

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

Close Asset Management (UK) Limited, the manager of the Trust, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Close Asset Management (UK) Limited accepts responsibility accordingly.

**Prospectus of  
Close Discretionary Funds**

**(A UK UCITS scheme with product reference number 520608)**

**This Prospectus is dated and is valid as at 1 October 2024**

This document constitutes the Prospectus for Close Discretionary Funds which has been prepared in accordance with the Collective Investment Schemes Sourcebook (COLL).

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

## **Contact Details**

### **WHAT ARE CLOSE ASSET MANAGEMENT (UK) LIMITED'S CONTACT DETAILS?**

**Close Asset Management (UK) Limited (The Manager) PO Box 367**

**Darlington DL1 9RG**

**Telephone : 0370 606 6452**

**Telephone calls may be recorded by the Manager, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 11.8 below for further information.**

### **HOW DO I CONTACT THE FINANCIAL CONDUCT AUTHORITY?**

**Close Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom.**

**The FCA can be contacted at:**

**12 Endeavour Square, London, E20 1JN**

**From UK: 0300 500 8082 (local call rates) or 0800 111 6768 (freephone)**

**From abroad: +44 207 066 1000**

**Website: [www.fca.org.uk](http://www.fca.org.uk)**

**Email: [consumer.queries@fca.org.uk](mailto:consumer.queries@fca.org.uk)**

### **The Funds within the Close Discretionary Funds Range**

<b>Name of Fund</b>	<b>Product Reference number (PRN)</b>
Close Sustainable Select Fixed Income Fund	639040
Close Diversified Income Portfolio Fund	639029
Close Managed Income Fund	639033
Close Conservative Portfolio Fund	639030
Close Managed Conservative Fund	639034
Close Tactical Select Passive Conservative Fund	639038
Close Balanced Portfolio Fund	639031
Close Managed Balanced Fund	639035
Close Tactical Select Passive Balanced Fund	639037
Close Growth Portfolio Fund	639032
Close Managed Growth Fund	639036
Close Tactical Select Passive Growth Fund	639039
Close Sustainable Balanced Portfolio Fund	937668

### **Important Information**

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 upon 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 the Trust have not changed since the date hereof.

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Units in the Funds. Investors should only consider investing in the Funds if they understand the risks involved including the risk of losing all capital invested.

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 Trust 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 have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Trust and the Manager have not been and will not be registered in the United States of America under any applicable legislation. Potential investors 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 advisers concerning the acquisition, holding or disposal of Units.

The provisions of the Trust Deed are binding on each of the Unitholders and a copy of the Trust Deed is available on request from Close Asset Management (UK) Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Close Asset Management (UK) Limited.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail. All communications in relation to this Prospectus shall be in English.

This Prospectus is based on information, law and practice at the date hereof. The Manager cannot be bound by an out of date Prospectus when a new version has been issued and investors should check with Close Asset Management (UK) Limited that this is the most recently published prospectus.

#### **Automatic exchange of information for international tax compliance**

The UK government has enacted legislation enabling it to comply with its obligations in relation to international tax compliance (including US FATCA). The Manager is required to collect certain information about Unitholders and their investments, including information to verify identity and tax status, to pass to HM Revenue & Customs who may, in turn, pass it on to relevant overseas tax authorities.

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

The extent to which the Manager is able to report to HM Revenue & Customs will depend on each affected Unitholder providing the Manager or its delegate with any information that the Manager determines is necessary to satisfy such obligations.

By signing the application form to subscribe for Units, each affected Unitholder is agreeing to provide such information upon request from the Manager or its delegate. The Manager may exercise its right to completely redeem the holding of an affected Unitholder (at any time upon any or no notice) if he fails to provide the Manager with the information the Manager requests to satisfy its obligations relating to the automatic exchange of information to improve international tax compliance (including United States FATCA) and will be required to report the Unitholder to HM Revenue and Customs.

**Important: If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.**

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## TERMS USED IN THIS DOCUMENT

<b>“Act”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Administrator”</b>	The Bank of New York Mellon (International) Limited
<b>“AUT”</b>	a UK authorised unit trust scheme
<b>“authorised investment fund”</b>	an AUT or an investment company with variable capital incorporated under the Open-Ended Investment Companies Regulations 2001
<b>“Business Day”</b>	any day which is not a Saturday or Sunday and on which banks are open for business in England and Wales, i.e. excluding public holidays
<b>“COLL Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time (references in this Prospectus to “COLL” refer to the appropriate chapter or rule in the COLL Sourcebook)
<b>“Dealing Day”</b>	each Business Day, but not 24 or 31 December or any other day at the Manager’s discretion, as agreed with the Trustee and notified to Unitholders
<b>“EUWA”</b>	the European Union (Withdrawal) Act 2018
<b>“FCA”</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time
<b>“FCA Rules”</b>	the FCA’s Handbook of Rules and Guidance which includes the COLL Sourcebook
<b>“Fund”</b>	a sub-fund of the Trust (details of each of the Funds are set out in Appendix 1)
<b>“Investment Adviser”</b>	Close Asset Management Limited
<b>“Manager”</b>	Close Asset Management (UK) Limited
<b>“Ongoing Charges figure (OCF)”</b>	the ongoing charges figure is based on the last year’s expenses and may vary from year to year. It excludes the cost of buying or selling assets for the Trust (unless these assets are shares of another fund).
<b>“Prospectus”</b>	this document, the prospectus for the Trust as amended from time to time
<b>“Scheme Property”</b>	the property of the Trust or (as the context may require) the part of that property attributable to a particular Fund;
<b>“Trust”</b>	Close Discretionary Funds
<b>“Trust Deed”</b>	the trust deed by which the Trust is constituted
<b>“Trustee”</b>	The Bank of New York Mellon (International) Limited

<b>“UK UCITS scheme”</b>	an undertaking for collective investment in transferable securities scheme constituted in accordance with the rules in the FCA Rules, in respect of this Trust, being an authorised investment fund which is an umbrella and is classified under the COLL Sourcebook as a UK UCITS scheme, and each of whose sub-funds would be classified as a UK UCITS scheme if separately authorised
<b>“Unit”</b>	a unit in the Trust, being a unit which relates to a particular class of unit of a Fund (including fractions of 1/10000 of a unit) where appropriate
<b>“Unitholder”</b>	a holder of Units in the Trust
<b>“Unit Class” or “Class”</b>	All of the Units related to a single Fund or particular class of Units related to a single Fund
<b>“Valuation Point”</b>	a valuation point fixed by the Manager for the purposes of valuation of the property of the Trust
<b>“VAT”</b>	value added tax.



## **1. THE TRUST**

### **1.1 Establishment and Authorisation**

The Trust is a unit trust scheme authorised by the Financial Conduct Authority on 25<sup>th</sup> August 2010. The Trust is a UK UCITS scheme.

### **1.2 Base Currency**

The base currency of the Trust is pounds sterling of the United Kingdom. The base currency of each Fund and of each Fund's respective Unit Classes is as set out in the details for each Fund in Appendix 1.

### **1.3 The Funds**

The Trust is an umbrella unit trust comprising a number of Funds as set out in Appendix 1. Full details for each Fund, including the investment objective and policy of each Fund, are also set out in Appendix 1. The investment and borrowing powers applicable to the Funds are set out in Appendix 2.

Different Funds may be established from time to time by the Manager with the approval of the Financial Conduct Authority. On the introduction of any new Fund, a revised prospectus will be prepared setting out the relevant details of each Funds. Approval by the FCA in this context refers only to approval under the Act and does not in any way indicate or suggest endorsement or approval of the Funds as an investment.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Unitholders are concerned, each Fund is treated as a separate entity.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Scheme and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Scheme attributable to that Fund. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the Manager in a manner which it believes is fair to the Unitholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.

Whilst the Trust Deed provides for segregated liability between the Funds, the concept of segregated liability may not be recognised and given effect by a court in certain contexts including where the relevant contractual documents involving the Fund are not construed in a manner to provide for segregated liability. Where claims are brought by local creditors in foreign courts or under foreign law contracts, and the liability relates to one Fund which is unable to discharge that liability, it is not clear whether a foreign court would give effect to the segregated liability contained in the Trust Deed. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Trust in every circumstance.

#### **1.4 Typical Investor**

Each Fund is designed to be suitable for any investor, including a retail investor, who is prepared to risk loss of their capital to potentially get higher returns and who plans to stay invested in the relevant Fund for at least 5 years. The target market of the Fund is any investor, including a retail investor, who has read the Key Investor Information Document, wishes to have the investment exposure as set out in the Fund's investment objective and policy, and is comfortable taking on the general and specific risks as set out in section 3 (Risk Factors) and the risks particular to that Fund as set out in Appendix 1.

Each Fund is appropriate for an investor with basic knowledge, or an informed investor or an experienced investor. Each Fund may be purchased with or without professional financial advice. Each Fund has been classified as a non-complex investment product so there is no requirement to have prior knowledge or experience of this type of investment before investing.

Each Fund is designed to be used as a standalone solution or form part of a portfolio of investments. The product is not guaranteed and the value of the product can go up or down.

Typical investors in the Funds are expected to be asset and wealth managers regulated or authorised by the relevant local regulator, retail private clients who will invest through suitably authorised intermediaries and private individuals who are experienced in making investments and who have the resources to withstand the risks associated with such an investment including those investing on a non-advised (i.e. execution only) basis.

## **2. MANAGEMENT OF THE TRUST**

### **2.1 Regulatory Status**

The Manager, the Trustee and the Investment Adviser are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

### **2.2 The Manager**

The Manager of the Trust is Close Asset Management (UK) Limited. The Manager is a private limited company incorporated in England and Wales on 6 December 1994 with registered number 2998803. The ultimate holding company of the Manager is Close Brothers Group plc, a company incorporated in England and Wales on 3 June 1953 with registered number 520241. The registered office (and head office) of the Manager is at 10 Crown Place, London EC2A 4FT and its business address is 10 Crown Place, London EC2A 4FT. The issued share capital of the Manager is £500,000 all of which is fully paid up.

The Manager is the authorised fund manager of the Trust and also the manager or authorised corporate director of the following UK authorised investment funds:

- Close FTSE techMARK Fund
- Winchester Fund
- Close Select Global Equity Fund

The Directors of the Manager are as follows:

- S Forrest (independent non-executive director)
- C Parry
- E. Reynolds
- R Smith
- A Sippetts (independent non-executive director)

Certain of the directors of the Manager also act as directors of companies other than the Manager (including companies that are within the same group of companies as the Manager) and engage in business activities that are not connected with the Trust. The Manager is responsible for managing and administering the Trust's affairs in compliance with the FCA Rules.

Subject to the restrictions in the FCA Rules, the Manager may delegate or employ agents to assist it in performance of its functions for the Trust and its Funds. It has made appointments for investment management (see paragraph 2.4) and for administration (see paragraph 2.5).

The Manager is required to have a Remuneration Code ("the Code") that is in accordance with the requirements of SYSC 19E of the FCA Rules relating to the way in which it remunerates staff.

The Code is designed to ensure that the Manager's remuneration practices, for those staff caught by the applicable rules:

- are consistent with and promote sound and effective risk management;
- do not encourage risk taking and are consistent with the risk profiles, or the constitutional documents of the UK UCITS funds it manages;
- do not impair the Manager's compliance with its duty to act in the best interests of those funds; and
- include fixed and variable components of remuneration including salaries and discretionary pension benefits.

When applying the Code, the Manager will comply with the applicable rules in a way, and to the extent, that is appropriate to the size, internal organisation and the nature, scope and complexity of the Manager's activities.

The Code must include measures to avoid conflicts of interest and be in line with the business strategy, objectives, values and interests of:

- the Manager;
- the UK UCITS funds it manages; and
- the unitholders.

Full and up-to-date details of the Code are available on the website of the Manager: [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds). This sets out a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits. A paper copy of that website information will be made available free of charge on request to the Manager.

### **2.3 The Trustee**

The Bank of New York Mellon (International) Limited is the Trustee of the Scheme and for the avoidance of doubt, acts as the global custodian to the Scheme.

The Manager has appointed the Trustee to act as depositary for purposes of Directive 2009/65/EC of the European Parliament and European Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 (the "UCITS V Directive" (or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable)), as supplemented by the Level 2 Regulations adopted as delegated acts by the European Commission pursuant to Article 112a of the UCITS V Directive, following their entry into full legal force and effect in the European Union (and for the avoidance of doubt, following the expiration of any implementation period applicable to such regulations) (the "UCITS V Regulations"), and as incorporated into English law by any Statutory Instrument as may be issued from time to time to implement the UCITS V Directive in the UK (the "UK Implementing Legislation"). References hereinafter to the "Directive" shall

include the UCITS V Directive as supplemented by the UCITS V Regulations and as incorporated into English law by the UK Implementing Legislation, and any other implementing legislation on an EU or UK level.

The Trustee is a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

The registered office of the Trustee is at 160 Queen Victoria Street, London, EC4V 4LA.

The principal business activity of the Trustee is the provision of custodial, banking and related financial services. The Trustee is authorised by the Prudential Regulation Authority and is dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### *Duties of the Trustee*

The Trustee is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Trust, and must ensure that certain processes carried out by the Manager are performed in accordance with the applicable rules and the constitutive documents of the Trust.

#### *Conflicts of interest*

For the purposes of this section, the following definitions shall apply:

“BNY Mellon Affiliate” means any entity in which The Bank of New York Mellon Corporation (a Delaware corporation with registered office at 240 Greenwich St, New York, New York 10286, U.S.A) controls (directly or indirectly) an interest of no less than 30% in the voting stock or interests in such entity.

“Link” means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

“Group Link” means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU, as implemented or given direct effect in the UK, or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002, as it forms part of the law of the UK by virtue of the EU Withdrawal Act 2018, as amended, modified and reinstated from time to time, and any succeeding UK law or regulation which becomes enforceable by law from time to time.

#### *The Trust, the Manager, the Trustee and investors*

The following conflicts of interests may arise between the Trustee, the Trust and the Manager:

A Group Link where the Manager has delegated certain administrative functions to The Bank of New York Mellon (International) Limited or any BNY Mellon Affiliate.

The Trustee shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts

of interests. Where such conflicts of interests cannot be avoided, the Trustee and the Manager will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Trust and its investors.

If Link exists between the Trustee and any investors in the Trust, the Trustee shall take all reasonable steps to avoid conflicts of interests arising from such Link, and ensure that its functions comply with Article 23 of the UCITS V Regulations as applicable.

#### *Trustee Conflicts of interest*

The Trustee or any BNY Mellon Affiliates may have an interest, relationship or arrangement that is in conflict with or otherwise material in relation to the services it provides to the Manager and the Trust. Conflicts of interest may also arise between the Trustee's different clients.

As a global financial services provider, one of the Trustee's fundamental obligations is to manage conflicts of interest fairly and transparently. As a regulated business, the Trustee is required to prevent, manage and, where required, disclose information regarding any actual or potential conflict of interest incidents to relevant clients.

The Trustee is required to and does maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients.

The Trustee maintains an EMEA Conflicts of Interest Policy (the "Conflicts Policy"). The Conflicts Policy (in conjunction with associated policies):

- (a) identifies the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;
- (b) specifies the procedures or measures which should be followed or adopted by the Trustee in order to prevent or manage and report those conflicts of interest;
- (c) sets out effective procedures to prevent or control the exchange of information between persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- (d) includes procedures to ensure the separate supervision of persons whose principal functions involve carrying out activities with or for clients and whose interests may conflict, or who otherwise represent different interests that may conflict, including with the interests of the Trustee;
- (e) includes procedures to remove any direct link between the remuneration of individuals principally engaged in one activity and the remuneration of, or revenues generated by, different individuals principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- (f) specifies measures to prevent or limit any person from exercising inappropriate influence over the way in which an individual carries out investment or ancillary services or activities; and

(g) sets out measures to prevent or control the simultaneous or sequential involvement of an individual in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

Disclosure of conflicts of interest to clients is a measure of last resort to be used by the Trustee to address its regulatory obligations only where the organisational and administrative arrangements established by the Trustee (and any BNY Mellon Affiliates where applicable) to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of clients will be prevented.

The Trustee must assess and review the Conflicts Policy at least once per year and take all appropriate measures to address any deficiencies.

The Trustee shall make available to its competent authorities, on request, all information which it has obtained while performing its services and which may be required by the competent authorities of the Trust.

#### *Delegation*

The following conflicts of interests may arise as a result of the delegation arrangements relating to safekeeping outlined below:

A Group Link where the Trustee has delegated, or where any Global Sub-Custodian has sub-delegated the safekeeping of the Scheme Property to BNY Mellon Affiliate.

The Trustee shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Trustee and the Custodian will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Trust and its investors.

The Trustee may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.

#### *Delegation of Safekeeping Functions*

The Trustee acts as global custodian and may delegate safekeeping to one or more global sub-custodians (such delegation may include the powers of sub-delegation). The Trustee has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV and The Bank of New York Mellon as applicable (the "Global Sub-Custodian").

