scheme'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 Scheme 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 using 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 Scheme's credit exposure to its counterparty under a derivative contract is not fully collateralised, but each Scheme will continue to observe the limits set out in Appendix 3.

The use of derivatives may also expose a Scheme 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 Manager uses a risk management process to monitor and measure as frequently as appropriate the risk of a Scheme's portfolio and contribution of its underlying investments to the overall risk profile of the Scheme. A collateral management policy is detailed within the Manager'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 Manager.

- 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 Manager 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 an Approved Bank; 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 COLL Sourcebook. 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 Scheme.

The risk involved in writing options is considerably greater than buying options. A Scheme 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 Scheme 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 Scheme 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 Scheme 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 Manager 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 Manager 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 Scheme 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 Scheme 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 Scheme 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 Manager and / or any Sub-Investment Managers with the possibility to precisely offset the relevant Scheme's obligations through an equal and opposite transaction. For this reason, when entering into forward, spot or options contracts on currencies, a Scheme must always be able to perform its obligations under the contracts as it may be required to do so.

## **3.8 Income Risk**

Certain Funds may have a target income yield although this rate of income is not guaranteed. These Funds will make income distributions to Unitholders on the Income Allocation Dates listed for each Fund in Appendix 1. During periods of market uncertainty there is an increased risk that a Fund's target yield will not be achieved due to factors such as dividends issued by companies in which the Fund invests being reduced or investment by the Fund in fixed income assets yielding less income than expected.

Whilst Unitholders in each of these Funds will always receive the income earned by the relevant Fund, tax implications for a Unitholder may vary based on whether they subscribed or redeemed units in the Fund during a financial year, and on their individual tax situation.

## **3.9 Investment Style and Management Risk**

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

Examples of different investment styles are those that favour shares that are priced low (have a value bias) or those that favour shares that are expected to grow faster than average (have a growth bias)

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

### **3.10 Leverage Risk**

A Scheme may contain leveraged positions which increase the exposure of the Scheme through 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. Global exposure is calculated using the commitment approach or the Value at Risk ("VaR") approach.

### **3.11 Non-Developed Markets Risk**

Investors considering an investment in Schemes covering non-developed markets (sometimes referred to as "emerging markets" in a Scheme's investment policy) should be aware that these can be more volatile than Schemes covering developed 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 and issues with custody.

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 Scheme's Unitholders bear the risks of investing in such markets.

### **3.12 Number Based Model Risk**

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

The systematic rules-based investment process uses the following models:

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

There is no guarantee that the use of quantitative numbers-based models will enable the Scheme to achieve its investment objectives.

### **3.13 Smaller and Medium Sized Companies Risk**

Securities of smaller and medium sized 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 these companies may involve higher risk than investment in larger companies. The securities of smaller and medium sized 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 Units of a Scheme which invests in smaller companies.

### **3.14 Stock Market Risk**

Where a Scheme invests in the shares of companies (equities) these tend to be more volatile than bonds, but also offer greater potential for growth. The value of the shares in companies 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.

## APPENDIX 3

### INVESTMENT POWERS AND SAFEGUARDS

The property of each Scheme will be invested with the aim of achieving the investment objective of that Scheme but subject to the limits on investment set out in this Appendix and Chapter 5 of the FCA Regulations (the Collective Investment Schemes Sourcebook "COLL" 5.2 to 5.5) which are applicable to UK UCITS Schemes. These limits apply to each Scheme as summarised below:

#### 1. General rules of investment

1. Subject to the investment objective and policy of a Scheme, the scheme property of a Scheme must, except where otherwise provided in COLL 5, only consist of any or all of:
  - (a) transferable securities;
  - (b) approved money market instruments;
  - (c) units in permitted Collective Investment Schemes;
  - (d) permitted derivatives and forward transactions; and
  - (e) permitted deposits.
2. It is not intended that any Scheme will have an interest in any immovable property or tangible movable property.

#### 2. Prudent Spread of Risk

The Manager must ensure that, taking account of the investment objective and policy of each Scheme, the scheme property of that Scheme aims to provide a prudent spread of risk.

#### 3. Cover

- (a) Where the COLL Sourcebook allow a transaction to be entered into or an investment to be retained only if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5 (for example, investment nil and partly paid securities and the general power to accept or underwrite), it must be assumed that the maximum possible liability of a Scheme under any other of those rules has also to be provided for.
- (b) Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transactions, or the retention, or other similar transactions, are covered:
  - (i) it must be assumed that in applying any of those rules, a Scheme must also simultaneously satisfy any other obligation relating to cover; and
  - (ii) no element of cover must be used more than once.

#### 4. Transferable Securities

- (1) A transferable security is an investment which is any of the following:
  - (a) a share;
  - (b) a debenture;

- (c) an alternative debenture;
  - (d) a government and public security;
  - (e) a warrant; or
  - (f) a certificate representing certain securities.
- (2) An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with consent of a third party.
  - (3) In applying (2) above, to an investment which is issued by a body corporate, and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
  - (4) An investment is not a transferable security unless the liability of the holder of it to contributed 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.