The Global Sub-Custodians may sub-delegate safekeeping of assets in certain markets in which the Trust may invest to various sub-delegates ("Sub-Custodians"). A list of Sub-Custodians is given in Appendix 6. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review. An updated list of Sub-Custodians is maintained by the Manager at [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds)

#### *Updated Information*

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.

#### *Terms of Appointment*

The Manager is required to enter into a written contract with the Trustee to evidence its appointment as depositary of the Trust for purposes of the Directive. The Trustee was appointed as depositary under an agreement entered into between the Manager and BNY Mellon Trust & Depositary (UK) Limited dated 23 March 2016 and novated in favour of the Trustee with effect from 01 November 2017 (the "Depositary Agreement").

Pursuant to the Depositary Agreement the Manager and the Trustee agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Directive.

The Trustee is remunerated from the Fund Management Fee, details of which are set out in paragraph 7.2 of this Prospectus.

#### **2.4 The Investment Adviser**

The Manager has appointed Close Asset Management Limited of 10 Crown Place, London EC2A 4FT as Investment Adviser. The Investment Adviser is part of the same group of companies as the Manager. The Investment Adviser also acts as a discretionary investment manager for private clients, authorised and unregulated collective investment schemes.

Under the agreement between the Investment Adviser and the Manager, the Manager delegates to the Investment Adviser its discretionary investment management powers to invest the property of each Fund with power to buy, sell or otherwise deal with the property of the Funds in its complete discretion, subject to the investment objectives and policies of the Funds, the terms of the Trust Deed, this Prospectus, the FCA Rules and any other guidelines given to the Investment Adviser from time to time.

The agreement may be terminated by six months' notice in writing by either party and forthwith in certain circumstances (for example where a party to the agreement becomes insolvent or ceases to be authorised under the Act) by either party. In addition, the Manager can terminate the arrangement with immediate effect when it considers that this would be in the best interests of Unitholders.

#### **2.5 The Administrator**

The Manager has appointed The Bank of New York Mellon (International) Limited (the "Administrator") to act as administrator and registrar to the Trust. The Administrator's address is Capital House, Festival Square, Edinburgh EH3 9SU at which address the register of Unitholders and any plan sub-registers may be inspected.

Under the terms of the agreement between the Manager and the Administrator, the Manager is responsible for the remuneration of the Administrator, and in relation to which the Manager takes an Administration Charge out of each Fund, but the Trust will bear the out of pocket expenses which the Administrator may incur in the discharge of its duties. The agreement between the



Manager and the Administrator may be terminated by either party on not less than twelve months' notice to the other party, and forthwith in certain circumstances.

## **2.6 The Auditor**

The auditor of the Trust is Deloitte LLP, of 2 New Street Square, London EC4A 3BZ.

## **2.7 Conflicts of interest**

The Manager, the Investment Adviser and other companies within the Close Brothers group may, from time to time, act as investment managers or advisers to other trusts, funds or sub-funds that follow similar investment objectives to those of the Funds. It is therefore possible that the Manager and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Trust or a particular Fund or between the Trust and other funds managed by the Manager. Each of the Manager and the Investment Adviser will, however, have regard in such event to its obligations under the Trust Deed and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Trust 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 and the Investment Adviser will ensure that the Trust and other collective investment schemes it manages are fairly treated.

The Manager maintains a written conflict 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 risks of damage to the interests of the Trust or its Unitholders will be prevented. Should any such situations arise the Manager will, as a last resort, if the conflict cannot be avoided, disclose these to Unitholders in an appropriate format.

The Trustee may, from time to time, act as the trustee of other authorised unit trusts or depositary of open-ended investment companies with variable capital or custodian of other collective investment schemes.

### **3. RISK FACTORS**

Potential investors should consider the following general risk factors which may apply to each of the Funds, and the risk factors specific to each of the Funds, before investing in Units in the Trust (or, in the case of specific risks applying to specific Funds, in those Funds).

The level of risk varies between the Funds. The general risk factors below may apply to each of the Funds (either directly, or indirectly where the Funds invest in collective investment schemes which give exposure to the particular investment to which the risks below are attributable).

The Manager will, at the request of a Unitholder, provide supplementary information to that set out in this Prospectus relating to the quantitative limits applying in the risk management of the Funds, the methods used in this connection, and any recent development of the risk yields of the main categories of investment of the Funds.

#### **3.1 General risk factors**

All of the Funds are subject to fluctuations in capital value which can be influenced by various micro- and macro-economic factors to varying degrees depending on the investment objective and policy of each Fund.

##### *3.1.1 Market Risk*

Investors are reminded that the price of Units in the Trust, and the income from them, may go down as well as up and is not guaranteed. Investment in the Trust should be regarded as a medium to long-term investment and investors should be willing to accept some risk to their capital and not invest money in Units in the Trust that they may require in the short term.

##### *3.1.2 Effect of Preliminary Charge or Redemption Charge*

Where a preliminary charge or a redemption charge is imposed, a Unitholder who realises his Units after a short period of time may not (even if the value of the relevant investments has not fallen) realise the amount originally invested.

##### *3.1.3 Dilution*

The Trust may also experience a reduction in value as a result of the costs incurred in the purchase and sale of its underlying investments and the spread between buying and selling prices of such investments. Accordingly, the Manager may apply a dilution adjustment also known as a price swing on the issue and/or redemption of Units. Where a dilution adjustment or a price swing is not applied, the Fund in question may incur dilution which may constrain capital growth.

##### *Counterparty and Credit risk*

This is the risk of suffering loss due to another party not meeting its financial obligations and, in that event, the Trust could experience significant losses. One source of this risk for the Trust is where counterparties to any trade fail to meet their transaction

commitments. The Trust only buys and sells investments with brokers which have been approved by the Manager and/or Investment Advisor as an acceptable counterparty. It is possible for a problem to arise both on exchange traded and over the counter transactions.

In addition, if any of the issuers of the securities held within the Trust become less financially secure, this could reduce the value of the security and hence the value of Units in the Trust.

If the Trust's cash is deposited with any financial institution which becomes insolvent or suffers other financial difficulties, the full deposit may not be returned. This would mean that Unitholders may not get back the full value of their investment. The Trust is not eligible to claim under the UK's Financial Services Compensation Scheme for monies on deposit with defaulting deposit takers.

In addition, if a Fund invests in exchange-traded funds which use swaps to gain exposure, that exchange-traded fund will be at risk from the counterparty to the swap transaction failing to meet its transaction commitments in which case this would have an adverse effect on the value of the Fund.

#### 3.1.5 *Exchange Traded Funds ("ETFs")*

The Funds may invest in ETFs. ETFs represent a basket of securities that are traded on an exchange and may not necessarily trade at the net asset value of their underlying holdings. As a result, they may trade at a price that is above or below the value of the underlying portfolio. ETFs may not be backed by underlying physical positions and may be subject to counterparty risk.

#### 3.1.6 *Fixed Income Securities*

Debt securities are subject to both actual and perceived measures of creditworthiness. The amount of credit risk is measured by the issuer's credit rating assigned by one or more independent credit rating agencies. This does not amount to a guarantee of the issuer's creditworthiness but is a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater risk of default than more highly rated securities. Companies often issue securities ranked in order of seniority which, in the event of default, would be reflected in the priority in which investors might be paid back. The "downgrading" of a rated debt security by adverse publicity and investor perception, not necessarily based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market.

Non-investment grade debt may be highly leveraged and carry a greater risk of default.

A Fund may be affected by changes in prevailing interest rates and credit quality considerations. Changes in market rates of interest may affect a Fund's asset values as prices of fixed rate securities increase when interest rates decline, and decrease when interest rates rise. Prices of shorter-term securities tend to fluctuate less in response to interest rate changes than longer-term securities. An economic recession may adversely affect an issuer's financial condition and the market value of its high yield debt securities.

The issuer's ability to service its debt obligations may be adversely affected by specific issuer developments or the issuer's inability to meet projected business forecasts or unavailability of additional financing. In the event of bankruptcy of an issuer, a Fund may experience losses and incur costs. In addition, non-investment grade securities tend to be more volatile than higher rated fixed-income securities giving rise to adverse economic conditions which may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed-income securities.

A Fund's investments in equity or fixed income securities of companies or institutions in weak financial condition may include issuers with substantial capital needs or negative net worth, or issuers that are, have been or may become involved in bankruptcy or reorganisation proceedings.

### 3.1.7 *Delayed Delivery Transactions*

The Funds that invest in fixed income securities may purchase "To Be Announced" securities ("**TBA**s"). This refers to the common trading practice in the mortgage-backed securities market where a security is bought from a mortgage pool (Ginnie Mae, Fannie Mae or Freddie Mac) for a fixed price at a future date. At the time of purchase, the exact security is not known, but the main characteristics of it are specified. Although the price has been established at the time of purchase, the principal value has not been finalised. Purchasing a TBA involves potential loss if the value of the security to be purchased declines prior to the settlement date. Risks may also arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts.

Whilst the Funds will normally enter into TBA commitments with the intention of acquiring securities, the Funds may also dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, equivalent deliverable securities or an offsetting TBA purchase commitment (deliverable on or before the sale commitment date) are held as cover for the transaction. If the TBA sale commitment is closed through the acquisition of an offsetting purchase commitment, the Fund realises a gain or loss on the commitment without regard to any unrealised gain or loss on the underlying security. If the Fund delivers securities under the commitment, the Fund realises gain or loss from the sale of the securities upon the Unit price established at the date the commitment was entered into.

### 3.1.8 *Currency Fluctuations and hedging*

Where a Fund invests outside of the United Kingdom, it may have to pay for assets and other expenses and receive income and sales proceeds in currency denominations other than sterling. A movement of exchange rates may have a separate unfavourable or favourable effect on the gain or loss otherwise experienced on the investment. Changes in the rates of exchange between currencies may cause the value of the underlying investment and the net asset value of a Fund to fluctuate. The possible impact of this exchange rate risk will be assessed, as will the costs associated with managing it. The Manager may decide to hedge their exposure to foreign currencies in its absolute discretion.

Where the Manager attempts to mitigate the effect of currency fluctuations by hedging, investors should be aware that such hedging may not be successful in eliminating the effects of adverse changes in exchange rates. Currency hedging may not therefore provide a perfect hedge. Whilst currency hedging is intended to mitigate the risk of unfavourable fluctuations in foreign currencies which might negatively affect a Fund, it is possible that any such hedging strategy may also prevent a Fund from benefiting from any favourable fluctuation in foreign currencies.

#### 3.1.9 *Concentration*

Although the Manager will seek to obtain diversification by investing in a range of assets in order to meet each Fund's investment objective, it is possible that at times a Fund may take substantial positions in one security or group of securities or sector or asset class which may make that Fund more likely to be adversely impacted in the event of external market influences affecting that security, group of securities, sector or asset class. This level of concentration may subject the investments of a Fund to more rapid changes in value that would be the case if its investments were more widely diversified. It may also have a corresponding effect on the Fund's liquidity.

#### 3.1.10 *Investment outside the UK*

Generally accepted accounting, auditing and financial reporting practices in some countries may be significantly different from those in more developed countries such as the United Kingdom. Compared to these markets, some countries may have a low level of market regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on non-public information by certain categories of investors.

#### 3.1.11 *Restrictions on foreign investment*

Some countries prohibit or impose substantial restrictions on investments by foreign investors by requiring governmental approval prior to investment by foreign investors, limit the amount of investment by foreign investors in a particular company, or limit the investment by foreign persons in a company to a specific class of securities only, which may have less advantageous terms than securities of the company available for purchase by nationals. Some countries may restrict investment opportunities in issuers or industries deemed important to national interests.

The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of a Fund. In some countries, a Fund may be required to invest through a local broker or other entity and then have the share purchases re-registered in the name of the Fund. Re-registration may not occur on a timely basis giving rise to the possibility of a Fund being denied of certain rights e.g. rights to dividends, rights to be made aware of certain corporate actions. Further, a Fund may place purchase orders, but permissible allocation to foreign investors at the time of registration may have been filled, depriving the Fund of the ability to make its desired investment at the time.

Substantial limitations may exist in certain countries with respect to a Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Fund may be adversely affected by delays in, as well as by, the application to the Fund of any restriction on investments. A number of countries have authorised the formation of closed-ended investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-ended investment companies may be acquired only at market prices representing premiums to their net asset values. If a Fund acquires shares in closed-ended investment companies, Unitholders would bear their proportionate share of expenses in the Fund (including management fees) and, indirectly, the expenses of such closed-ended investment companies.

#### 3.1.12 *Settlement Risk*

Practices in relation to settlement of securities transactions in certain markets may involve higher risk than those in developed markets. A Fund may need to use brokers and counterparties less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. The Trustee is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with UK law and regulation.

#### 3.1.13 *Delivery versus Payment Transactions*

The Manager may apply the Delivery versus Payment ("DvP") exemption, as set out in the FCA Rules governing the protection of client assets ("Client Asset Rules"). Usually, when the Manager receives investors' money in the course of settling transactions, the Manager is obliged to handle money received or held for the purposes of buying or selling securities and investments ("Client Money") in accordance with the Client Asset Rules, which amongst other provisions require the Manager to segregate Client Money from the assets of the Funds and the Manager. The DvP exemption provides for a one day window during which money held for the purposes of settling a transaction in Units is not treated as Client Money. In the event that the Manager becomes insolvent or otherwise fails there is a risk of loss or delay in the return of any money held by the Manager which is not treated as Client Money. Money which is not treated as Client Money is not protected on the insolvency of the Manager.

The Trustee has a duty to ensure that it safeguards and administers the scheme property in compliance with the Client Asset Rules. The Trustee is not under a duty to comply with the FCA Rules on handling Client Money. Moreover, with respect to handling scheme property in the course of DvP transactions through a commercial settlement system ("CSS"), the scheme property may not be protected under the Client Asset Rules. In the event that the Trustee becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any scheme property which consists of Client Money, client assets held in a CSS or any other client assets which the Trustee or any of its delegates is not required or has failed to hold in accordance with the Client Asset Rules.

### 3.1.14 *Sovereign Debt*

Certain developing countries are large debtors to commercial banks and foreign governments. Investment in debt obligations ("**Sovereign Debt**") issued or guaranteed by the governments of developing countries or their agencies and instrumentalities ("**government entities**") involve a higher degree of risk. The government entity that controls repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on a date a payment is due, the relative size of the debt service burden to the economy as a whole, the government entity's policy towards the International Monetary Fund and any political constraints of a government entity. Government entities may also be dependent on foreign governments, multilateral agencies or other third parties abroad to reduce principal and interest arrears on their debt. The commitment on the part of these governments, multilateral agencies and third parties to make such disbursements may be conditional on a government entity's implementation of economic reforms and/or economic performance and the timely service of the debtor's obligations. Failure to implement reforms, achieve levels of economic performance or repay principal or interest when due may result in the cancellation of commitments to lend funds to the government entity. This may further impair such debtor's ability or willingness to service the debt on a timely basis. Consequently, government entities may default on their Sovereign Debt. Holders of Sovereign Debt, such as a Fund, may be requested to participate in the rescheduling of debt and extend further loans to government entities. There are no bankruptcy proceedings for default of Sovereign Debt which would enable it to be recovered in whole or in part.

### 3.1.15 *Political and/or Regulatory Risks*

Political and/or regulatory risks such as international and national political developments, changes in government policies and developments in the laws, taxation regime and regulations of the country in which investment may be made, could all affect the ownership and the value of the investments.

The securities registration systems and reporting standards of some overseas countries may not be considered equivalent to those of more developed countries such as the United Kingdom or the United States of America. Certain financial information released from these countries may not be as accurate as equivalent information released from more developed countries. This could impair the ability of advisers to conduct due diligence of specific assets and the value of the property if good and marketable title cannot be obtained or registered. In some overseas countries, compensation or restitution rights may be available to former owners of assets confiscated by government decree or law. This could result in the settlement of compensation which may affect a Fund's income or the value of the investments.

The economies of developing countries may differ from those of developed countries in such respects as growth of gross domestic product, rate of inflation, currency fluctuation, capital reinvestment, resource self-sufficiency and balance of payments position. The

financial performance of a Fund's may be adversely affected by general economic conditions and by conditions within overseas markets. In particular, changes in the rate of inflation and interest may affect a Fund's income and capital value or the value of an investment property.

#### 3.1.16 *Liquidity Risk*

This is the risk that a Fund may not have sufficient cash, or the ability to raise additional cash through the sale of underlying investments, to meet redemption requests. Each Fund has limited temporary borrowing powers. Each Fund holds cash and readily realisable securities. The Manager monitors the cash position and the level of redemption requests so as to minimise the liquidity risk which may arise. Furthermore, the underlying investments of a Fund may be subject to liquidity constraints affecting the ability of a Fund to realise the investments. This, in turn, may affect the ability of a Fund to raise cash to meet requests for the redemption of Units.