## **5. Closed end funds constituting transferable securities**

- (1) A unit or share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a UK UCITS scheme, provided it fulfils the criteria for transferable securities set out in COLL 5.2.7A R, and either:
  - (a) where the closed end fund is constituted as an investment company or a unit trust:
    - (1) it is subject to corporate governance mechanisms applied to companies; and
    - (2) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - (b) where the closed end fund is constituted under the law of contract:
    - (1) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - (2) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## **7. UK UCITS – general**

- (1) The property of each Scheme may only, except where otherwise provided in the FCA Rules consists of any or all of:
  - (a) transferable securities;
  - (b) approved money market instruments;
  - (c) permitted units in collective investment schemes;
  - (d) permitted derivatives and forward transactions;
  - (e) permitted deposits; and
  - (f) moveable and immovable property that is necessary for the direct pursuit of the Schemes' business.

## **8. Investment in transferable securities**

- (1) A Scheme may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
  - (a) the potential loss which a Scheme may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder under the FCA Handbook;
  - (c) reliable valuation is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - (d) appropriate information is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (e) it is negotiable; and
  - (f) its risks are adequately captured by the risk management process of the Manager.
- (2) Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
  - (a) not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder; and
  - (b) to be negotiable.

## 9. Spread

- (1) This rule on spread does not apply to government and public securities.
- (2) This paragraph 8 on spread does not apply to government and public securities (see below). For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of the Companies Act 2009, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.
- (3) Not more than 20% in value of a Scheme's property is to consist of deposits with a single body.
- (4) Not more than 5% of the value of a Scheme is to consist of transferable securities or approved

money-market instruments issued by a single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of a Scheme. Covered bonds need not be taken into account for the purposes of applying the limit of 40%. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

- (5) The limit of 5% in (4) above is raised to 25% in value of a Scheme in respect of covered bonds, provided that when a Scheme invests more than 5% in covered bonds issued by a single body, the total value of covered bonds must not exceed 80% in value of a Scheme.
- (6) In applying (4) and (5), certificates representing certain securities are to be treated as equivalent to the underlying security.
- (7) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of a Scheme. This limit is raised to 10% where the counterparty is an approved bank.
- (8) Not more than 20% in value of a Scheme is to consist of transferable securities and approved money-market instruments issued by the same group (as referred to above).
- (9) Not more than 20% in value of the Scheme is to consist of the units of any one collective investment scheme.
- (10) In applying the limits in (3), (4), (5), (6) and (7) in relation to a single body and subject to (c), not more than 20% of value in a Scheme is to consist of any combination of two or more of the following:
  - (a) transferable securities (including covered bonds) or approved money-market instruments issued by; or
  - (b) deposits made with; or
  - (c) exposures from OTC derivatives transactions made with that body.

## **10. Counterparty Risk and Issuer Concentration**

- (1) An authorised fund manager of a UK UCITS scheme must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in COLL 5.2.11R(7) and (10).
- (2) When calculating the exposure of a UK UCITS scheme to a counterparty in accordance with the limits in COLL 5.2.11R(7), the authorised fund manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- (3) An authorised fund manager may net the OTC derivative positions of a UK UCITS scheme with the same counterparty, provided:
  - (a) it is able legally to enforce netting agreements with the counterparty on behalf of the UCITS scheme; and
  - (b) the netting agreements in (a) do not apply to any other exposures the UK UCITS scheme may have with that same counterparty.
- (4) An authorised fund manager of a UK UCITS scheme may reduce the exposure of the scheme property to a counterparty to an OTC derivative transaction through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- (5) An authorised fund manager of a UK UCITS scheme must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in COLL 5.2.11R(7)

when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the UK UCITS scheme.

- (6) Collateral passed in accordance with paragraph 9.5 may be taken into account on a net basis only if the authorised fund manager is able legally to enforce netting arrangements with this counterparty on behalf of the UK UCITS scheme.
- (7) An authorised fund manager of a UK UCITS scheme must calculate the issuer concentration limits referred to in COLL 5.2.11R on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach.
- (8) In relation to exposures arising from OTC derivative transactions, as referred to in COLL 5.2.11R(10), the authorised fund manager must include in the calculation any counterparty risk relating to the OTC derivative transactions.

## 11. Spread: Government and Public Securities

- (1) The following applies to a transferable security or an approved money-market instrument ("**such securities**") issued by:
  - (a) the United Kingdom or an EEA State,
  - (b) a local authority of the United Kingdom or an EEA State,
  - (c) a non-EEA State, or
  - (d) a public international body to which the UK or one or more EEA state belong:
- (2) Where no more than 35% in value of a Scheme 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) A Scheme more than 35% in value of the scheme property in such securities issued by any one body provided that:
  - before such investment is made the Trustee is consulted with and as a result the Manager considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Scheme;
  - no more than 30% in value of a Scheme consists of such securities of any one issue;
  - a Scheme includes such securities issued by that or another issuer, of at least six different issues; and
  - the disclosures in COLL 3.2.6R(8) (Table: contents of the instrument constituting the fund) and COLL 4.2.5R(3)(i) (Table: contents of the prospectus) have been made.
- (4) In relation to such securities: (i) issue issued and issuer include guarantee, guaranteed and guarantor; and (ii) an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- (5) Notwithstanding COLL 5.2.11R(1) and subject to COLL 5.2.11R(2) and COLL 5.2.11R(3), in applying the 20% limit in COLL 5.2.11R(10) with respect to a single body, such securities issued by that body shall be taken into account.
- (6) In giving effect to the foregoing object more than 35% of the scheme property of Max 70% Shares Unit Trust\* may be invested in Government and other public securities issued or guaranteed by any of the following states: United Kingdom.