#### 3.1.17 *Valuation Risk*

By investing in a Fund, Unitholders gain exposure to the return from the underlying investments of a Fund. With a view to achieving fair Unit pricing, the value of Units is calculated in sterling on a single mid-market pricing basis at 12:00pm London time on each Dealing Day. For certain scheme property, the Manager's best estimate of a fair and reasonable market value may prove to be incorrect. For other investments, use of a market price may prove to be generally appropriate. If there is a risk of divergence of Unit prices from a fair value of the underlying assets, the Manager will monitor this and will seek to take appropriate action to minimise dilution to the Trust with a view to balancing the interests of incoming, outgoing and remaining investors.

#### 3.1.18 *Warrants*

A warrant is a security that entitles the holder to buy a certain number of shares at a specified price on a fixed date or dates during a specified period in the future. If the warrant is held beyond its expiry date, it will have no value. The value of warrants can go up and down much more quickly than the underlying assets in question.

#### 3.1.19 *Structured Products*

Typically, these are investment strategies based on derivatives whose underlying assets may be, but are not limited to, securities, options, indices, commodities, debt issuances and/or foreign currencies. Capital-at-risk investments, high-income investments or guaranteed stock market investments are all examples of structured products but structured products are not limited to these types. The return on structured products is not guaranteed and the level of return may depend on the level of the underlying assets.

#### 3.1.20 *Investment Trusts*

The Funds may invest in investment trusts. These are public limited companies quoted on the London Stock Exchange. The price of their shares depends on supply and demand and may not reflect the value of the underlying assets. It may be higher ("at a premium") or lower ("at a discount"). The discount or premium will vary over time. In



addition, investment trusts are permitted to borrow money which can then be used to make further investments. In a rising market, this “gearing” can enhance returns to investors. However, if the market falls, losses may be significantly increased. Investment trusts may also invest in hedge funds, structured products and quoted private equity funds as long as they are allowed to do so by the FCA Rules. These types of investments may carry the risks associated with derivative investments.

#### 3.1.21 *Collective Investment Schemes*

The Funds may invest in other collective investment schemes (“second schemes”) to the extent permitted under the COLL Sourcebook. Whilst these second schemes will invest in underlying assets which are subject to the risks described herein, there are also specific risks associated with investing in other collective investment schemes. These include the risk of a loss that could result from the insolvency, negligence or fraudulent action of the second scheme’s custodian or sub-custodian. Loss could also arise as a result of the negligence, wilful default or fraud of the manager of the second scheme. In addition, loss may arise where the manager of the second scheme has taken substantial positions in one security or group of securities or sector or asset class which may make the second scheme more likely to be adversely impacted and its valuation fluctuate more markedly in the event of market influences affecting that security, group of securities, sector or asset class. Where the second scheme invests in a specific sector or asset class, the performance of the second scheme will be dependent on the performance of that specific sector or asset class rather than the wider financial market and therefore the second scheme is more likely to be adversely affected by market influences on that sector or asset class.

Certain collective investment schemes may be listed on Eligible Markets. The price of their shares depends on supply and demand and may not reflect the value of the underlying assets. It may be higher (“at a premium”) or lower (“at a discount”). The discount or premium will vary over time.

Those second schemes in which a Fund invests which are open-ended may have restrictions on the number of shares that can be redeemed on a dealing day and there may be occasions when redemptions are suspended. The Fund may accordingly not be able to achieve the prevailing underlying net asset value when it wishes to realise an investment. In addition, the second scheme will bear its own operating costs. These are typically reflected in the share price and, depending on the value of funds under management of the second scheme, may have an adverse effect on the price.

#### 3.1.22 *Efficient portfolio management (EPM) techniques*

The Funds may make use of EPM techniques (including securities lending and reverse repurchase transactions) to reduce risk and/or costs in the Fund and to produce additional capital or income in the Funds in a manner which is economically appropriate and with an acceptable level of risk. Techniques used by the Fund may include using derivatives for hedging against price or currency fluctuations, engaging in securities lending and reverse repurchase transactions. Further details on efficient portfolio management and securities lending can be found in Appendix 2.

It is not intended that using derivatives for EPM will increase the volatility of the Funds and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of EPM techniques may be ineffective and that Fund may suffer losses as a result. The Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

EPM techniques may involve a Fund entering into derivative transactions or securities lending transactions with a counterparty where there may be a risk that a counterparty will wholly or partially fail to honour its contractual obligations. To mitigate that risk, the counterparties to these transactions may be required to provide collateral to the Fund. The counterparty will forfeit its collateral if it defaults on the transaction. However, in the event of counterparty default, if the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's liability to the Fund. This may result in losses for investors. To manage this risk, the Manager has in place a collateral management policy which details the eligible categories of acceptable collateral and the haircuts which will typically be applied when valuing certain categories of collateral received. Please see Section 11 below for further information on the collateral management policy.

There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in losses for investors.

#### *3.1.23 Interest rate risk*

The value of investments may change as a result of fluctuations in interest rates. For example, a reduction in interest rates may mean that a Fund receives less credit interest on cash placed on deposit. Alternatively, an increase in interest rates means that a Fund may be charged higher debt interest on any overdrawn accounts.

Also, an increase in interest rates may mean that the investments of a Fund with exposure to interest rates may decrease in value.

#### *3.1.24 New share or debt issues*

A Fund may invest in initial public offerings ("IPOs") of shares or new bond issues. The price of securities involved in IPOs or bond issues are often subject to greater and more unpredictable price changes than securities that are already listed and traded in large volumes.

#### *3.1.25 Segregation of the Funds*

Each Fund is operated, and designed with appropriate terms in the Trust Deed, such that it is a separate trust to which the particular assets and liabilities of the Fund are attributed. It is therefore intended that each Fund is "ring fenced" with the result that, if the assets of any Fund are insufficient to meet the liabilities attributable to that Fund, the excess liabilities would not have to be met out of the assets of the other Funds. However, this ring fencing cannot be guaranteed.

### 3.1.26 *Rights to cancel*

Investors only have cancellation rights if an investment has been made as a result of the Unitholder having taken advice from an authorised financial adviser.

If a Unitholder has cancellation rights and exercises any right to cancel, the Unitholder may not get back the amount initially invested if the Unit price has fallen since they invested.

### 3.1.27 *Tax position*

The tax position as stated in this Prospectus is believed to be accurate as at the date of this Prospectus. It may be subject to change in the future.

**Tax treatment will depend upon each Unitholder's individual circumstances, and may change over time.**

### 3.1.28 *Price Volatility/Risk to Capital*

All the Funds in the Close Discretionary Funds umbrella invest to a lesser or greater extent in higher risk assets and therefore are susceptible to significant potential price volatility in the short to medium term and capital may be at risk.

### 3.1.29 *Miscellaneous*

The Trust is exposed to finance sector companies, as service provider or as counterparty to financial contracts, including derivatives. In recent times, liquidity in the financial markets has become severely restricted, causing a number of firms to withdraw from the market, or in some extreme cases, become insolvent. Severe market events of this nature could have an adverse effect on the activities of the Trust. The Manager will only deal with institutions of good standing although events beyond the Manager's control may result in certain institutions not meeting their contractual obligations to return property or money to the Trust.

## 3.2 **Fund specific risk factors**

### 3.2.1 *Interest Rate Risk (particularly applicable to the Close Sustainable Select Fixed Income Fund)*

Bond values are vulnerable to changes in long-term interest rates. If long-term interest rates go up, bond values may correspondingly fall in value. The longer the bonds' final maturity is, the greater the fall in the bonds' value for a corresponding rise in long-term interest rates.

### 3.2.2 *Inflation Risk (particularly applicable to the Close Sustainable Select Fixed Income Fund)*

Bonds, other than index linked bonds, are adversely affected by inflation. Inflation erodes the capital value of bonds and may negatively impact bond prices.

*3.2.3 Risk of Downgrade (particularly applicable to the Close Sustainable Select Fixed Income Fund)*

Most bonds have a credit rating from a third party credit rating agency. These credit ratings often have an undue impact on the value of the rated bonds. A credit rating agency may downgrade a bond without notice. Such a credit rating downgrade may have an adverse impact on the capital value of the bonds.

*3.2.4 Fraud Risk (particularly applicable to the Close Sustainable Select Fixed Income Fund)*

In limited and unusual circumstances, bonds have fallen in value as a result of an unforeseen fraud committed by the issuing company.

*3.2.5 Liquidity Risk (particularly applicable to the Close Sustainable Select Fixed Income Fund)*

Corporate bond markets may become suddenly illiquid as a result of market turmoil. As a result, it may be difficult to sell a particular bond or to get accurate pricing of the illiquid bonds.

*3.2.6 Volatility of Fund Income Distribution Yield Risk (particularly applicable to the Close Sustainable Select Fixed Income Fund)*

The amount of income distributed is largely determined by two factors, long-term market interest rates and the market perceived credit risk associated with the bonds held by the Fund.

Generally, when the capital value of the bonds held goes down, the yield of the Close Sustainable Select Fixed Income Fund goes up. When the capital value of the bonds held by the Fund goes up, the yield on the Fund falls. There may also be circumstances when the Portfolio Manager chooses to protect the capital value of the Fund by switching from higher risk bonds into low risk and lower yielding government bonds. In these circumstances whilst a lower yield may be compensated by a gain in the value of the fund, it may be the case that a lower yield is the price paid in a volatile period for a greater degree of security without an accompanying gain in Fund value.

*3.2.7 Volatility of Fund Income Yield (particularly applicable to Close Diversified Income Portfolio Fund and the Close Managed Income Fund)*

In certain circumstances, the yield on these Funds might be adversely affected by market conditions.

*3.2.8 Monthly income allocation (applicable to the Close Sustainable Select Fixed Income Fund)*

The Close Sustainable Select Fixed Income Fund has monthly income allocation dates which means that investors may receive an income distribution each month. The Manager will distribute income in the Fund each month as it is available and will not operate "smoothing". As such, income levels may vary from month to month and there is no

guarantee that there will be income available for distribution in relation to each accounting period.

### *3.2.9 Volatility (applicable to the Close Growth Portfolio Fund)*

The types of assets which the Close Growth Portfolio Fund invests in may increase the volatility of the net asset value of that fund. Any increase in volatility will be commensurate with the investment objective and investment policy and will be monitored accordingly.

### *3.2.10 Smaller companies (applicable to all Funds except the Close Sustainable Select Fixed Income Fund)*

Smaller companies can be subject to certain specific risks not normally associated with larger, more mature companies. These risks relate mainly to lack of product depth, limited geographical diversification and greater sensitivity to economic conditions. Companies trading on AIM or PLUS are by their nature smaller companies and there is a less liquid market in their securities than may be the case for companies listed on the Official List of the UK Listing Authority.

The securities of smaller companies may be subject to greater fluctuations in value than securities of larger companies and the market for the securities of UK smaller companies may be less liquid than for securities of larger companies, which may reduce the opportunity of the Funds to dispose of investments at the optimum time.

### *3.2.11 Investment in emerging markets (applicable to all Funds except the Close Sustainable Select Fixed Income Fund)*

The Funds may invest in emerging market securities. Investment in emerging market securities involves certain risks and special considerations not typically associated with investing in more established economies. Such risks may include the risk of nationalisation or expropriation of assets or confiscatory taxation; social, economic and political uncertainty, including war; less liquidity of the financial markets; more volatile currency exchange rate fluctuations; potentially higher rates of inflation (including hyper-inflation); controls on investment into the country and/or restrictions on repatriation of invested capital; a higher degree of governmental involvement in and control over the economy; differences in auditing and financial reporting standards, which may result in the unavailability of material information about economies and issuers; less extensive or no regulatory oversight of the financial sector; longer settlement periods for securities transactions and less stringent laws regarding the protection of investors. As a result, changes in the value of investment may be more unpredictable and the impact of extreme market events greater than in developed nations.

### *3.2.12 Emerging Market Debt (applicable to all Funds except the Close Sustainable Select Fixed Income Fund)*

The Funds may, where permitted under their respective investment policies, invest in emerging market debt securities, including short-term and long-term securities

denominated in various currencies. These securities may be rated in the lower rating categories by the various credit rating agencies and may be subject to greater risk of loss of principal and interest than higher-rated securities. These securities are generally considered predominantly speculative with respect to the issuer's capacity to repay interest and repay principal. They are also generally subject to greater risk than securities with higher credit ratings in the event of a deterioration of general economic conditions. Additionally, evaluating credit risk for emerging market debt securities involves uncertainty because credit rating agencies worldwide have different standards making comparisons between countries difficult. As investors generally perceive that there are greater risks associated with lower-rated securities, the yields or prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for emerging market debt securities is thinner and less active than that for higher-rated securities which can adversely affect the prices at which securities are bought and sold. In addition, adverse publicity and investor perceptions about emerging market debt securities, whether or not based on fundamental analysis, may be contributing factors in a decrease in the value and liquidity of such securities.

### *3.2.13 Derivatives Risk (applicable to all Funds except the Close Sustainable Select Fixed Income Fund)*

Derivatives are investments which derive their value from the value of an underlying asset, reference rate or index, but the nature of the derivative may alter the nature of that exposure to the relevant underlying asset, reference rate or index. Therefore, derivatives involve risks different from, and in some cases greater than, more traditional investments. Derivative risk arises from uncertainty about future market movements. Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Trading options entails the risk of the option's value changing over time. However, unlike traditional securities, the return from a derivative may vary non-linearly with the value of the underlying asset, reference rate or index.

The FCA Rules permit the Manager to use certain techniques when investing in derivatives in order to manage a Fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to over-the-counter ("OTC") Derivatives; for example a Fund may take collateral from counterparties with whom it has an OTC derivative position and use that collateral to net off against the exposure it has to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The FCA Rules also permit a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

If the counterparty in relation to an OTC derivative became insolvent or is unable to meet its obligations under the OTC derivative, then the Fund would be likely to suffer a loss which may have a significant impact on the investment performance of that Fund.

**Each Fund (with the exception of the Close Sustainable Select Fixed Income Fund) may use derivatives for investment purposes to meet its investment objective as well as for efficient portfolio management (including hedging).**

**Such investment may increase the risk profile or volatility of the Funds. However, the Manager has adopted a risk management process which is designed to manage the risk the Funds may be subject to as a result of holding derivatives.**

*3.2.14 Diversification – government bonds (applicable to all Funds except the Close Growth Portfolio Fund, Close Managed Growth Fund and, Close Tactical Select Passive Growth Fund)*

**Over 35% of the assets of these Funds may be invested in securities issued by any one issuer as listed in the government and public securities section under investment and borrowing powers and restrictions; therefore if these investments decline in value, this will have a pronounced effect on the overall value of the Funds.**

*3.2.15 Sustainability strategies (applicable to Close Sustainable Select Fixed Income Fund and Close Sustainable Balanced Portfolio Fund only)*

The Funds listed above are subject to a screening criteria applied by the Manager which means that they may be unable to invest in certain sectors, companies and investments that conflict with the Manager's sustainability policy for these Funds (the "Sustainability Policy"), as set out in the Investment Policy section of each Fund, which can be found in Appendix 1 below. These investment strategies may result in these Funds having a narrower range of eligible investments, which may in turn affect Fund performance.

Where an investment held in these Funds is identified as no longer being in accordance with the relevant Sustainability Policy, the Manager will seek to sell the investment as soon as reasonably possible, normally within 90 days. The prices at which such an investment can be sold in these circumstances may be lower than the prices that might otherwise have been realised for the investment if such a sale was not required.

When making an investment decision, the Manager will seek to mitigate environmental, social and governance risks through fundamental analysis. The Manager will focus on the risks that are most material to the company.

Furthermore, the concept of what constitutes a sustainability investment can be interpreted in different ways. The Manager will select investments in accordance with the Sustainability Policy and recognises that other definitions of sustainability investments exist. Therefore, these Funds may make certain investments that another manager or investor would not consider to be a sustainable activity.

## **4. UNITS**

### **4.1 Unit Classes**

Units of a number of Unit Classes may be issued in respect of each Fund. The terms for the Unit Classes in issue from time to time are as set out in this Prospectus. Different charging structures, minimum investment levels and eligibility provisions apply to each available Unit Class of each Fund as set out in Appendix 1.

In advance of accepting investment into the I class of Units of a Fund, the Manager will agree a separate fee with potential investors which is not payable out of the property of the relevant Fund and which is subject to negotiation by the Manager.

The Trust may issue income and/or accumulation Units in each of the Funds in each of these classes.

Unitholders of income Units are entitled to be paid the distributable income attributed to such Units on any relevant interim and annual allocation dates.

Income attributable to accumulation Units is automatically added to (and retained as part of) the capital assets of the relevant Fund at the end of each accounting period and is reflected in the Unit price of accumulation Units.

In respect of each type of Unit, different Unit Classes may be available in the future from time to time. Different fee rates may apply for different Unit Classes. The Manager may resolve to create further Unit Classes in respect of a Fund in the future. As and when the further Unit Classes are added, this Prospectus will be updated accordingly.

The Units in the Trust are not listed or dealt in on any investment exchange.