\*This Scheme is no longer available for investment.

## 12. Eligible Markets

- (1) An eligible securities market is:
  - (a) a regulated market (as defined in the FCA Handbook);
  - (b) a market established in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
  - (c) any market within (2) below.
- (2) If a market does not fall within (a) or (b) above, it may be eligible if the Manager, after consultation with and notification to the Trustee, decides that; or
  - (a) the market is appropriate for the purpose of investment of or dealing in the property of the Scheme;
  - (b) a market is included in the list in the Prospectus; and
  - (c) the Trustee has taken reasonable care to determine that: adequate custody arrangements can be provided for the investment dealt in or that market and all reasonable steps have been taken by the Manager in deciding whether that market is eligible.
- (3) The market in (c) above must not be considered appropriate unless it is regulated having regard to the relevant criteria in the FCA Regulations, including that the relevant market is included in a list in the Prospectus. These markets must operate regularly and be regulated, recognised and open to the public, be adequately liquid and have adequate arrangements for the unimpeded transmission of income and capital to or for the order of investors.
- (4) The eligible markets for any Scheme as at the date of this Prospectus are shown in Appendix 4. Further eligible securities markets may be added in accordance with the Change Process detailed in Section 24.

In addition, any Scheme may invest up to 10% of its value in transferable securities and money-market instruments which are non-approved securities, generally being unlisted securities.

## 13. Investment in collective investment schemes

- (1) A Scheme may invest up to 100% in units of collective investment schemes (each a “**Second Scheme**”) provided that such investment is permitted under each of paragraphs 12.2 to 12.5 and provided that no more than 30% of the value of the Scheme is invested in Second Schemes within paragraph 12.2(b) to (e).
- (2) A Second Scheme must:
  - (a) comply with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
  - (b) is a scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or
  - (c) be a Non UCITS Retail Scheme (“**NURS**”) (provided the requirements of COLL 5.2.13AR (1), (3), and (4) are met); or
  - (d) be authorised in another EEA State (provided the requirements of COLL 5.2.13AR are met); or
  - (e) be authorised by the competent authority of an OECD member country (other than an EEA State) which has signed the IOSCO Multilateral Memorandum of Understanding and approved the scheme’s management company, rules and depositary/custody arrangements (provided the requirements of COLL 5.2.13AR are

met).

- (3) The Second Scheme must comply, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes).
- (4) The Second Scheme must have terms that prohibit it from having more than 10% in value of its property consisting of units or shares in collective investment schemes.

#### **14. Investment in nil and partly paid securities**

- (1) A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Scheme, at the time when payment is required, without contravening the rules in COLL 5.

#### **15. Investment in approved money market instruments**

- (1) An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, it liquid and has a value which can be accurately determined.
- (2) A money-market instrument will be regarded as normally dealt in on the money market if it:
  - (a) has the maturity at issuance of up to and including 397 days;
  - (b) has a residual maturity of up to and including 397 days;
  - (c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) or (b) or is subject to yield adjustments as set out in (c).
- (3) A money-market instrument will be regarded as liquid if it can be sold at limited costs in an adequately short time frame, taking into account to obligation of the Manager to redeem shares at the request of any qualifying Unitholder.
- (4) A money-market instrument will be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which fulfil the following criteria are available:
  - (a) enabling the Manager to calculate the net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arms' length transaction; and
  - (b) based either on market data or on valuation models including systems based on amortised costs.
- (5) A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determinate at any time unless there is information available to the Manager that would lead to a different determination.

#### **16. Money-market instruments with a regulated issuer**

- (1) In addition to instruments admitted to or dealt in on an eligible market, a Scheme may invest in an approved money-market instrument provided it fulfils the following requirements:
  - (a) the issue or the issuer is regulated for the purposes of protecting investors and savings; and

- (b) the instrument is issued or guaranteed in accordance with COLL 5.2.10B R.
- (2) The use or the issuer of a money-market instrument, other than on dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and saving if:
  - (a) the instrument is an approved money-market instrument;
  - (b) appropriate information is available for the investment (including information which allowed an appropriate assessment of the credit risks related to the investment in it), in accordance with COLL 5.2.10C R; and
  - (c) the instrument is freely transferrable.

### **17. Issuers and guarantors of money-market instruments**

- (1) A Scheme may invest in an approved money-market instrument if it is:
  - (a) issued or guaranteed by any one of the following:
    - a central authority of the UK or an EEA State or, if the EEA State is a federal state, or if the members making up the federation;
    - a regional or local authority of the UK or an EEA State;
    - the Bank of England, the European Central Bank or a central bank of an EEA State;
    - the European Union or the European Investment Bank;
    - a non-EEA State or, in the case of a federal state, one of the members making up the federation;
    - a public international body to which the United Kingdom or one or more EEA States belong; or
  - (2) issued by a body, any securities of which are dealt in on an eligible market; or
  - (3) issued or guaranteed by an establishment which is:
    - (a) subject to prudential supervision in accordance with criteria defined by UK or EU law; or
    - (b) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.
  - (4) An establishment shall be considered to satisfy the requirements in (3) above if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
    - it is located in the European Economic Area;
    - it is located in the OECD Country belonging to the Group of Ten;
    - it has at least investment grade rating;
    - on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

### **18. Investment in deposits**

A Scheme may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## 19. Derivatives

Under the COLL Sourcebook, a UCITS Scheme is permitted to use derivatives for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objectives or both. **Unless otherwise stated in Appendix 1 for a particular Scheme, the Manager may only use that Scheme's scheme property to invest in derivatives and forward currency transactions under the COLL Sourcebook for efficient portfolio management.**

(1) A transaction in derivatives or a forward transaction must not be effected for a Scheme unless the transaction is:

- (a) of a kind specified in paragraph 18.3 below; and
- (b) covered, as required by COLL 5.3.3AR.

Where a Scheme invests in derivatives, the exposure to the underlying assets must not exceed the limits in paragraph 8 (Spread: General) and paragraph 10 (Spread: government and public securities). Where a transferable security or money-market instrument embeds a derivative, this must be taken into account for the purposes of calculating any limit in this paragraph.

(2) A transaction in a derivative must be either in an "approved derivative" (i.e. a derivative which is traded or dealt in on an eligible derivatives market) or one which complies with paragraph 18.6, and in either case, the underlying must consist of any one or more of the following to which the Scheme is dedicated:

- (a) transferable securities admitted to or dealt in on an eligible market within paragraph 3.3 or 3.4 or dealt in on an eligible market within paragraph 3.3(b) or recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue);
- (b) approved money-market instruments admitted to or dealt in on an eligible market within paragraph 3.3 or 3.4 or dealt in on an eligible market within paragraph 3.3 (b) or approved money-market instruments not admitted to or dealt in on an eligible market which satisfy the requirements of paragraph 15;
- (c) deposits permitted under paragraph 17;
- (d) derivatives permitted under paragraph 18.3;
- (e) collective investment scheme units permitted under paragraph **Investment in collective investment schemes**;
- (f) financial indices (which satisfy the criteria set out in COLL 5.2.20AR);
- (g) interest rates;
- (h) foreign exchange rates; or
- (i) currencies.

(3) A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. The eligible derivatives markets for each Scheme are set out in Appendix 4.

(4) A transaction in a derivative must not cause a Scheme to diverge from its investment objectives as stated in the instrument constituting the scheme and the most recently published prospectus.

(5) A transaction in a derivative must not be effected if the intended effect is to create the potential for an uncovered sale of:

- (i) transferable securities;
- (ii) approved money-market instruments;
- (iii) units in collective investment schemes; or
- (iv) derivatives.

Any forward transaction must be made with an eligible institution or an approved bank. The Manager must ensure compliance with COLL 5.3.7R.

A Scheme may not undertake transactions in derivatives on commodities.

- (6) A derivative or forward transaction which will or could lead to the delivery of property for the account of a Scheme may be entered into only if:
- (a) that property can be held for the account of the Scheme; and
  - (b) the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the COLL Sourcebook.
- (7) No agreement by or on behalf of a Scheme 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 Scheme by delivery of property or the assignment of rights; and
  - (b) the property and rights at (a) are owned by the Scheme at the time of the agreement.

The above requirement does not apply to a deposit or where:

- (i) 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
- (ii) the Manager or the Trustee 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:
  - (A) cash;
  - (B) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards; or
  - (C) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

For these purposes, an asset may be considered as liquid where the instrument 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.

- (8) A transaction in an OTC derivative must be:
- (a) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
    - (i) an eligible institution or an approved bank; or

- (ii) a person whose permission (including any requirements or limitations), as published in the FCA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
  - (b) on approved terms; the terms of the transaction in derivatives are approved only if the Manager,
    - (i) carries out, at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
    - (ii) can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value.
  - (c) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
    - (i) on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or
    - (ii) if the value referred to in (a) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
  - (d) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
    - (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
    - (ii) a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.
- (9) A Scheme's global exposure relating to derivatives and forward transactions held by it may not exceed the net value of the Scheme's scheme property. For the purposes of this paragraph, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- (10) The Manager must calculate each Scheme's global exposure on at least a daily basis.
- (11) A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money-market instruments, units in collective investment schemes or derivatives provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22R(3) (Requirement to cover sales) are satisfied.
- (12) The aim of generating additional income allows the Manager to write call options on existing assets where it considers the transaction will result in the Scheme deriving a benefit, even if the benefit obtained results in the surrendering of the chance of greater benefit in the future. The writing of a put option allows the Manager to generate income at the risk of having to purchase stock at a pre-determined price greater than the prevailing market price. The purchase of a call option permits the Scheme to gain in the increase of a share price above a pre-determined set price at the cost of the premium paid. The purchase of a put option allows the Manager, at the expense of the premium paid, to gain from the reduction in market value of a particular stock by selling the stock at a pre-determined higher price.

- (13) Use of derivatives will not be permitted to contravene any relevant investment objective of the Schemes.

## **20. Cash and near cash**

A Scheme may hold cash and “near cash”: at times it may be appropriate for a Scheme not to be fully invested, and any Scheme may hold cash or near cash where this may reasonably be regarded as necessary in order to enable:

- (i) the pursuit of the Scheme’s investment objective;
- (ii) the redemption of Units in that Scheme;
- (iii) any other purpose which may reasonably be regarded as ancillary to the investment objective of the Scheme.

During a Scheme’s initial offer period its scheme property may consist of cash and near cash without limitation.