### **4.2 Interests of Unitholders**

Unitholders have a beneficial interest under a trust, having a beneficial interest in the relevant Fund in which they hold Units. Unitholders are not liable for the debts of the Trust. A Unitholder is not liable to make any further payment to the Trust after he has paid the purchase price of the Units.

Each holder of Units in a Fund is entitled to participate in the property of the Fund and his income in accordance with its proportionate entitlements calculated in accordance with the terms of the Trust Deed.

### **4.3 The Register**

Entitlement to Units is conclusively evidenced by entries on the register of Unitholders. The Trustee and the Manager are not obliged to take notice of any trust or equity or other interest affecting the title to any of the Units. Certificates will not be issued in respect of Units in the Trust.



The Manager is responsible for maintaining the register of Unitholders and has delegated this responsibility to the Administrator, The Bank of New York Mellon (International) Limited. The register of Unitholders is available for inspection by any Unitholder or their duly authorised agent free of charge during normal office hours on any Business Day at Capital House, Festival Square, Edinburgh EH3 9SU (subject to the power to close the register for such periods not exceeding 30 days in any one year). Copies of the entries on such registers relating to a Unitholder are available on request by that Unitholder free of charge.

#### **4.4 Statements**

At least once each year the Manager will send a statement to each person who holds or has held Units (or is or was the first named of joint holders of Units) since the time of issue of the last such statement. That statement shall describe any current holding of Units in the Trust as at the date the statement is compiled and any transactions in Units in the Trust carried out by or on behalf of that person, since the date on which the last such statement was compiled.

## **5. DEALINGS IN UNITS**

### **5.1 Issue and redemption of Units**

Units may be purchased and redeemed between 9 a.m. and 5 p.m. London time on each Dealing Day. Applications to purchase or redeem Units may be made to the Manager's dealing department as follows: Close Asset Management (UK) Limited, PO Box 367, Darlington DL1 9RG, telephone: 0370 606 6402, fax: 0870 275 0015 or by electronic (electronic does not mean email) means on such terms as the Manager may specify, or by such other means as the Manager may from time to time permit. At present, transfer of title by electronic communication is not accepted.

Telephone calls may be recorded by the Manager, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 11.8 below for further information.

### **5.2 Unit prices**

The Units will be priced on a forward basis, hence prices used will be those calculated by reference to the valuation commencing next after the receipt by the Manager of the Unitholder's application unless such an application is received less than 15 minutes before a Valuation Point, in which case such application may be deferred by the Manager to the next following Valuation Point.

Calculation of the Unit prices will take place on each Dealing Day at a time following the commencement of the valuation of the relevant scheme property (see under "Valuation" below). The Unit prices will be available daily on the website of the Manager [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds) or at [www.trustnet.com](http://www.trustnet.com) In addition, prices can be obtained by calling the Manager's help desk on 0370 606 6452. Application forms can be obtained if required from the Manager.

Telephone calls may be recorded by the Manager, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see paragraph 11.8 below for further information.

For further details regarding the valuation and pricing of Units, please see section 6 (Valuation and Pricing).

### **5.3 Minimum holdings**

The minimum amounts of any initial or subsequent purchase request (including any preliminary charge) and of any redemption request are set out in Appendix 1 for each Unit Class. Also, a Unitholder will not normally be allowed to redeem Units if this would result in his holding Units in that Class of less than the minimum holding amount set out in Appendix 1 for each Unit Class, unless he is redeeming all the Units held by him.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250 for each Unit Class (including any preliminary charge) as set out in Appendix 1.

The Manager may waive the requirements set out in this paragraph at its discretion.

#### **5.4 Application to buy Units**

Application forms can be obtained if required from the Manager. Applications to purchase Units may be made in writing or by electronic means on such terms as the Manager may specify, or by such other means as the Manager may from time to time permit.

In respect of all applications for the issue of Units, a contract note will be sent, normally by the close of the Business Day following the execution of the transaction. This will show the number of Units purchased and the purchase price. As certificates will not be issued in respect of the Trust, a renunciation form will also be sent with the applicant's contract note. Where appropriate, a notice of the applicant's right to cancel the deal will also be sent, under separate cover, within 8 Business Days of the receipt by the Manager of the application for Units. The application monies are due within 4 Business Days of the Dealing Day on which dealing took place as set out in the confirmation trade. The Manager reserves the right to place deals on receipt of cleared funds only.

#### **5.5 Request to redeem Units**

Requests to redeem Units may be made in writing or by electronic (electronic does not mean email) means on such terms as the Manager may specify or by such other means as the Manager may from time to time permit. In respect of all applications to redeem Units, a contract note will be issued, normally by close of the Business Day following the execution of the redemption giving details of the Units sold back to the Manager and the redemption price used. Cheques in satisfaction of the redemption request will be issued by the close of the fourth Business Day following either the day of the calculation of the redemption price or receipt by the Manager of a properly completed and signed renunciation form in respect of the appropriate number of Units, whichever is later.

Any request to redeem Units, once given, cannot subsequently be withdrawn.

The Manager from time to time holds Units in its own name to assist in the administration of the Trust. The Manager does not seek to make a profit from doing so.

The Manager is under no obligation to account to the Trustee or to the Unitholders for any profit which it makes on the issue of Units or on the reissue or cancellation of Units it has redeemed.

#### **5.6 Delivery Versus Payment ("DvP") Exemption**

The Manager may make use of the DvP exemption as set out in the FCA Rules, which provides for a one-day window during which money held for the purposes of settling a transaction in Units is not treated as 'client money'. Specifically, under the DvP exemption, money received by the Manager from an investor, or money due to be paid to an investor by the Manager, need not be treated as client money if: (i) the Manager receives the money from an investor for the subscription of Units and the money is passed to the relevant Fund's trustee for the purpose of creating Units in the relevant Fund within the timeframes set out in the FCA Rules; or (ii) the Manager holds the money in the course of redeeming Units provided that the proceeds of that redemption are paid to an investor within the timeframes set out in the FCA Rules.

## 5.7 Exchanging Units

Subject to minimum investment levels for each Class of Fund, a holder of Units in a Fund may at any time:

- Convert all or some of their Units of one Class in a Fund for Units of another Class in the same Fund; or
- Switch all or some of their Units in one Fund for Units in another Fund of the Trust.

### 5.7.1 Conversions

Conversions will be effected by the Manager recording the change of Unit Class on the Register of the Trust.

The Manager will carry out instructions to convert Units as soon as possible but this may not be at the next Valuation Point and instructions may be held over and processed with conversion instructions given by other Unitholders and in some cases may not be effected until the end of the relevant accounting period. Unitholders should contact the Manager for further information on when a conversion may be effected.

**Conversions will not be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the conversion.**

The Manager may at its discretion make a charge on the conversion of Units between Classes but does not currently do so.

The number of Units to be issued in the new Class will be calculated relative to the price of the Units being converted.

If the conversion would result in the Unitholder holding a number of original or new Units of a value which is less than the minimum holding in the Funds concerned, the Manager may, if it thinks fit, switch the whole of the applicant's holding of original Units to new Units, or refuse to effect any switch of the original Units.

Converting may be effected either by telephone or in writing to the Manager and the Unitholder will be required to complete a conversion form (which, in the case of joint Unitholders must be signed by all the joint holders). Conversion forms may be obtained from the Manager.

**A Unitholder who converts Units in one Class for Units in another Class in the same Fund will not be given a right by law to withdraw from or cancel the transaction.**

### 5.7.2 Switching

A Unitholder in a Fund may switch all or some of his Units in that Fund for Units in another Fund on any Dealing Day.

A switch involves a sale of the original Units held and a purchase of the new Units. The Manager may make a switch charge (instead of a preliminary charge) on the purchase of

the new Units. Such a charge may be up to an amount equal to the amount of the preliminary charge for the Fund in which the new Units are to be purchased.

If the switch would result in the Unitholder holding a number of original or new Units of a value which is less than the minimum holding in the Funds concerned, the Manager may, if it thinks fit, switch the whole of the applicant's holding of original Units to new Units, or refuse to effect any switch of the original Units.

**Investors should note that a switch between Funds (but not Unit Classes of a particular Fund) as described above is treated as a disposal for the purposes of tax on capital gains and may therefore give rise to capital gains tax liability for UK resident Unitholders.**

**No rights to cancel the purchase of Units under the FCA Rules will be given to Unitholders who switch their Units for Units in another Class or Fund of the Trust.**

The Manager may compulsorily convert or switch Units where to do so is considered by the Manager to be in the best interests of Unitholders. Unitholders will be given appropriate advance notice by the Manager should the Manager choose to carry out any such compulsory conversion.

#### **5.8 Anti-money laundering procedures**

The Manager is subject to the legislation in force in the United Kingdom to prevent money laundering. The Manager operates detailed internal compliance procedures in relation to each and every application to purchase Units in the Trust so as to verify the identity and bona fides of the investor and the source of funds offered in consideration of the prospective purchase. This may include the Manager using the services of a licensed reference agency which will record that an enquiry has been made. The type and degree of information required will vary from case to case, and may depend on whether, for example, the prospective Unitholder has been introduced to the Manager by or through the agency of an associate of the Manager or an independent financial intermediary in good standing with the Manager. Specific details of the information required of a prospective investor in Units will be provided to the person concerned in response to his or its application for Units. Failure to comply with the Manager's requests to furnish such information may result in the application for Units being rejected.

#### **5.9 Cancellation**

A Unitholder may be entitled to cancel an application to purchase Units and to request the return of their money for a period of fourteen days from his receipt of the contract note. If the investor has a right to cancel and exercises that right, and if the value of the investment has fallen before the Manager receives notice of the cancellation, then the amount of refund that the investor receives will be reduced to reflect that fall in value.

#### **5.10 In specie issue and cancellation of Units**

The Trust Deed of the Trust authorises payment for the issue or cancellation of Units to be made by transfer of assets other than cash, but only if the Trustee has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Unitholders.

Where a Unitholder requests a redemption of Units representing in value not less than 5% of the value of the scheme property of a Fund, the Trustee may, at the request of the Manager, by notice of election served on the Unitholder, choose to transfer scheme property to him. Any such notice must be served no later than the second Business Day following the receipt of the request for redemption.

#### **5.11 Deferred redemptions of Units**

If requested redemptions of Units in a Fund on a particular Dealing Day exceed 10% of the relevant Fund's value, redemptions of Units in such Fund may be deferred to the next Valuation Point. Any such deferral will only be undertaken in such manner as to ensure consistent treatment of all Unitholders who had sought to redeem Units at the Valuation Point at which redemptions were deferred. Deferral will be pro-rated based on the value of Units being redeemed (provided that the Manager may determine in its discretion a value threshold below which all redemptions will be effected, and above which the foregoing pro-rata deferral shall apply), and so that all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

The intention of the deferred redemption provisions is to reduce the impact of dilution on the Fund in question. In times of high levels of redemption, deferred redemption provisions would enable the Manager to protect the interest of continuing Unitholders by allowing it to match the sale of a property of the Fund in question to the levels of redemptions of Units in that Fund. Deferred redemptions of Units in a Fund will not affect the liquidity of the Trust as a whole.

#### **5.12 Suspension of dealings in Units**

The issue or redemption of Units may be suspended by the Manager with the prior agreement of the Trustee, and must be suspended by the Manager if the Trustee so requires, where, due to exceptional circumstances, it is in the interests of all Unitholders. On a suspension the FCA will immediately be informed. Any such suspension will be notified to Unitholders as soon as practicable after the suspension commences and the Manager will ensure that it publishes sufficient details to keep Unitholders appropriately informed about the suspension including, if known, its likely duration. The Manager and the Trustee will formally review the suspension every 28 days and inform the FCA of the results of this review and any change in the information previously provided to the FCA regarding the suspension. A suspension of dealings in Units must cease as soon as practicable after the exceptional circumstances which caused the suspension have ceased. At the end of the period of suspension, the recalculation of the price of Units will recommence by reference to the price calculated at the first Valuation Point after the commencement of dealings in Units.

#### **5.13 Compulsory redemptions of Units**

The Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Fund incurring any liability to taxation which the Fund is not able to recoup itself or suffering any other adverse consequence. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Units.

If it comes to the notice of the Manager that any Units ("affected Units"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in a Fund incurring any liability to taxation which the Sub-fund would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case;
- (d) are owned by a Unitholder who is registered in a jurisdiction (where the relevant Fund is not registered or recognised by the relevant competent authority) whereby communication with that Unitholder by the Manager, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the Manager to prevent such a communication constituting a breach);

or if the Manager is not satisfied that any Units may not give rise to a situation discussed in (a), (b), (c) or (d), the Manager may give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Units in accordance with the COLL Sourcebook. If any Unitholder upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Units to a person qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the affected Units.

This may include a situation where a Unitholder has moved to a different jurisdiction which either does or may give rise to a situation described in (a), (b), (c) or (d) above.

It is not possible for the Manager to be fully informed of current law and regulations in every jurisdiction and accordingly in the interests of Unitholders and to be able to ensure no Units are held or acquired by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in any Fund incurring any liability to taxation which a Fund is not able to recoup itself or suffering any other adverse consequence. The Manager's policy will be to treat Units of Unitholders moving to jurisdictions other than EEA States as affected Units and may refuse to issue Units to anyone resident outside of one of the jurisdictions.

A Unitholder who becomes aware that he is holding or owns affected Units shall immediately, unless he has already received a notice as set out above, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption of all his affected Units.

Where a request in writing is given or deemed to be given for the redemption of affected Units, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

If in the Manager's view any Unitholder acts in an abusive manner towards any employee of the Manager or its appointed agents, the Manager and its agents will only deal with that Unitholder in writing. If the Unitholder persists with abusive behaviour, the Manager reserves the right to compulsorily redeem the Unitholder's holding.

This Prospectus governs the terms for investment in a Fund. As such, and for the avoidance of doubt, the Manager may also redeem Units where such Units are not held in compliance with the terms of this Prospectus. This may include but is not limited to non-compliance with the applicable investment minimums. In this situation, the Manager will serve notice on the relevant Unitholder requiring that a request in writing be given for the redemption or conversion of such Units in accordance with the COLL Sourcebook. If any Unitholder upon whom such a notice is served does not within 30 days after the date of such notice submit a written request for the redemption or conversion of such Units to the Manager, that Unitholder shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or conversion (at the discretion of the Manager) of all such Units.

#### **5.14 Market Timing**

The repeated purchasing and selling of Units in response to short-term market fluctuations is known as "market timing" or "late trading". Units in a Fund are not intended for market timing or late trading. Information on the typical investor profile and target market for each Fund is set out in paragraph 1.4. The Manager has a policy to prevent market timing and late trading. As part of its policy, the Manager may refuse to accept an application for Units from persons that they reasonably believe are engaged in market timing or late trading.

#### **5.15 Dealing charges**

##### *5.15.1 Preliminary charge*

The Manager may currently make a preliminary charge calculated as a percentage of the price of a Unit on a sale of Units in the Trust, which is additional to the price of Units. The current rates of the preliminary charges for each Unit Class are set out in the details of the Funds in Appendix 1. The charge may be waived in whole or in part at the discretion of the Manager.

##### *5.15.2 Switching Charge*

The Manager may from time to time and at its absolute discretion make a charge on switching all or some Units in a Fund for Units in another Class of the same Fund or for Units in another Fund. The Manager does not currently make such a charge, but may do so in the future.

##### *5.15.3 Redemption charge*



The Manager may make a charge on cancellation or redemption of Units of a percentage of the redemption or cancellation price of a Unit. The Manager does not currently make such a charge, but may do so in the future.

## **6. VALUATION AND PRICING**

### **6.1 Valuation**

The property of each of the Funds will be valued for the purpose of determining prices at which Units in each Fund may be purchased or redeemed by the Manager at 12:00pm London time on every Dealing Day (the "Valuation Point") and may be valued more frequently if the Manager so decides.

As to each Valuation Point, the valuation shall be carried out on a mark to market basis for which purpose:

- (a) investments for which a single price for buying and selling (whether a transferable security or units or shares in a collective investment scheme) shall be valued at that price;
- (b) units or shares in a collective scheme for which different buying and selling prices are quoted shall be valued at the mid-market price provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto where possible; failing that units or shares in a collective scheme for which different buying and selling prices are quoted shall be valued at the mid-market price of the bid and offer prices;
- (c) any other transferable security for which different buying and selling prices are quoted shall be valued at the mid-market price;
- (d) where the Manager has reasonable grounds to believe that no reliable price exists for a security at a Valuation Point, or the most recent price does not reflect the Manager's best estimate of the value of a security at the Valuation Point, it shall be valued at a price which, in the Manager's reasonable opinion, reflects a fair and reasonable price;
- (e) approved money market instruments will be valued on an amortised cost basis provided that the instrument has a residual maturity of less than 3 months and has no specific sensitivity to market parameters, including credit risk;
- (f) over the counter derivatives and forward transactions shall be valued as agreed between the Manager and the Trustee;
- (g) exchange traded derivatives shall be valued at the mid-market price where different buying and selling prices are quoted or shall be valued at the price quoted where the price for buying and selling the exchange traded derivatives is the same;
- (h) cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values;
- (i) other scheme property shall be valued at a fair and reasonable mid-market value; and

- (j) adjustments will be made for tax, outstanding borrowings, accrued fees and expenses, and dealing expenses.