## **21. Requirement to cover sales**

No agreement by or on behalf of a Scheme 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 Scheme by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- (b) the property and rights at (a) are owned by the Scheme at the time of agreement.

This requirement to cover sales does not apply to a deposit.

## **22. Significant Influence**

No Scheme may acquire transferable securities issued by a body corporate carrying rights to vote (whether or not substantially all matters) at a general meeting of that body if:

- (a) immediately before the acquisition, the aggregate number of such securities held by the Scheme gives it power to influence significantly the conduct of business of that body; or
- (b) the acquisition gives the Scheme such power.

For the purposes of paragraph 25 a Scheme is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## **23. Schemes replicating an index**

- (1) Notwithstanding COLL 5.2.11R, a Scheme may invest up to 20% in value of its scheme property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- (2) Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of Efficient Portfolio Management.
- (3) The 20% limit can be raised up to 35% in value of the Scheme’s scheme property, but only in respect of one body and where justified by exceptional market conditions.
- (4) In the case of the Scheme replicating an index the Scheme’s scheme property need not consist

of the exact composition and weighting of the underlying in the relevant index in cases where the Scheme's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.

## **24. Relevant indices**

- (1) The indices referred to above are those which satisfy the following criteria: The composition is sufficiently diversified if;
  - (a) the index represents an adequate benchmark for the market to which it refers; and
  - (b) the index is published in an appropriate manner.
- (2) The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.
- (3) An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- (4) An index is published in an appropriate manner if:
  - (a) it is accessible to the public; and
  - (b) the index provider is independent from the index-replicating UCITS scheme. This does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

## **25. Concentration**

No Scheme may hold:

- (i) transferable securities issued by a company which do not carry rights to vote at a general meeting of that company and represent more than 10% of the issued share capital of that company;
- (ii) more than 25% of the units of a Collective Investment Scheme;
- (iii) more than 10% of the debt securities issued by a single body; or
- (iv) more than 10% of the approved money market instruments issued by a single body.

A Scheme need not comply with the limits in (ii) to (iv) above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **26. Warrants**

A warrant may only be invested in by a Scheme if: there is no change to the Scheme's scheme property between the acquisition of the proposed warrant and its exercise; and the rights conferred by the proposed warrant and all other warrants forming part of the Scheme's scheme property at the time of the acquisition of the proposed warrant will be exercised or it is reasonably foreseeable that the right conferred by the warrant could be exercised by the Scheme, without contravening the investment restrictions applicable to the Scheme.

Up to 5% in value of the property of any Scheme may consist of warrants. Warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the FCA Regulations.

## **27. Partly Paid Shares**

Transferable securities on which any sum is unpaid may only be held if it is reasonably foreseeable that

the amount of any existing or potential call for any sum unpaid in relation to a Scheme could be paid by the Manager on behalf of that Scheme at any time when the payment is required without contravening the FCA Regulations.

## **28. Power to Underwrite or Accept Placings**

Underwriting and sub-underwriting contracts and placings may be entered into for the account of a Scheme subject to certain conditions set out in the FCA Regulations.

## **29. EPM**

EPM involves techniques and instruments which relate to transferable securities and approved money market instruments, and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are 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 a Scheme with a risk level which is consistent with the risk profile of that Fund and the risk diversification rules laid down in COLL.

These transactions may not include speculative transactions. The types of transaction which may be effected (except in the case of stocklending transactions more particularly referred to below) include:

- forward currency transactions with permitted counterparties, which include eligible institutions and listed money market institutions;
- transactions in approved derivatives (i.e. futures, options and contracts for differences effected on or under the rules of an eligible derivatives market);
- transactions in certain off-exchange options with an Approved Counterparty on approved terms which are capable of being valued; and
- transactions in “synthetic futures”.

The use of derivatives in this way is not intended to increase the risk profile of the Schemes. The Manager uses a risk management process to monitor and measure, as frequently as appropriate, the risk of a Scheme’s portfolio and the contribution of its underlying investments to the overall risk profile of the Scheme.

Eligible derivatives markets are those which the Manager has decided are appropriate for the purpose of investment of, or dealing in, the property of the Schemes with regard to the relevant criteria set out in the FCA Regulations and the guidance issued by the FCA as amended from time to time. The eligible derivatives markets for any Scheme as at the date of this Prospectus are set out in Appendix 3. Further eligible derivatives markets may be added to an existing list for the Schemes if:

- the Manager and the Trustee agree in writing that the addition is of minimal significance to the investment strategy of the Schemes and the Manager has revised this Prospectus accordingly;
- where required, the Manager has given at least 60 days’ written notice of the proposed addition to the Trustee and Unitholders and has revised this Prospectus to include reference to the new market and the effective date of the revision; or
- the addition has been approved by a resolution of Unitholders in the Schemes and the Manager has revised this Prospectus accordingly.

There is no limit on the amount or value of the property of the Schemes which may be used for efficient

portfolio management. However the FCA Regulations provide that a particular transaction must be fully and appropriately “covered” by (as and when permitted under the FCA Regulations for such a transaction) cash, near cash or other property or rights considered under the FCA Regulations to be sufficient to meet any obligation to pay or deliver that could arise.

There are various possible ways in which economically appropriate transactions are permitted. These include:

- (a) closing out: the Manager may utilise the property of a Scheme to enter into a transaction which closes out (i.e. off-sets) another transaction; and
- (b) economic appropriateness: the Manager may enter into a transaction on behalf of a Scheme which (alone or in combination with other transactions) is reasonably regarded by it as economically appropriate to the efficient portfolio management of any Scheme.

The Manager must reasonably believe that:

- (a) where it undertakes a transaction to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which is sensible to reduce; and
- (b) where it undertakes a transaction to generate additional capital or income, the relevant Scheme is certain to derive a benefit from the transaction (barring certain events which are not reasonably foreseeable).

The Manager is permitted to enter into transactions it reasonably regards as economically appropriate with a view to generating additional income or capital for a Scheme with no, or an acceptably low level of, risk but only on the basis that the Manager reasonably believes that such Scheme is certain (barring certain events which are not reasonably foreseeable) to derive a benefit from the transaction by:

- arbitrage - i.e. taking advantage of pricing imperfections in the markets; or
- writing options: a call option may be written, which gives a Scheme an obligation to sell transferable securities if called upon to do so. If a call option is written, the Scheme must hold sufficient property to which the call option relates in the Scheme which may not be disposed of while the option is outstanding and which may be called on if the holder of the option decides to exercise it. A put option may be written, which gives a Scheme an obligation to receive or take delivery of transferable securities if called on to do so. These may be written on property which the Scheme holds or may properly hold or on an index of securities wholly related to or reasonably congruent with such property. If a put option is written it must have an expiry date within a reasonable time and must relate to property which the Manager wishes to include within the property of a Scheme at the time of writing or exercise of the option.

### **30. Stocklending**

The Manager may from time to time enter into stocklending transactions on behalf of any Scheme as a method of efficient portfolio management.

There is no limit on the value of the property of any Scheme which could be the subject of stocklending transactions. Stocklending transactions would be of a kind approved under section 263B of the Taxation of Chargeable Gains Act 1992, and would also have to comply with the relevant requirements of the FCA Regulations and the guidance on stocklending issued by the FCA as amended from time to time.

### **31. Borrowing**

The Manager may borrow money for the use of any Scheme (on terms that the borrowing is to be repayable out of the property of the relevant Scheme) from an “eligible institution” (as defined by COLL 5.5.4R and the FCA Regulations) or an Approved Bank. Borrowings may be arranged with the Trustee, which is an eligible institution or an Approved Bank. The Manager must ensure that any such borrowings comply with the FCA Regulations.

Any borrowing on behalf of a Scheme must be on a temporary basis and not exceed a term of 3 months

without the prior consent of the Trustee. The Trustee's consent may be given only on conditions which appear appropriate to it to ensure that the borrowing remains on a temporary basis.

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

These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes - i.e. borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

In this paragraph 30 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 in the expectation that the sum will be repaid.

### **32. Breaches of Investment and Borrowing Powers and Limits**

Generally the Manager must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits in relation to a Scheme as soon as it becomes aware of it. However:

- (a) if the reason for the breach is beyond the control of the Manager and the Trustee, the Manager must take the steps necessary to rectify a breach as soon as is reasonably practicable having regard to the interests of Unitholders, and in any event within six months or, if it is an efficient portfolio management transaction, five Business Days; and
- (b) if the exercise of rights conferred by investments held for any Scheme would involve a breach, the Manager may still exercise those rights if it: obtains the prior written consent of the Trustee; and takes the steps necessary to rectify the breach as soon as is reasonably practicable having regard to the interests of Unitholders and in any event within six months or, if it is an efficient portfolio management transaction, five Business Days.

### **33. Supplementary Information**

Unitholders may, upon request to the Manager, 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 Scheme;
- (b) the methods used in relation to (a); and / or
- (c) any recent development of the risk and yields of the main categories of investment of a Scheme.

### APPENDIX 3

#### ELIGIBLE SECURITIES MARKETS

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

		Santander Equity Income Unit Trust	Santander Max 70% Shares Unit Trust	Santander UK Growth Unit Trust
Australia	Australian Securities Exchange (ASX)	√	√	√
Canada	Toronto Stock Exchange	√	√	√
Canada	TSX Venture Exchange	√	√	√
Hong Kong	Hong Kong Exchanges and Clearing	√	√	√
Japan	Osaka Exchange	√	√	√
Japan	Tokyo Stock Exchange	√	√	√
Mexico	Bolsa Mexicana de Valores		√	
New Zealand	New Zealand Exchange (NZX)	√	√	√
Singapore	Singapore Exchange	√	√	√
South Africa	Johannesburg Stock Exchange		√	
Switzerland	SIX Swiss Exchange	√	√	√
United States	Nasdaq - ALL MARKETS	√	√	√
United States	New York Stock Exchange	√	√	√

## ELIGIBLE DERIVATIVES MARKETS

The Schemes may deal through the derivatives markets indicated below in addition to any market established in the UK or an EEA State on which derivatives are dealt in or traded.