The Manager reserves the right to revalue a Fund at any time at its discretion. This is only likely to take place in cases where there has been a substantial change amounting to 2% or more in the value of the underlying assets of the Fund since the previous valuation.

## **6.2 Fair value pricing**

- 6.2.1 Where the Manager has reasonable grounds to believe that:
  - 6.2.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
  - 6.2.1.2 the most recent price available does not reflect the Manager's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;
- 6.2.2 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).
  - 6.2.2.1 no recent trade in the security concerned; or
  - 6.2.2.2 suspension of dealings in the security concerned; or
  - 6.2.2.3 the occurrence of significant movements in the markets in which any underlying collective investment schemes are invested since the last valuation point; or
  - 6.2.2.4 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 6.2.3 The circumstances which may give rise to a fair value price being used include:
  - 6.2.3.1 no recent trade in the security concerned; or
  - 6.2.3.2 suspension of dealings in the security concerned; or
  - 6.2.3.3 the occurrence of significant movements in the markets in which any underlying collective investment schemes are invested since the last valuation point; or
  - 6.2.3.4 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 6.2.4 In determining whether to use such a fair value price, the Manager will include in their consideration but need not be limited to:
  - 6.2.4.1 the type of authorised fund concerned;
  - 6.2.4.2 the securities involved;

- 6.2.4.3 whether the underlying collective investment schemes may already have applied fair value pricing;
- 6.2.4.4 the basis and reliability of the alternative price used; and
- 6.2.4.5 the Manager's policy on the valuation of Scheme Property as disclosed in this Prospectus.

### **6.3 Price of a Unit of a Fund**

Units are priced on a single mid-market pricing basis in accordance with the COLL Sourcebook and the Trust Deed. Each Fund deals on a forward pricing basis (and not on the basis of published prices). As mentioned above, a forward price is a price calculated at the next Valuation Point after the deal is accepted by the Manager.

The price of a Unit is the net asset value of a Fund attributable to the relevant Unit Class of that Fund divided by the number of Units in that class in issue.

Special provisions apply in the case of an initial offer of Units, where the Manager sets the initial offer.

### **6.4 Dilution Adjustment**

Also known as swing pricing. The basis on which the Trust's investments are valued for the purpose of calculating the buying and selling price of Units as stipulated in the FCA Rules and the Trust Deed of the Trust is summarised in the section immediately above. This is subject to the application of the dilution policy.

Dealing costs in, and spreads between, the buying and selling prices of a Fund's underlying investments mean that the buying and selling prices of Units calculated for a Fund may differ from the value of the proportionate interests those Units represent in the Fund and dealing at those prices could lead to a reduction in the value of the scheme property of the Fund and so disadvantage other Unitholders. The effect of this is known as "dilution". The Manager may apply a dilution adjustment as explained below.

In order to mitigate the effect of dilution the COLL Sourcebook allows the Manager to adjust the sale and purchase price of Units in the Funds to take into account the possible effects of dilution. This price movement is known as making a "dilution adjustment" or operating "single swinging pricing". The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in a Fund. The dilution adjustment is not applied for the benefit of the Manager.

The dilution adjustment is calculated using the estimated dealing costs of a Fund's underlying investments and taking into consideration any dealing spreads, commissions and transfer taxes. The need to make a dilution adjustment will depend on:

- (a) If the Fund is experiencing large levels of net purchases (i.e. purchases less redemptions) relative to its size;
- (b) If the Fund is experiencing large levels of redemptions (i.e. redemptions less purchases) relative to its size;

- (c) For these purposes, a large deal is typically defined as a purchase or a redemption in excess of 1% or more of the Fund's total Net Asset Value, determined by reference to a Fund's Unit price calculated on the previous Dealing Day, then the Manager will normally make a dilution adjustment;
- (d) In any other case where the Manager is of the opinion that the interest of the existing/continuing Unitholders and potential Unitholders require the imposition of a dilution adjustment.

Where a Fund is experiencing net acquisitions of its Units the dilution adjustment would increase the price of Units above their mid-market value. Where a Fund is experiencing net redemptions of its Units the dilution adjustment would decrease the price of Units to below their mid-market value.

In the event that a dilution adjustment is made it will be applied to all transactions in the relevant Fund on the relevant Dealing Day and all transactions on that day will be dealt at a price inclusive of the dilution adjustment.

The Manager reserves the right however not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Unitholders to do so. The Manager's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied if a Fund is experiencing net purchases or net sales of Units there may be an adverse impact on the assets of the Fund attributable to each underlying Unit, although the Manager does not consider this to be likely to be material in relation to the potential future growth in value of a Unit.

The dilution adjustment will be applied to the mid-price for the Units resulting in a figure calculated to four significant figures. The price of each Class of Unit in each Fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of Units of each Class identically.

As dilution is directly related to the inflows and outflows of monies from a Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the Manager will need to make a dilution adjustment. The estimated rate of a dilution adjustment is expected not to exceed 2% of the value of the scheme property in each Fund.

Please see Appendix 4 for additional information.

## **7. FEES AND EXPENSES**

### **7.1 General**

All fees or expenses payable out of the Scheme Property are set out in this section 7.

### **7.2 Fund Management Fee**

The Manager is entitled to be paid a fee from the Scheme Property for its services in managing the Trust.

This fee is a fixed rate fee, paid to the Manager, and is inclusive of all of the fees and expenses identified below which are incurred in relation to the operation and administration of each Fund. The fee will be a single charge that is deducted from the Scheme Property of each Fund, namely the Fund Management Fee (the "FMF").

The FMF is a fixed rate fee charged by the Manager to each Fund, as set out in Appendix 1 and which is comprised of the following:

- 7.2.1 all fees, expenses and disbursements payable to each of the service providers appointed to the Trust from time to time (for example, the Trustee, the Custodian, the Investment Adviser, the Administrator and the Registrar) and each of the legal or other professional advisers (for example, the Auditor);
- 7.2.2 all of the costs, charges, fees and expenses payable in relation to the operation and management of the Funds which may be taken from Scheme Property in accordance with the FCA Rules, excluding those set out in section 7.5 below. These permitted costs, charges, fees and expenses are:
  - 7.2.2.1 any costs incurred in the establishment and authorisation of a Fund, including but not limited to the fees for professional services provided to the Manager in connection with such establishment authorisation.
  - 7.2.2.2 expenses incurred in the collection and distribution of income including bank charges, professional and accountancy fees and expenses and disbursements bona fide incurred in respect of the computation claiming or reclaiming of all taxation release and payments;
  - 7.2.2.3 all expenses incurred in the submission of tax returns;
  - 7.2.2.4 all costs and expenses of or incidental to preparation of reports and accounts required to be prepared for the Trustee by regulation or general law in relation to the Trust and the costs and expenses of or incidental to the preparation and despatch of any communications from the Trustee to Unitholders;

- 7.2.2.5 any costs incurred in modifying the Trust Deed or the Prospectus including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the Trust Deed where the modification is:
- (a) necessary to implement or necessary as a direct consequence of any change in the law (including changes in the COLL Sourcebook); or
  - (b) expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders; or
  - (c) to remove from the Trust Deed obsolete provisions;
- 7.2.2.6 any costs incurred in respect of meetings of Unitholders convened by the Trustee or on a requisition by Unitholders not including the Manager or an associate of the Manager;
- 7.2.2.7 liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances as set out in the COLL Sourcebook;
- 7.2.2.8 any fees due to rating agencies;
- 7.2.2.9 the periodic fees of the FCA under the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Trust are or may be marketed;
- 7.2.2.10 the costs of preparing and printing the Key Investor Information Documents (excluding the dissemination of the Key Investor Information Documents) or any successor document required to disclose the key features of the Funds;
- 7.2.2.11 the costs of printing and distributing copies of this Prospectus (including updated versions of this Prospectus);
- 7.2.2.12 costs of establishing and maintaining the register of Unitholders and/or Fund sub-registers;
- 7.2.2.13 any costs incurred in relation to insurance policies taken out in relation to the Trust and/or the Manager and in relation to renewal of any such policy from time to time;
- 7.2.2.14 costs associated with the admission of Units to listing on an exchange and with the maintenance of that listing (including, for the avoidance of doubt, any fees levied by the exchange or regulatory authority in relation thereto, the cost of printing prospectus documentation and the cost of any creation, conversion or cancellation of Units associated therewith);

- 7.2.2.15 fees payable to the FCA in relation to the filing of any details concerning the Trust in accordance with the FCA Rules;
  - 7.2.2.16 costs associated with the publication or dispatching of any information concerning the Trust, including the price of a net asset value of Units from time to time in any medium whatsoever;
  - 7.2.2.17 any fees or disbursements shown in contract notes, confirmation notes and difference accounts as appropriate;
  - 7.2.2.18 any payment permitted by Rule 6.7.15 of the COLL Sourcebook (payment of liabilities on transfer of assets);
  - 7.2.2.19 such other expenses as may be permitted by the COLL Sourcebook from time to time; and
- 7.2.3 VAT payable on any of the fees, expenses or disbursements listed above in paragraphs 7.2.1 and 7.2.2.

### **7.3 Calculation and operation of the Fund Management Fee**

The FMF is calculated as a percentage of the Scheme Property of each Fund and the amount each Unit Class in each Fund will pay will depend on the costs, fees and expenses attributable to each Unit Class. The FMF accrues on a daily basis by reference to the value of the Scheme Property on the immediately preceding Dealing Day and is payable to the Manager monthly.

The current FMF in relation to each Unit Class is set out in Appendix 1.

The FMF is either taken from the income or capital of the relevant Fund or Unit Class as indicated in paragraph 7.6.

### **7.4 Changes to the Fund Management Fee**

In deducting the FMF at a fixed rate, the Manager is taking upon itself the risk that the market value of a Fund will fall to the extent that the FMF will not fully recompense it for the charges and expenses that the Manager would otherwise be entitled to charge to that Fund. Conversely, the Manager is not accountable to Unitholders should the aggregate fees generated by the FMF in any period exceed the charges and expenses that the Manager would be entitled to charge under the traditional charging method.

However, the Manager will monitor the amount of the FMF on a regular basis. Where the underlying fees and expenses that make up the FMF reduce or increase, the Manager may carry out a review where it reasonably considers this to be appropriate. When carrying out such reviews, the Manager reserves the right to increase or decrease the FMF.

In the event of any changes to the FMF (including an increase or decrease) the Manager will notify you in writing in accordance with the FCA's COLL Sourcebook requirements. For example:

- 7.4.1 before increasing the FMF, the Manager will give Unitholders at least 60 days' prior notice in writing;



- 7.4.2 before introducing a new category of costs, charges, fees or expenses to the FMF and which are not currently charged to the Funds, the Manager will seek the approval of an extraordinary resolution of Unitholders at an Extraordinary General Meeting; and
- 7.4.3 before decreasing the FMF, the Manager will give a reasonable period of notice utilising an appropriate method of communication as specified in the FCA Rules, such as notice on the Manager's website and in the next Report and Accounts of the relevant Fund.

## **7.5 Other payments from Scheme Property**

In addition to the FMF, and in accordance with the FCA Rules, the following payments will be made out of the property of the Funds:

- 7.5.1 fees payable to brokers for the execution of trades and any other expenses, including fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds (i.e. acquiring and disposing of investments);
- 7.5.2 interest on borrowings permitted under the COLL Sourcebook and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.5.3 taxation and duties payable in respect of the property of the Trust, the Trust Deed or the issue of Units;
- 7.5.4 expenses incurred in acquiring and disposing of investments;
- 7.5.5 any value added or similar tax relating to any charge or expense set out above

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

All the above fees and expenses will be charged as follows:

- 7.6.1 fees and expenses which are directly attributable to a particular Unit Class of a Fund will be charged to that Unit Class. If there is more than one Unit Class in issue in the Fund, they will normally be allocated pro rata to the value of the scheme property attributable to those Unit Classes;
- 7.6.2 fees and expenses which are attributable to a particular Fund will be charged to that Fund; and
- 7.6.3 fees and expenses which are attributable to the Trust generally will normally be charged to each of the Funds (and its Unit Classes) pro rata to the value of the scheme property attributable to those Funds (and its Unit Classes).

The Manager has discretion to allocate these fees and expenses in a different manner where it considers this to be fair to Unitholders.

## **7.7 Payment of fees and expenses**

With the exception of the Close Diversified Income Portfolio Fund and the Close Managed Income Fund, all remuneration and expenses shall be made from the income property of each Fund in the first instance but, if there is insufficient income in any annual or income accounting period, such remuneration and expenses shall be charged to the capital account. If deductions are made from capital, this may result in the erosion of, or may constrain the growth of, that capital.

In relation to the Close Diversified Income Portfolio Fund and the Close Managed Income Fund, all remuneration and expenses shall be charged to the capital account of each Fund. Where deductions are made from capital, this may result in the erosion of, or may constrain the growth of, that capital.

If there are any changes to the fees and expenses specified in this section of the Prospectus, they will be introduced in accordance with COLL.

## **7.8 Fees for In-House Funds**

Where a Fund invests in a collective investment scheme which is managed by the Manager or an affiliate of the Manager ("In-House Fund"), the Manager shall procure that the manager of the underlying collective investment scheme will not charge (a) a preliminary fee in respect of a subscription by the Fund; or (b) a redemption fee in respect of a redemption by the Fund, in relation to an investment by the Fund in that underlying collective investment scheme. Further, the maximum management fees (excluding performance fees) levied within each Fund in relation to investment in collective investment schemes (including In-House Funds) by that Fund shall not exceed an amount equivalent to 5.0% per annum of its Net Asset Value. The actual amount of such fees charged to a Fund in respect of its investments in collective investment schemes (including In-House Funds) may vary based on the asset allocation between such collective investment schemes and the actual management fees levied by those collective investment schemes.

## **7.9 The Ongoing Charges Figure ("OCF")**

The OCF is the European standard method of disclosing the charges of a Unit Class of a Fund based on last year's expenses and it may vary from year to year. It provides investors with a clearer picture of the total annual costs in running a collective investment scheme. It includes charges such as the Fund's annual management charge, custody fees and administration costs but ordinarily excludes the costs of buying or selling assets for the Trust (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF Estimated).

## **8. UNITHOLDER MEETINGS AND INFORMATION FOR UNITHOLDERS**

### **8.1 Unitholder meetings**

Annual general meetings are not held but extraordinary general meetings may be convened from time to time.

The provisions below apply, unless the context otherwise requires, to meetings of a Class of Units or of a Fund as they do to general meetings of the Trust but by reference to Units of the Class or Fund concerned and the Unitholders and prices of such Class or Fund.

The convening and conduct of meetings of Unitholders and the voting rights of Unitholders at those meetings is governed by the provisions of the FCA Rules and the Trust Deed of the Trust.

A meeting of all Unitholders in the Trust, a Fund or a Unit Class of a Fund may be convened at any time.

The Manager or the Trustee may convene a meeting at any time. Unitholders registered as holding at least 1/10th in value of all the Units then in issue may require that a meeting be convened. A requisition by Unitholders must state the objects of the meeting, and be dated and signed by those Unitholders and deposited at the head office of the Trustee. The Manager must convene a meeting no later than eight weeks after receipt of such requisition.

Unitholders will receive at least 14 days' written notice of a meeting (including the day of service of the notice and the day of the meeting). The notice will specify the day, hour and place of the meeting and the resolutions to be put to the meeting. Unitholders are entitled to be counted in the quorum and vote at a meeting either in person or by proxy. The quorum for a meeting is two Unitholders, present in person or by proxy (a person appointed by the Unitholder to attend and vote in place of the Unitholder). If, at an adjourned meeting, a quorum is not present after a reasonable time from the time appointed for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.

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

Every Unitholder who (being an individual) is present in person or (being a corporation) is represented by its properly authorised representative shall have one vote on a show of hands. Where there are joint holders of a Unit, the vote of the holder whose name in the register of Unitholders stands above the names of each other such holder who votes shall be counted to the exclusion of each other vote cast in respect of that Unit.

A Unitholder may vote in person or by proxy on a poll vote. A poll may be demanded by the chairman of the meeting (who shall be a person appointed by the Trustee, or in the absence of such a person, a person nominated by the Unitholders), the Trustee or any two Unitholders.

A Unitholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Except where the COLL Sourcebook or the Trust Deed requires an extraordinary resolution, resolutions will be passed by a simple majority.

Where every Unitholder is prohibited from voting at a meeting of Unitholders by reason of each such Unitholder being either the Manager or an associate of the Manager and a resolution is required to do business at a meeting of Unitholders, a meeting of Unitholders need not be called and a resolution may, with the prior written consent of the Trustee to the process, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units of the Trust or of the Class in question.