		Santander Equity Income Unit Trust	Santander Max 70% Shares Unit Trust*	Santander UK Growth Unit Trust
Australia	Australian Securities Exchange (ASX)		√	
Canada	Montreal Exchange	√	√	√
Canada	TSX Venture Exchange (TSX Inc)	√	√	√
Japan	Osaka Exchange	√	√	√
Japan	Tokyo Stock Exchange	√	√	√
South Korea	Korea Exchange	√	√	√
United States	Chicago Board of Trade	√	√	√
United States	Chicago Board Options Exchange (CBOE)	√	√	√
United States	Chicago Mercantile Exchange	√	√	√
United States	ICE Futures U.S.	√	√	√
United States	Nasdaq BX Options	√	√	√
United States	Nasdaq PHLX	√	√	√
United States	NYSE American	√	√	√
United States	NYSE Arca	√	√	√

\*This Scheme is no longer available for investment.

## APPENDIX 4

### List of Sub-Custodians

Country / Market	Sub-Custodian
Argentina	Citibank, Argentina Buenos Aires
Australia	Hong Kong and Shanghai Banking Corporation Limited Australia Branch  Citigroup Pty Limited
Austria	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited, Manama
Bangladesh	The Hongkong and Shanghai Banking Corporation, Dhaka
Belgium	The Bank of New York Mellon SA/NV
Benin	Société Générale Côte d'Ivoire, Abidjan
Bermuda	HSBC Bank Bermuda Limited
Botswana	Stanbic Bank Botswana Limited
Brazil	Citibank N.A., Brazilian Branch
Bulgaria	Citibank Europe Plc, Bulgarian Branch
Burkina Faso	Société Générale Côte d'Ivoire, Abidjan
Canada	CIBC Mellon Trust Company (CIBC Mellon)
Cayman islands	Please see the United States of America market
Channel Islands	Please see the United Kingdom market
Chile	Banco Santander Chile Itaú Corpbanca S.A.
China	HSBC Bank (China) Company Limited Bank of China
Colombia	Cititrust Colombia S.A. Bogota
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privredna Banka Zagreb d.d.
Cyprus	Citibank Europe Plc, Greece Branch
Czech Republic	Citibank Europe Plc,
Denmark	Skandinaviska Enskilda Banken AB Copenhagen Branch
Egypt	HSBC Bank Egypt S.A.E.
Estonia	Seb Pank AS
Eswatini	Standard Bank Eswatini Ltd, Mbabane
Euromarket - Clearstream	Clearstream Banking S.A
Euromarket - Euroclear	Euroclear Bank
Finland	Skandinaviska Enskilda Banken AB Helsinki Branch
France	BNP Paribas Securities Services, Paris  The Bank of New York Mellon SA/NV

Germany	Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Ghana	Stanbic Bank of Ghana Limited
Greece	Citibank Europe Plc, Greece Branch
Guinea Bissau	Société Générale Côte d'Ivoire, Abidjan
Hong Kong	Citibank N.A. Hong Kong Branch  Deutsche Bank AG  Hong Kong and Shanghai Banking Corporation, Hong Kong
Hungary	Citibank Europe Plc, Hungarian Branch Office
Iceland	Landsbankinn hf
India	Deutsche Bank AG, Mumbai  Hong Kong and Shanghai Banking Corporation, Mumbai  Standard Chartered Bank, India
Indonesia	Deutsche Bank AG, Jakarta  Standard Chartered Bank, Indonesia
Ireland	Euroclear Bank
Israel	Bank Hapoalim B.M.
Italy	The Bank of New York Mellon SA/NV
Ivory Coast	Société Générale Côte d'Ivoire, Abidjan
Japan	Mizuho Bank Ltd  MUFG Bank, Ltd
Jordan	Bank of Jordan
Kazakhstan	Citibank Kazakhstan JSC
Kenya	Stanbic Bank Kenya Limited
Kuwait	HSBC Bank Middle East, Kuwait
Latvia	AS SEB banka  The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Lithuania	SEB Bankas, Vilnius  The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Luxembourg	Euroclear Bank SA/NV
Malawi	Standard Bank PLC
Malaysia	Deutsche Bank (Malaysia) Berhad  Standard Chartered Bank Malaysia Berhad
Mali	Société Générale Côte d'Ivoire, Abidjan
Malta	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Mauritius	The Hong Kong and Shanghai Banking Corporation, Ebene

Mexico	Citibanamex Banco S3 Mexico, S.A.,
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	The Bank of New York Mellon SA/NV
New Zealand	The Hongkong and Shanghai Banking Corporation Limited , New Zealand Branch
Niger	Société Générale Côte d'Ivoire, Abidjan
Nigeria	Stanbic IBTC Bank Plc
Norway	Skandinaviska Enskilda Banken AB Oslo Branch
Oman	Standard Chartered Bank Oman branch
Pakistan	Deutsche Bank AG, Karachi Branch
Panama	Citibank N.A., Panama Branch, Panama City
Peru	Citibank N.A., Sucursal de Lima
Philippines	Standard Chartered Bank Philippines Branch Deutsche Bank AG, Manila
Poland	Bank Pekao SA
Portugal	Citibank Europe Plc
Qatar	Qatar National Bank  The Hongkong and Shanghai Banking Corporation Limited, Doha
Romania	Citibank Europe Plc, Romania Branch
Russia	AO Citibank, MOSCOW  Public Joint Stock Company (PJSC) ROSBANK
Saudi Arabia	HSBC Saudi Arabia
Senegal	Société Générale Côte d'Ivoire, Abidjan
Serbia	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd., Singapore  Standard Chartered Bank (Singapore) Limited
Slovak Republic	Citibank Europe Plc, pobočka zahraničnej banky
Slovenia	UniCredit Banka Slovenia d.d.
South Africa	Standard Bank of South Africa Limited  Standard Chartered Bank, Johannesburg Branch
South Korea	Deutsche Bank AG, Seoul  The Hongkong and Shanghai Banking Corporation, Seoul
Spain	Banco Bilbao Vizcaya Argentaria, Madrid  CACEIS Bank Spain, S.A.U.
Sri Lanka	The Hong Kong and Shanghai Banking Corporation, Colombo
Sweden	Skandinaviska Enskilda Banken Stockholm