## **8.2 Reports**

The Manager will, on request, provide free of charge to any person copies of the most recent half-yearly and annual Manager's reports which may also be inspected at the Manager's offices at 10 Crown Place, London EC2A 4FT. The Manager's reports will be available within four months of the end of each annual accounting period, and within two months of the end of each interim accounting period.

## **8.3 Trust Deed and Prospectus**

Copies of the Trust Deed (and any amendments to the Trust Deed) and the current version of this Prospectus are kept at and may be inspected at the Manager's offices. Copies of the Trust Deed and the Prospectus may be obtained free of charge to any person on request from the Manager at 10 Crown Place, London EC2A 4FT.

## 9. TAXATION

**The information given below does not constitute legal or tax advice, and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Units under the laws of any jurisdiction in which they may be subject to tax.**

**These statements are based on UK law and HM Revenue & Customs practice as known at the date of this Prospectus and apply only to Unitholders who are resident or ordinarily resident in the United Kingdom for tax purposes, except where indicated. Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future. Unitholders are therefore recommended to consult their professional advisers if they are in any doubt about their tax position.**

### 9.1 Taxation of the Funds

#### 9.1.1 *General*

The Trust is an “umbrella scheme” for tax purposes. This means that each Fund with its investors is regarded, for all tax purposes, as if it were a separate authorised unit trust; and the Trust itself is effectively disregarded for tax purposes.

#### 9.1.2 *Capital Gains*

Each Fund is exempt from liability to UK taxation on any capital gains accruing to it (including capital gains realised on interest-bearing securities and derivative contracts, but excluding gains on units in certain non-UK collective investment schemes), whether on the disposal of investments or in any other circumstances.

#### 9.1.3 *Income*

Each Fund is potentially liable to corporation tax on dividends, or other income distributions, received by it from companies in which it invests as shareholder, whether those companies are resident in the United Kingdom for tax purposes or are resident outside the United Kingdom. However, that liability will not arise where the dividend (or other income distribution) falls within one of a number of “exempt classes” set out in the Corporation Tax Act 2009, such as dividends (or other income distributions) received in respect of a “portfolio holding” in a company (being, broadly, a holding of less than 10 per cent. of the issued share capital of a company).

In practice, it is intended that each Fund should, so far as is consistent with its investment objectives and profile, invest in a manner which should secure that any dividend (or other income distribution) received by it will fall within one of those exempt classes and, thereby, be relieved from tax in the Fund’s hands.

Each Fund will also potentially be liable to corporation tax on other sources of income received by it, such as interest or discount on bonds or other debt instruments from UK or overseas issuers.

In computing the taxable income of a Fund for corporation tax purposes, certain expenses of management borne by the Fund may be deducted. In addition, where, as explained further below under "Taxation of Unitholders", a Fund is eligible to distribute its income by way of "interest distribution" and chooses to do so, the gross amount of those "interest distributions" will normally be deductible in computing the Fund's taxable income.

The net taxable income (if any) earned by a Fund for an accounting period will be chargeable to corporation tax in the hands of the Fund at a rate equal to the basic rate of income tax (currently 20 per cent.).

In practice, the principal case where a Fund is likely to incur a liability to corporation tax of more than a negligible amount is where the Fund invests both in equities and, to a material extent, in debt instruments without being entitled to make interest distributions. The income earned by such a Fund from its holding of debt instruments is likely, in general, to remain within the charge to corporation tax in the hands of the Fund.

## **9.2 Taxation of Unitholders**

### *9.2.1 General*

Each Fund will be treated, for tax purposes, as distributing to its Unitholders, in the manner explained below, the whole of the income shown in its accounts for each of its distribution periods as being available for distribution to Unitholders. Where a Fund has only an annual income allocation or distribution date, its "distribution period" will normally coincide with its annual accounting period; but where a Fund has one or more interim income allocation or distribution dates, each of that Fund's interim accounting periods will normally constitute, for this purpose, a separate "distribution period".

The making of a distribution, for tax purposes, includes both paying an amount in respect of a holding of income Units to the Unitholder concerned and also crediting an amount to the capital of a Fund in respect of a holding of accumulation Units on behalf of the Unitholder concerned. Any reference in this guidance to the "payment" of a "distribution" should therefore be construed, in the case of any holding of accumulation Units, as the crediting of an amount to the capital part of the scheme property of a Fund on behalf of the holder of those accumulation Units.

The distribution accounts of any Fund for any distribution period may show the relevant Fund's income as being available for distribution in either of the ways set out below, the type of distribution selected depending on the composition of the investments of the Fund concerned for the distribution period in question (as explained further below):

- (i) as a "dividend distribution"; or
  
- (ii) as an "interest distribution".

There are no restrictions on the ability of a Fund to show its income for a distribution period as available for distribution as a dividend distribution. However, a Fund cannot show its income for a distribution period as available for distribution as an interest

distribution unless the Fund satisfies certain conditions regarding the composition of its investments in that period, as explained below.

A fund cannot pay both types of distribution in respect of a single distribution period.

Further information concerning the tax treatment of both dividend distributions and interest distributions is set out below.

#### 9.2.2 *Dividend Distributions*

A Fund will have no obligation to withhold or deduct any income tax from any dividend distribution which it pays. Nor will any dividend distribution be deductible in computing the Fund's taxable income.

The tax treatment of a Unitholder who is an individual or other person not liable to UK corporation tax and who receives a dividend distribution will be the same as if the Unitholder had received a dividend from a UK resident company.

That tax treatment is as follows:

- (a) From April 2024, the first £500 of dividends and dividend distributions received (or deemed to be received) by a UK resident individual in a tax year will not be subject to income tax. Above this level, the income tax rates applying to dividends will be 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.
- (b) The tax treatment of a Unitholder that is a company or other person within the charge to corporation tax (including a Unitholder that is itself an authorised investment fund) is somewhat different. Broadly, a Unitholder subject to UK corporation tax who receives a dividend distribution will generally have to divide that dividend distribution into two parts (the basis of that division being indicated on the tax voucher accompanying the dividend distribution): one part (the "franked part") representing dividends and other income distributions earned by the relevant Fund on its shareholding investments and the other part (the "unfranked part") representing other income earned by the Fund. It is expected that the Unitholder will, in general, be exempt from corporation tax on the franked part of the dividend distribution. The unfranked part of the dividend distribution, however, will be treated, in the Unitholder's hands, as an annual payment received after deduction of tax at the basic rate (currently 20 per cent.) and will potentially be liable to corporation tax in the Unitholder's hands accordingly.

#### 9.2.3 *Interest Distributions*

A Fund cannot show its income for a distribution period as available for distribution as an interest distribution unless the Fund satisfies the "qualifying investments test" throughout that period.

A Fund will satisfy the "qualifying investments test" for a distribution period if, at all times in that period, the market value of the Fund's "qualifying investments" exceeds

60% of the market value of all the investments of the Fund (excluding any cash awaiting investment or reinvestment).

The main categories of investment which constitute "qualifying investments" are as follows:

- (i) interest-bearing deposits and other money placed at interest;
- (ii) bonds and other debt-securities;
- (iii) certain types of derivatives and contracts for differences.

Where a Fund satisfies the "qualifying investments test" for a distribution period and chooses to show its income for that period as available for distribution as an interest distribution, the tax treatment of such interest distribution, in the hands of both the Fund and its Unitholders, will be as follows:

The interest distribution will, generally, be deductible in computing the income of the relevant Fund for corporation tax purposes. In that way, the Fund should, broadly, be able to reduce or eliminate the Fund's liability to corporation tax on its income for the accounting period in question.

Any interest distribution payable by a Fund will, potentially, have to be made under deduction of income tax at the basic rate (currently 20 per cent.). There are, however, a number of cases where this withholding tax obligation does not apply. These include an interest distribution paid to a Unitholder:

- (i) which is a company;
- (ii) who provides the Trust with a valid declaration that the Unitholder is not ordinarily resident in the United Kingdom for tax purposes;
- (iii) who is the plan manager of an ISA and who receives the interest distribution in respect of Units held under the plan;
- (iv) which is the scheme administrator of a pension fund which is a "registered pension scheme" for UK tax purposes; and
- (v) which is a charity.

In consequence of these exceptions, the main cases where, in practice, the withholding tax obligation does apply are where the interest distribution is paid to a Unitholder who is either an individual resident in the United Kingdom for tax purposes or the trustee of a trust (not being a registered pension scheme) that is so resident.



A Unitholder who is an individual or other person not within the charge to UK corporation tax who receives an interest distribution from a Fund will normally be liable to UK income tax on the gross amount of the interest distribution at the Unitholder's marginal rate of tax, with credit being given for the tax (if any) deducted at source. A Unitholder who is resident in the United Kingdom for tax purposes and who is not liable to income tax on the interest distribution will, generally, be able to claim repayment of any tax deducted at source from that distribution.

A Unitholder that is liable to UK corporation tax (including a Unitholder that is itself an authorised investment fund) will treat any interest distribution received by it as part of its taxable income, but, in computing its liability to corporation tax on the distribution, it will generally be able to obtain credit for any income tax deducted at source.

#### 9.2.4 *Funds likely to pay Interest Distributions*

It is intended that the investment portfolio should be such that the distribution accounts prepared by the Fund for each of its distribution periods will be able to show, and will show, the total amount of income available for distribution to Unitholders as interest distributions, rather than as dividend distributions.

Whether any other Fund will, in practice, show its income for any distribution period as available for distribution as an interest distribution will depend on the composition of the Fund's investment portfolio from time to time. In general, a Fund which holds more than 40% of its investment portfolio in equities or other shareholding investments will not satisfy the "qualifying investments test" and, in consequence, will not be eligible to pay interest distributions.

#### 9.2.5 *Redemptions*

A Fund will have no obligation to withhold or deduct any income tax from the amount paid to a Unitholder on the redemption of any of the Unitholder's Units.

#### 9.2.6 *Capital Gains*

Unitholders in a Fund who are resident or ordinarily resident in the United Kingdom for tax purposes may, unless holding Units in the relevant Fund as securities to be realised in the course of a trade (when different rules apply), be liable to capital gains tax, or (as the case may be) corporation tax, in respect of any gains arising from the redemption, sale or other disposal of Units in the Fund. A "disposal", for this purpose, includes a switch of Units in one Fund to Units in another Fund.

In the case of a holder of accumulation Units in any Fund, the Unitholder may generally add to the capital gains tax acquisition cost of those Units the amounts which are periodically invested on the Unitholder's behalf in the capital of the Fund and which are, as explained above, treated for income tax purposes as distributions made by the Fund to the Unitholder.

In the case of the first distribution of income received in respect of a Unit purchased during a distribution period, the amount representing the income equalisation is a return of capital and is not taxable in the hands of the Unitholder concerned. That amount

should, however, be deducted from the cost of the Unit in computing any capital gain realised on a subsequent disposal of the Unit.

In certain circumstances, an investment by a Unitholder within the charge to corporation tax in one of the Funds could be treated as a creditor relationship for the purposes of the loan relationships regime contained in Part 5 of the Corporation Tax Act 2009. The principal consequence of this is that any movements in the capital value of such Unitholder's investment will be recognised and taxed (or, as the case may be, relieved) on income account, rather than on capital gains account. This would depend, essentially, on the precise composition of the relevant Fund's investment portfolio from time to time, particularly as regards the proportion of that portfolio invested in debt rather than equities.

### **9.3 Tax Elected Funds Regime**

It is possible that, at some time in the future, one or more of the Funds will, if the Manager considers it appropriate and subject to HMRC approval, enter into the Tax Elected Funds Regime. This would require the Fund concerned to satisfy certain conditions prescribed by the Authorised Investment Funds (Tax) Regulations 2006. If the Manager were to exercise its discretion to apply for any of the Funds to enter into the Tax Elected Funds Regime, written notice of the proposed application would be given to the FCA under section 251 of the Act and Unitholders would be suitably notified in accordance with the provisions of the COLL Sourcebook which relate to Unitholder approvals and notifications.

In order to preserve flexibility for the future, it is intended that each of the Funds should seek to satisfy those conditions from the outset, since it is not considered that to do so would conflict with the investment objectives of any of the Funds or give rise to the incurring of material costs by the Trust. Set out below is a summary of those conditions and of how it is considered they will be satisfied by the relevant Funds.

#### *9.3.1 Property Condition*

The property condition is that the relevant Fund does not have a property business either in the United Kingdom or overseas.

It is not intended that any Fund should conduct any such property business.

Accordingly, the Trust Deed contains a prohibition stipulating that at no time during the life of the Trust may any Fund conduct any activity, make any investment or enter into any other transaction that would result in the Fund being treated as having either a UK property business or an overseas property business for the purposes of regulation 69Z46 of the Authorised Investment Funds (Tax) Regulations 2006 (as the same may be amended from time to time).

#### *9.3.2 Loan Creditor Condition*

The loan creditor condition is that the Fund must not enter into certain prescribed types of loan relationship as debtor.

These are, broadly, loan relationships under which the creditor is entitled to a results - dependent return or to a return (whether by way of interest or on maturity) that exceeds a reasonable commercial return on the consideration lent under the relevant loan relationship.

It is not intended that any Fund should enter into any such loan relationship.

Accordingly, the Trust Deed contains a prohibition stipulating that at no time during the life of the Trust may any Fund enter into any borrowing or other transaction the terms of which are such that any loan relationship to which the Fund became a party by virtue of such borrowing or other transaction would result in the Fund being treated as infringing the condition prescribed by regulation 69Z47 of the Authorised Investment Funds (Tax) Regulations 2006 (as the same may be amended from time to time).

### 9.3.3 *The Genuine Diversity of Ownership Condition*

The genuine diversity of ownership condition is, broadly, a condition requiring various commercial matters to be satisfied, being, in outline:

- (i) the specification of the target investor base of a Fund;
- (ii) the assurance that Units in the relevant Fund will be widely available to and actively marketed to members of that target investor base; and
- (iii) the adoption of a charging structure and minimum permissible level of investment which do not deter a reasonable investor within the target investor base from acquiring a participation in the relevant Fund.

As regards each of those matters:

- (i) the intended categories of investor in the Funds are specified under "Typical Investor" above;
- (ii) an undertaking given by the Manager as to the availability and marketing of Units in the Funds to such persons is contained under "Marketing and Availability of Units" above; and
- (iii) an explanation of the commercial basis of the charging arrangements for, and minimum subscription levels in, each of the Funds is set out in sections 5 and 7 above and in Appendix 1 below.

### 9.3.4 *Scheme Documentation Condition*

The scheme documentation condition is a requirement that both the document constituting the relevant Fund and its prospectus must include provisions which require the Fund concerned to meet the above-mentioned property condition and loan creditor condition both on entry into the Tax Elected Funds regime and at all times thereafter.

As explained above, necessary provisions have been included in the Trust Deed and in this document to satisfy that condition.

#### **9.4 Automatic exchange of information for international tax compliance**

The Manager (or its agent) will collect and report information about Unitholders and their investments, including information to verify their identity and tax residence.

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. If a Unitholder does not provide the necessary information, the Manager will be required to report it to HM Revenue & Customs who will in turn report it to the United States, and certain other tax authorities.

This is required by UK legislation implementing its obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the international common reporting standard, the United States provisions commonly known as FATCA, and other intergovernmental agreements for the automatic exchange of information).

## **10. WINDING UP OF THE TRUST OR A FUND**

The Trustee shall proceed to wind up the Trust and each Fund if the authorisation order of the Trust is revoked.

Any of the Funds shall continue in existence unless terminated, subject to and in accordance with the FCA Rules, by the Manager in its absolute discretion if, either, one year from the date of the first issue of Units relating to that Fund or any date thereafter, the net asset value of that Fund is less than £5 million, or its equivalent in the base currency of the Fund, or the Manager resolves that it is desirable to terminate that Fund.

In addition, the Trustee shall proceed to wind up the Trust or a Fund if any of the following occurs:

- (a) the passing of an extraordinary resolution winding up the Trust or terminating a Fund provided the FCA's prior consent for the resolution has been obtained by the Manager or the Trustee; or
- (b) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order of the Trust, the FCA has agreed subject to there being no material change in any relevant factor that in the conclusion of the winding up of the Trust the FCA would agree to that request; or
- (c) the effective date of a duly approved scheme of arrangement which is to result in the Trust or a Fund that is subject to the scheme of the arrangement being left with no property.

If any of the events set out above occurs, the provisions of COLL 5 (Investment and borrowing powers) 6.2 (Dealing) and 6.3 (Valuation and pricing) will cease to apply to the Trust and/or the Fund as appropriate. The Trustee shall cease the issue and cancellation of Units in the relevant Fund(s) and the Manager will stop redeeming and selling Units in the relevant Fund(s).

In the case of a scheme of arrangement referred to above, the Trustee shall wind up the Trust or terminate the relevant Fund in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, once the Trust falls to be wound up or Fund terminated, realise the scheme property and, after paying or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up, distribute the proceeds to Unitholders and the Manager proportionately to the size of their holdings (upon production by them of such evidence, if any, as the Trustee may reasonably require as to their entitlement).