Switzerland	Credit Suisse (Switzerland) Ltd UBS Switzerland AG
Taiwan	HSBC Bank (Taiwan) Limited
Tanzania	Stanbic Bank Tanzania Limited
Thailand	The Hong Kong and Shanghai Banking Corporation, Bangkok
Togo	Société Générale Côte d'Ivoire, Abidjan
Tunisia	Union Internationale de Banques
Turkey	Deutsche Bank A.S. Istanbul
Uganda	Stanbic Bank Uganda Limited
Ukraine	JSC "Citibank"
United Arab Emirates	HSBC Bank Middle East Limited Dubai
United Kingdom	The Bank of New York Mellon
United States	The Bank of New York Mellon, New York
Uruguay	Banco Itaú Uruguay S.A.
Vietnam	HSBC Bank (Vietnam) Ltd
Zambia	Stanbic Bank Zambia Ltd
Zimbabwe	Stanbic Bank Zimbabwe Limited

## SCHEDULE 1

Please note that from 27 September 2021 the Target Benchmark for Santander Max 70% Shares Unit Trust\* changed from:

30% FTSE All Share Index TR, 10% FTSE World US Index TR, 10% FTSE World Europe Ex UK Index TR, 10% FT AW Dev Asia Pacific Index TR, 15% FTSE Actuaries UK Conventional Gilts All Stocks Index TR, 20% Markit iBoxx £ Non Gilt Index TR and 5% ICE LIBOR GBP 1 Month; to

30% iBoxx Sterling Non-Gilts Index TR, 25% MSCI UK Index TR, 12% MSCI Europe Ex UK Index TR, 10% ICE BofA Gilts All Stocks Index TR, 10% MSCI USA Index TR, 6% MSCI Japan Index TR, 4% Sterling Overnight Index Average (SONIA) and 3% MSCI Asia Pacific Ex Japan Index TR.

It is expected that this change will not have any impact on the management of this Scheme. Any performance for this Scheme for the period after this date will be shown against this updated Benchmark.

\*This Scheme is no longer available for investment.

	Class	% Growth				
		16/05/2020	16/05/2021	16/05/2022	16/05/2023	16/05/2024
		15/05/2021	15/05/2022	15/05/2023	15/05/2024	15/05/2025
Santander Max 70% Shares Unit Trust	R Accumulation Units	18.66%	0.51%	-0.89%	9.31%	2.00%
	R Income Units	18.64%	0.52%	-0.88%	9.28%	2.01%
	30% iBoxx Sterling Non-Gilts Index TR, 25% MSCI UK Index TR, 12% MSCI Europe Ex UK Index TR, 10% ICE BofA Gilts All Stocks Index TR, 10% MSCI USA Index TR, 6% MSCI Japan Index TR, 4% Sterling Overnight Index Average (SONIA) and 3% MSCI Asia Pacific Ex Japan Index TR	16.29%	0.95%	0.05%	11.56%	4.80%

	Class	% Growth				
		16/04/2019	16/04/2020	16/04/2022	16/04/2023	16/04/2024
		15/04/2020	15/04/2021	15/04/2023	15/04/2024	15/04/2025
Santander UK Growth Unit Trust	R Accumulation Units	48.46%	0.37%	-5.75%	13.79%	3.90%
	R Income Units	48.52%	0.35%	-5.77%	13.77%	3.93%
	FTSE All Share Index TR	33.30%	9.63%	4.77%	5.40%	6.51%

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

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

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

	Class	% Historic Yield				
		16/02/2020	16/02/2021	16/02/2022	16/02/2023	16/02/2024
		15/02/2021	15/02/2022	15/02/2023	15/02/2024	15/02/2025
Santander Equity Income Unit Trust	R Income Units	3.61%	5.14%	4.86%	4.74%	4.32%
	R Accumulation Units	3.55%	5.05%	4.76%	4.64%	4.24%
	FTSE All Share TR	3.12%	2.94%	3.37%	3.89%	3.40%

Source BNYM - Scheme yield is the sum of distributions announced in the preceding twelve months, divided by the unadjusted MD market price as at date of yield.

Source FTSE Russell - Benchmark yield is net dividend per share in the preceding twelve months, divided by the starting index value.

	Class	% Growth				
		16/02/2020	16/02/2021	16/02/2022	16/02/2023	16/02/2024
		15/02/2021	15/02/2022	15/02/2023	15/02/2024	15/02/2025
Santander Equity Income Unit Trust	R Income Units	-2.32%	9.02%	-1.37%	1.45%	13.86%
	R Accumulation Units	-2.24%	8.98%	-1.35%	1.46%	13.82%
	FTSE All Share TR	-4.49%	14.41%	6.38%	-1.20%	18.22%

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

Source FactSet - Benchmark returns are based on daily index valuations as at close-of-business of the relevant market and are not subject to fee

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