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after 12 months from the date the proceeds became payable shall be paid by the Trustee into court although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding up of the Trust, where applicable, the Trustee will notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the Trust's order of authorisation.

## **11. GENERAL INFORMATION**

### **11.1 Strategy for the exercise of voting rights**

The Manager has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. A summary of this strategy is available from the Manager on 0370 606 6452 (calls to this number may be recorded) or <https://www.closebrothersam.com/footer-pages/policies> as are the details of the actions taken on the basis of this strategy in relation to each Fund.

### **11.2 Best Execution**

The Manager must act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. The Manager's best execution policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the Manager or the Investment Adviser will effect transactions and place orders in relation to the Funds whilst complying with the obligations upon the Manager under the FCA Rules to obtain the best possible result for the Funds.

Details of the best execution policy are available upon request from the Manager. If you have any questions regarding the policy, please contact the Manager or your professional adviser.

### **11.3 Transfer of Assets**

If all or part of the Manager's business is transferred to a third party, the Manager may transfer Unitholders' client money to that other third party, subject to the Manager's duties under the FCA Rules.

### **11.4 Notices**

Notices or documents will be served on Unitholders by first class post to the address listed on the Register, with copies available by facsimile and / or secure email.

The address of the head office and the place for service on the Trust of notices or other documents required or authorised to be served on it is 10 Crown Place, London EC2A 4FT.

### **11.5 Complaints**

Complaints about any aspect of the Manager's service should in the first instance be made in writing to the Compliance Officer of the Manager at 10 Crown Place, London EC2A 4FT. If the complaint is unresolved the Unitholder may have the right to refer it to the Financial Ombudsman, Exchange Tower, Harbour Exchange Square, London E14 9SR. Unitholders can make a complaint by calling 0800 023 4567 or by visiting their website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

A copy of the Manager's Internal Complaint Handling Procedure is available on request. In the event of the Manager being unable to pay a valid claim against it, the Unitholder may be entitled to compensation from the Financial Services Compensation Scheme. Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor compensation scheme of which the Manager or any Fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

#### **11.6 Collateral Management policy**

The Manager is required to have a collateral management policy and to keep that policy under regular review. The policy defines “eligible” types of collateral which the Funds may receive to mitigate counterparty exposure (including any applicable haircuts). A haircut is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Collateral will generally be of high quality and liquid e.g. cash and government securities. The policy will also include any additional restrictions deemed appropriate by the Manager. The Manager will accept the following permitted types of collateral: cash, government securities, certificates of deposit; bonds or commercial paper issued by “relevant institutions”.

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.

Where cash collateral, is received, if it is reinvested, it will be diversified in accordance with the requirements of ESMA’s Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN). Where a Fund re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

The Funds do not currently use securities financing transactions. In the event that such transactions are used (e.g. securities lending) the prospectus will be updated accordingly.

#### **11.7 Inducements and commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Funds, an Investment Adviser or the Manager (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Adviser or Manager will return to each relevant Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Adviser or Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Fund.

## **11.8 Telephone Recording**

Please note that the Manager may record telephone calls for training and monitoring purposes and to confirm investors' instructions. 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, where we can identify the call. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.



## **APPENDIX 1**

### **THE FUNDS**

- Close Sustainable Select Fixed Income Fund
- Close Diversified Income Portfolio Fund
- Close Managed Income Fund
- Close Conservative Portfolio Fund
- Close Managed Conservative Fund
- Close Tactical Select Passive Conservative Fund
- Close Balanced Portfolio Fund
- Close Managed Balanced Fund
- Close Tactical Select Passive Balanced Fund
- Close Sustainable Balanced Portfolio Fund
- Close Growth Portfolio Fund
- Close Managed Growth Fund
- Close Tactical Select Passive Growth Fund

The Close Discretionary Funds comprises thirteen sub funds; a bond fund, two multi-asset income funds and ten “Lifestyle” funds which are risk graded multi-asset funds. The funds are mainly contained within three Fund Ranges; specifically Close Portfolio Fund Range, Close Managed Fund Range, and the Close Tactical Select Passive Fund Range.

The distinction between the three main Fund ranges reflects their different investment strategies. The Portfolio Fund Range generally invests directly in underlying securities, whilst the Managed Fund Range has adopted a “fund of funds” approach and the Tactical Select Passive Range generally only invests in passively managed collective investment schemes.

Each of the three ranges contain three lifestyle funds, specifically a conservative fund, balanced fund and a growth fund; each of which is managed to deliver an appropriate risk profile which is also consistent with the corresponding Fund across the other Fund Ranges. The Close Portfolio Range also includes a sustainable balanced fund, which is also managed to deliver an appropriate risk profile as explained above, but which is also managed in accordance with the Manager’s Sustainability policy. Further details on the Sustainability Policy are set out below.

#### **Strategic Asset Allocation**

The Manager provides a range of portfolios using long-term strategic asset allocation models matched to a range of standardised investor risk profile ratings which are themselves based on volatility bands.

Each of the Funds is actively managed with the intention of matching an average risk profile based on its volatility band. The model asset allocations are used to inform the investment manager’s decisions and will be assessed and potentially revised quarterly. In addition, as an active manager, the Manager also uses tactical asset allocation to capitalise on any perceived shorter term opportunities away from the strategic asset allocation. The purpose of tactical

asset allocation is to tilt portfolios to reflect prevailing market conditions, but not in a way that alters an individual Fund's risk profile.

Investors who have made their initial investment decision on the basis of a proprietary risk assessment model provided by an adviser will need to consult the relevant adviser to update their rating and obtain periodic confirmation that the model's risk profiles are still appropriate.

**Summary of the Manager's Sustainability Policy and Investment Process in respect of the Close Sustainable Balanced Portfolio Fund only.**

Details of the Manager's Sustainability Policy and Investment Process in respect of the Close Sustainable Balanced Portfolio Fund, can be found in the Investment Policy sections of each Fund as set out in Appendix 1 below.

*Proxy voting*

We use a third party platform for proxy research, voting and reporting in relation to the equity investments in the Fund. This allows us to vote on behalf of our investors on governance issues including board independence, remuneration and capital structure.

## Close Sustainable Select Fixed Income Fund

FCA product reference number: 639040

### **Investment objective**

The investment objective of the Close Sustainable Select Fixed Income Fund is to generate income while maintaining its capital value over the medium term (i.e. more than 5 years). The Fund also seeks to maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below a benchmark of the ICE BofA Global Corporate Index, targeting a level 50% below this benchmark by 2030 from 2019 baseline, and net zero by emissions by 2050.

### **Investment policy**

The Close Sustainable Select Fixed Income Fund has a focus on income producing assets and will hold at least 80% of its portfolio in sterling denominated (or hedged back to sterling) fixed interest securities (mainly corporate bonds, although the Fund may also hold government bonds) and deposits (including money market instruments).

The Investment Adviser operates a selective strategy meaning that it has discretion to pick the most appropriate holdings from a wide range of fixed income securities across different sectors, rather than being constrained by sector. Consequently, the fund may at any one time hold a relatively small number of stocks as chosen by the Manager from a wide range of fixed income securities across different sectors.

The fixed interest securities in which the Fund invests may be investment grade, sub-investment grade or unrated. Investment grade securities for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.

The Fund uses a sustainable investment process to ensure that it is invested in a way that contributes to reducing greenhouse gas emissions. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments.

Firstly, the Investment Adviser applies a quantitative screening process to exclude companies that derive more than 10% of their annual revenues from activities related to thermal coal.

The Investment Adviser then applies its qualitative assessment in order to identify and select companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. As part of this assessment, the Investment Adviser also considers whether companies follow good governance practices (e.g. with respect to sound

management and company board, corporate culture, capital allocation and remuneration policies).

Investment opportunities are identified using in-depth fundamental analysis to determine the sustainability (both financial and non-financial) of holdings. The Investment Adviser's fundamental analysis is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare. Rather than focussing on a specific sustainability theme across every investment we focus on what we assess to be most material to the company and its broader stakeholders.

The relevance of the qualitative information and data to the fundamental analysis varies across issuers, sectors and geographies. The Investment Adviser is not limited to assessing only these aspects in its analysis, and may investigate more or fewer, depending on the materiality and availability of information for any given issuer, sector or geography. The Investment Adviser considers these aspects together as a whole and no one aspect has consistent prevalence over the others in order to determine the suitability of an investment.

The Investment Adviser will engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

The Fund will maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below a suitable benchmark, targeting a level 50% below this benchmark by 2030 from 2019 baseline. To help achieve this objective, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:

- Thermal coal. This factor identifies companies with an industry tie to thermal coal, in particular reserve ownership, production and power generation.

Further sectors or business groups are excluded on the basis that the negative externalities generated by the sector or business group are deemed to, on balance, outweigh the positive externalities. To help achieve this objective, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:

- Tobacco products manufacture
- Controversial weapons including: non-detectable fragments, landmines, incendiary weapons, blinding laser weapons, cluster munitions, nuclear/biological/chemical weapons
- Civilian firearms
- Gambling
- Adult entertainment

In addition, the Fund will not invest in:

- Companies that the Investment Manager deems to be in violation of the UN Global Compact principles (<https://www.unglobalcompact.org/what-is-gc/mission/principles>)
- Governments that the Investment Manager deems to be in violation of the UN Universal Declaration of Human Rights (<https://www.ohchr.org/en/human-rights/universal-declaration/translations/english>)

The Investment Adviser will engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

Divestment criteria: We will monitor all companies to check if changes mean that they may no longer meet our definition of having positive attributes. Any change to results under the screening process or provision of new information which results in a holding no longer meeting our criteria will mean that the holding will be sold within 90 days of the change occurring.

There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments), the Fund may also invest in collective investment schemes (which may include schemes managed by the Manager or an affiliate of the Manager) and closed-ended funds. The Fund may also invest in international non-Sterling fixed income securities.

The screening criteria are applied to the corporate issuers of the bonds in which the Fund invests. Other assets in which the Fund may invest

(including collective investment schemes and government bonds) are not subject to the screening but will be assessed by the Manager to ensure that any such investments will not affect the ability of the Fund to meet its sustainable objective.

The Fund may use derivatives for efficient portfolio management.

**Base currency** Sterling

**Comparator Benchmark** IA Sterling Strategic Bond.

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. This non-sustainable index has been chosen due to the selective and restrictive nature of sustainable indices; we feel that targeting emissions considerably below a broader benchmark is a better reflection of the wider economy.

The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**ISA status** Qualifying investment for stocks and shares ISA

**Other information and investment restrictions** The Fund may not invest more than 10% in value of its scheme property in other collective investment schemes. The Fund is also prohibited from investing in any other sub-fund of the Trust.

**Sustainability investing in fixed income assets** Information about how the Manager looks to embed sustainability in fixed income investing can be found on the Manager's website in the sustainable brochure at:

<https://www.closebrothersam.com/our-services/investment-management/our-funds/close-sustainable-funds/close-sustainable-select-fixed-income-fund>

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Income Units (I)	£1,000,000	£500	£1,000
Income Units (X)	£1,000	£500	£1,000
Accumulation Units (X)	£1,000	£500	£1,000
Income Units (S)*	£100m	£10m	£60m
Accumulation Units (S)*	£100m	£10m	£60m

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

\* The S Class Units are only available (i) at the Manager’s discretion and (ii) where there is a written agreement in place with the Manager. If a Unitholder is found to be holding S Class Units in non-compliance with the terms applicable to S Class Units, the Manager reserves the right to redeem or convert such Units pursuant to section 5.13 of this Prospectus.

**Accounting and Income Payment Dates**

Annual accounting date:	31 March
Interim accounting dates:	End of each month including 30 September (half yearly)
Annual income payment date:	30 April
Interim income payment dates:	31 May 30 June 31 July 31 August 30 September 31 October (half yearly) 30 November 31 December 31 January 28/29 February 31 March

Unitholders should note that the Manager will distribute (or accumulate) such income as is available for distribution (or accumulation) each month and will not operate “smoothing”. As such, income levels may vary from month to month and there is no guarantee that there will be income available for distribution in relation to each accounting period.

**Fees and Expenses**

**Income Units: I**

Preliminary charge:	10%
Fund Management Fee I Income:	0.13% per annum

**Income Units and Accumulation Units: S**

Preliminary charge:	10%
Fund Management Fee S Income:	0.35% per annum
Fund Management Fee S Accumulation:	0.35% per annum

**Income Units and Accumulation Units: X**

Fund Management Fee X Income:	0.45% per annum
Fund Management Fee X Accumulation:	0.48% per annum
Charge for investment research:	None

Note: The preliminary charges above may be waived in whole or in part at the discretion of the Manager.

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.



## Close Diversified Income Portfolio Fund

FCA product reference number: 639029

### **Investment objective**

The investment objective of the Close Diversified Income Portfolio Fund is to provide a regular income stream (i.e. quarterly) together with some capital growth over the medium term (i.e. more than 5 years).

### **Investment policy**

The Fund has a focus on a diversified mixture of income producing assets and will hold at least 80% of its portfolio in equities and fixed interest securities, achieving this exposure primarily through direct investment.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a conservative risk and volatility level and in response to changing market conditions. However, the allocation to equities will remain within a 20-60% range, consistent with its risk/return profile.

The Fund may invest in equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets but the Fund will not hold unlisted investments.

The fixed interest component of the Fund may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated. Investment grade bonds for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.

The Fund may also invest in other transferable securities (including closed ended funds and exchange traded funds), and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager, money market instruments and deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark**

IA Mixed Investment 20-60% Shares.

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Sterling**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Income Units (A)	£1,000	£500	£1,000
Accumulation Units (A)	£1,000	£500	£1,000
The Manager may for each relevant class of Unit waive such minima in its absolute discretion.			
Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.			
Income Units (X)	£1,000	£500	£1,000
Accumulation Units (X)	£1,000	£500	£1,000
The Manager may for each relevant class of Unit waive such minima in its absolute discretion.			
Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.			
Income Units (I)	£1,000,000	£500	£1,000

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

#### **Accounting and Income Payment Dates**

Annual accounting date:	31 March
Interim accounting dates:	30 June, 30 September (half yearly), 31 December
Annual income payment date:	31 May
Interim income payment dates:	31 August, 30 November, 28/29 February

Unitholders should note that the Manager will distribute (or accumulate) such income as is available for distribution (or accumulation) each quarter and will not operate "smoothing". As such, income levels may vary from quarter to quarter and there is no guarantee that there will be income available for distribution in relation to each accounting period.

#### **Fees and Expenses**

##### **Income Units and Accumulation Units: A**

Preliminary charge:	5%
Fund Management Fee A Income:	1.32% per annum
Fund Management Fee A Accumulation:	1.32% per annum

##### **Income Units and Accumulation Units: X**

Fund Management Fee X Income:	0.72% per annum
Fund Management Fee X Accumulation:	0.71% per annum

##### **Income Units: I**

Preliminary Charge:	10%
Fund Management Fee I Income:	0.10% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Managed Income Fund

FCA product reference number: 639033

### **Investment objective**

The investment objective of the Close Managed Income Fund is to provide income together with some capital growth over the medium term (i.e. more than 5 years).

### **Investment policy**

The Fund has a focus on income producing assets and will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Managed" fund range, this means the Fund will achieve this exposure through investment in actively and passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager), closed ended funds and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a conservative risk and volatility level and in response to changing market conditions. However, the allocation to equities will remain within a 20-60% range, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities, money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for

investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark** IA Mixed Investment 20%-60% Shares.

Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency** Sterling

**ISA status** Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Income Units (X)	£1,000	£500	£1,000
Accumulation Units (X)	£1,000	£500	£1,000

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

**Accounting and Income Payment Dates**

Annual accounting date:	31 March
Interim accounting dates:	30 June, 30 September (half yearly), 31 December
Annual income payment date:	31 May
Interim income payment dates:	31 August 30 November, 28/29 February

Unitholders should note that the Manager will distribute (or accumulate) such income as is available for distribution (or accumulation) each quarter and will not operate "smoothing". As such, income levels may vary from quarter to quarter and there is no guarantee that there will be income available for distribution in relation to each accounting period.

**Fees and Expenses**

**Income Units and Accumulation Units: X**

Fund Management Fee X Income:	0.55% per annum
Fund Management Fee X Accumulation:	0.54% per annum

Charge for investment research:                      None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Conservative Portfolio Fund

FCA product reference number: 639030

**Investment objective** The investment objective of the Close Conservative Portfolio Fund is to deliver some capital growth with some income over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities, achieving this exposure primarily through direct investment.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a conservative risk and volatility level and in response to changing market conditions. However, the allocation to equities will remain within a 20-60% range, consistent with its risk/return profile.

The Fund may invest in equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets but the Fund will not purchase unlisted investments.

The fixed interest component of the Fund may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated. Investment grade bonds for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.

The Fund may also invest in other transferable securities (including closed ended funds and exchange traded funds), and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager, money market instruments and deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark** IA 20%-60% Mixed Investment Shares.

Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency** Sterling

**ISA status** Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Income Units (A)	£1,000	£500	£1,000
Accumulation Units (A)	£1,000	£500	£1,000
The Manager may for each relevant class of Unit waive such minima in its absolute discretion.			
Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.			
Income Units (X)	£1,000	£500	£1,000
Accumulation Units (X)	£1,000	£500	£1,000
The Manager may for each relevant class of Unit waive such minima in its absolute discretion.			
Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.			

**Accounting and Income Payment Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September
Annual income payment date:	31 July
Interim income payment date:	30 November



**Fees and Expenses**

**Income Units and Accumulation Units: A**

Preliminary charge:	5%
Fund Management Fee A Income:	1.57% per annum
Fund Management Fee A Accumulation:	1.57% per annum

**Income Units and Accumulation Units: X**

Fund Management Fee X Income:	0.88% per annum
Fund Management Fee X Accumulation:	0.85% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Managed Conservative Fund

FCA product reference number: 639034

**Investment objective** The investment objective of the Close Managed Conservative Fund is to deliver some capital growth with some income over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Managed" fund range, this means the Fund will achieve this exposure through investment in actively and passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager), closed ended funds and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a conservative risk and volatility level and in response to changing market conditions. However, the allocation to equities will remain within a 20-60% range, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities, money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for

investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark** IA Mixed Investment 20%-60% Shares.

Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency** Sterling

**ISA status** Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Income Units (X)	£1,000	£500	£1,000
Accumulation Units (X)	£1,000	£500	£1,000

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

**Accounting and Income Payment Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September
Annual income payment date:	31 July
Interim income payment date:	30 November

**Fees and Expenses**

**Income Units and Accumulation Units: X**

Fund Management Fee X Income:	0.53% per annum
Fund Management Fee X Accumulation:	0.53% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Tactical Select Passive Conservative Fund

FCA product reference number: 639038

**Investment objective** The investment objective of the Close Tactical Select Passive Conservative Fund is to deliver some capital growth with some income over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Tactical Select Passive" fund range, this means the Fund will achieve this exposure almost exclusively through a disciplined investment process and investment in passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager) and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. In addition to this, the Investment Adviser uses a disciplined investment process whereby it seeks to add value through its tactical asset allocation decisions, meaning short term adjustments to the asset mix to take advantage of market opportunities or reduce risk during periods of volatility. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a conservative risk and volatility level and in response to changing market conditions. However, the allocation to equities will remain within a 20-60% range, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities (including closed ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator  
Benchmark**

IA Mixed Investment 20%-60% Shares.

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Income Units (X)	£1,000	£500	£1,000
Accumulation Units (X)	£1,000	£500	£1,000

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

**Accounting and Income Payment Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September
Annual income payment date:	31 July
Interim income payment date:	30 November

**Fees and Expenses**

**Income Units and Accumulation Units: X**

Fund Management Fee X Income:	0.32% per annum
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Fund Management Fee X Accumulation:	0.32% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Balanced Portfolio Fund

FCA product reference number: 639031

**Investment objective** The investment objective of the Close Balanced Portfolio Fund is to generate capital growth with some income over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities, achieving this exposure primarily through direct investment.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a balanced risk and volatility level and in response to changing market conditions. However, the Fund operates a balanced strategy, meaning that the allocation to equities will remain within a 40%-85% range, consistent with its risk/return profile.

The Fund may invest in equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets but the Fund will not purchase unlisted investments.

The fixed interest component of the Fund may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated. Investment grade bonds for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.

The Fund may also invest in other transferable securities (including closed ended funds and exchange traded funds), and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager, money market instruments and deposits, cash and near cash. There may be occasions where the Manager Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark**

IA Mixed Investment 40%-85% Shares.

Our aim is to help you monitor how well your investment is performing the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Accumulation Units (A)	£1,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		
Accumulation Units (I)	£100,000	£100,000	£100,000
	(and available only at the Manager's discretion)		
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
Accumulation Units (X)	£1,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		

**Accounting Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September



**Fees and Expenses**

**Accumulation Units: A**

Preliminary charge:	5%
Fund Management Fee A Accumulation:	1.57% per annum

**Accumulation Units: I**

Fund Management Fee I Accumulation:	0.09% per annum
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**Accumulation Units: X**

Fund Management Fee X Accumulation:	0.83% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Managed Balanced Fund

FCA product reference number: 639035

**Investment objective** The investment objective of the Close Managed Balanced Fund is to generate capital growth with some income over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Managed" fund range, this means the Fund will achieve this exposure through investment in actively and passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager), closed ended funds and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a balanced risk and volatility level and in response to changing market conditions. However, the Fund operates a balanced strategy, meaning that the allocation to equities will remain within a 40%-85% range, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark**

IA Mixed Investment 40%-85% Shares.

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Accumulation Units (X)	£1,000	£500	£1,000

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

**Accounting Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September

**Fees and Expenses**

**Accumulation Units: X**

Fund Management Fee X Accumulation:	0.52% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Tactical Select Passive Balanced Fund

FCA product reference number: 639037

**Investment objective** The investment objective of the Close Tactical Select Passive Balanced Fund is to generate capital growth with some income over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Tactical Select Passive" fund range, this means the Fund will achieve this exposure almost exclusively through a disciplined investment process and investment in passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager) and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. In addition to this, the Investment Adviser uses a disciplined investment process whereby it seeks to add value through its tactical asset allocation decisions, meaning short term adjustments to the asset mix to take advantage of market opportunities or reduce risk during periods of volatility. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a balanced risk and volatility level and in response to changing market conditions. However, the Fund operates a balanced strategy, meaning that the allocation to equities will remain within a 40%-85% range, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities (including closed ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such

circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark**

IA Mixed Investment 40%-85% Shares.

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Accumulation Units (X)	£1,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		
Accumulation Units (I)	£1,000,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		

**Accounting Dates**

Annual accounting date: 31 March

Interim accounting date: 30 September

**Fees and Expenses**

**Accumulation Units: X**

Fund Management Fee X Accumulation: 0.34% per annum

**Accumulation Units: I**

Preliminary Charge: 10%

Fund Management Fee I Accumulation: 0.1% per annum

Charge for investment research: None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Sustainable Balanced Portfolio Fund

FCA product reference number: 937668

### **Investment objective**

The investment objective of the Close Sustainable Balanced Portfolio Fund is to provide capital growth with some income over the medium term (i.e. more than 5 years).

The Fund also has a sustainability objective to maintain a Weighted Average Carbon Intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below the lower of (i) the relevant ESG benchmark or (ii) 50% below the 2019 baseline level of the relevant non ESG benchmark. The Fund also has a target of net zero emissions by 2050.

For equities, the relevant ESG benchmark is the MSCI Low Carbon Leaders Index and the non-ESG benchmark is the MSCI All Countries World Index. For corporate fixed interest securities, the relevant ESG benchmark is the ICE BofA Global Corporate Green, Social & Sustainable Index and the non-ESG benchmark is the ICE BofA Global Corporate Index.

### **Investment policy**

The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities (being corporate and government bonds), achieving this exposure primarily through direct investment.

The Fund uses a sustainable investment process to ensure that it is invested in alignment with its carbon emissions reduction targets while also ensuring that the Fund invests in companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments.

The Fund will hold more than 70% of its assets in securities which have an available Carbon Intensity enabling measurement of the carbon intensity objective.

The Fund's sustainability policy is to actively select investments which can measurably demonstrate current alignment with, or a clear future pathway to, a decarbonised future in order to achieve ongoing progress towards the Fund's objective of achieving net zero by 2050.

To help achieve the Fund's objective, 70-100% of the Fund's securities which have an available Carbon Intensity will each be required to have a Carbon Intensity below the lower of the relevant ESG benchmark or 50% below the 2019 baseline Carbon Intensity of the non-ESG benchmark ("Low Emitters").

Up to 30% of securities with available Carbon Intensity may have measurements above the relevant benchmarks but could still be held if they fulfil the Investment Adviser's criterion of being on course to lower their carbon intensity by 50% from their 2019 baseline by 2030 ("Improvers").

The Investment Adviser will apply a quantitative and qualitative analysis process to determine that Improvers have the potential to meet the standard in future by reviewing historic decarbonisation trends, forward looking metrics / transition plans, or other credible information to demonstrate alignment with, or a clear pathway to, a decarbonised future (including short- and medium-term timelines) and will continue to apply this process as well as engaging with the companies to meet the criteria.

The Investment Adviser expects that current Low Emitters will improve their carbon intensity on a net zero pathway. As such, securities held within the Fund could be either Low Emitters, Improvers, or a combination of the two. Given the nature of the Fund's objective, over time it is expected that there will be an increasing percentage of assets within the Fund which are both Low Emitters and Improvers.

In addition to the Investment Adviser's process for selecting and measuring the Carbon Intensity, the Investment Adviser will not select companies where it considers that there are negative aspects of the company that outweigh the positive elements of the company's carbon intensity trajectory. As such, in determining the investment universe, and before application of the carbon intensity tests, the Investment Adviser will consider whether companies follow good governance practices (e.g. with respect to sound management and company board, corporate culture, capital allocation and remuneration policies) and adhere to the environment and social thresholds set out below.

Investment opportunities are identified using in-depth fundamental analysis to determine the wider sustainability (both financial and non-financial) of holdings. The Investment Adviser's fundamental analysis is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare. Rather than focussing on a specific sustainability theme across every investment, we focus on what we assess to be most material to the company and its broader stakeholders.

The relevance of the qualitative information and data to the fundamental analysis varies across issuers, sectors and geographies. The Investment Adviser is not limited to assessing only these aspects in its analysis, and may investigate more or fewer, depending on the materiality and



availability of information for any given issuer, sector or geography. The Investment Adviser considers these aspects together as a whole and no one aspect has consistent prevalence over the others in order to determine the suitability of an investment.

The Investment Adviser will engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

In addition, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:

- Thermal coal. This factor identifies companies with an industry tie to thermal coal, in particular reserve ownership, production and power generation.

Further sectors or business groups are excluded on the basis that the negative externalities generated by the sector or business group are deemed to, on balance, outweigh the positive externalities. To help achieve this objective, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:

- Tobacco products manufacture
- Controversial weapons including: non-detectable fragments, landmines, incendiary weapons, blinding laser weapons, cluster munitions, nuclear/biological/chemical weapons
- Civilian firearms
- Gambling
- Adult entertainment

In addition, the Fund will not invest in:

- Companies that the Investment Adviser deems to be in violation of the UN Global Compact principles ( <https://www.unglobalcompact.org/what-is-gc/mission/principles>)
- Governments that the Investment Adviser deems to be in violation of the UN Universal Declaration of Human Rights (<https://www.ohchr.org/en/human-rights/universal-declaration/translations/english>)

Divestment criteria: The Investment Adviser will monitor all companies on an ongoing basis against the selection criteria. Any change to results under the screening process or provision of new information which results in a holding no longer meeting the Investment Adviser's criteria will mean that the holding will be sold within 90 days of the change occurring.

The screening criteria are applied to the corporate issuers of the bonds and the companies in which the Fund invests. Other assets in which the Fund may invest

(including collective investment schemes and government bonds) are not subject to the screening but will be assessed by the Investment Adviser to ensure that any such investments will not affect the ability of the Fund to meet its sustainable objective.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a balanced risk and volatility level and in response to changing market conditions. However, the allocation to equities will remain within a 40-85% range, consistent with its risk/return profile.

The Fund may invest in equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets. The Fund will not purchase unlisted investments.

The fixed interest component of the Fund may include government and corporate bonds (which may include emerging market and high yield bonds from issuers anywhere in the world). These may be investment grade, sub-investment grade or unrated. Investment grade bonds for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.

The Fund may also invest in money market instruments and deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may also invest in other transferable securities (including closed ended funds and exchange traded funds), and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator  
Benchmark**

IA Mixed Investment 40%-85% Shares.

Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency** Sterling

**ISA status** Qualifying investment for stocks and shares ISA

**Sustainability and Responsible Investing** Information about sustainability and responsible investing can be found on the Manager's website at [www.closebrothersam.com/about-us/sustainability-and-responsible-investing](http://www.closebrothersam.com/about-us/sustainability-and-responsible-investing)

In addition, information about how the Manager looks to embed sustainability into the sustainable balanced fund can be found on the Manager's website at:

<https://www.closebrothersam.com/our-services/investment-management/our-funds>

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Accumulation Units (I)	£1,000,000	£100,000	£100,000

(and available only at the Manager's discretion)

The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Accumulation Units (X)	£1,000	£500	£1,000
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The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

**Accounting Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September

**Fees and Expenses**

**Accumulation Units: I\***

Preliminary charge: 10% (waivable at the Manager's discretion)

Fund Management Fee I Accumulation: 0.09% per annum

\*(I units only available at the Manager's discretion)

**Accumulation Units: X**

Fund Management Fee X Accumulation: 0.83% per annum

Charge for investment research: None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Growth Portfolio Fund

FCA product reference number: 639032

**Investment objective** The investment objective of the Close Growth Portfolio Fund is to generate capital growth over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities, achieving this exposure primarily through direct investment.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band (which is consistent with a growth objective). Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a growth risk and volatility level and in response to changing market conditions. However, the allocation to equities will not normally fall below 60%, consistent with its risk/return profile.

The Fund may invest in equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets but the Fund will not purchase unlisted investments.

The fixed interest component of the Fund may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated. Investment grade bonds for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.

The Fund may also invest in other transferable securities (including closed ended funds and exchange traded funds), and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager, money market instruments and deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark**

IA Flexible Investment.

Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Accumulation Units (A)	£1,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		
Accumulation Units (X)	£1,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		

**Accounting Dates**

Annual accounting date:	31 March
Interim accounting date:	30 September

**Fees and Expenses**

**Accumulation Units: A**

Preliminary charge:	5%
Fund Management Fee A Accumulation:	1.58% per annum

**Accumulation Units: X**

Fund Management Fee X Accumulation:	0.86% per annum
Charge for investment research:	None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## Close Managed Growth Fund

FCA product reference number: 639036

### **Investment objective**

The investment objective of the Close Managed Growth Fund is to generate capital growth over the medium term (i.e. more than 5 years).

### **Investment policy**

The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Managed" fund range, this means the Fund will achieve this exposure through investment in actively and passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager), closed ended funds and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band (which is consistent with a growth objective). Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a growth risk and volatility level and in response to changing market conditions. However, the allocation to equities will not normally fall below 60%, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities, money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes such as commodities, hedge funds, infrastructure, property and convertibles through transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.



**Comparator Benchmark** IA Flexible Investment.

Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund.

The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund’s portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only

**Base Currency** Sterling

**ISA status** Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
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Accumulation Units (X)	£1,000	£500	£1,000
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The Manager may for each relevant class of Unit waive such minima in its absolute discretion.

Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.

**Accounting Dates**

Annual accounting date: 31 March

Interim accounting date: 30 September

**Fees and Expenses**

**Accumulation Units: X**

Fund Management Fee X Accumulation: 0.50% per annum

Charge for investment research: None

For further detail on the fees and expenses, see section 7, “Fees and Expenses”, above.

## Close Tactical Select Passive Growth Fund

FCA product reference number: 639039

**Investment objective** The investment objective of the Close Tactical Select Passive Growth Fund is to generate capital growth over the medium term (i.e. more than 5 years).

**Investment policy** The Fund will hold at least 80% of its portfolio in a mixture of equities and fixed interest securities. As part of the "Tactical Select Passive" fund range, this means the Fund will achieve this exposure almost exclusively through a disciplined investment process and investment in passively managed collective investment schemes (which may include collective investment schemes managed by the Manager or by an affiliate of the Manager) and exchange traded funds.

The Fund is actively managed, with the Investment Adviser employing a strategic asset allocation model (developed in collaboration with an external provider) that is matched to a specific risk and volatility band (which is consistent with a growth objective). In addition to this, the Investment Adviser uses a disciplined investment process whereby it seeks to add value through its tactical asset allocation decisions, meaning short term adjustments to the asset mix to take advantage of market opportunities or reduce risk during periods of volatility. Accordingly, the allocation to particular asset classes may vary over time at the Investment Adviser's discretion as is consistent with a growth risk and volatility level and in response to changing market conditions. However, the allocation to equities will not normally fall below 60%, consistent with its risk/return profile.

The underlying equity component of the Fund may include equities of companies from anywhere in the world, in any sector and of any market capitalisation. This may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds). These may be investment grade, sub-investment grade or unrated.

The Fund may also invest in other transferable securities (including closed ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such

circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund may gain exposure to alternative asset classes such as commodities, hedge funds, infrastructure, property and convertibles through transferable securities.

The Fund may use derivatives, including exchange traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management. It is expected that the Fund's use of derivatives will be limited.

**Comparator Benchmark**

IA Flexible Investment.

Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.

**Base Currency**

Sterling

**ISA status**

Qualifying investment for stocks and shares ISA

**Minimum purchase, redemption and holding levels**

<b>Classes of Units</b>	<b>Minimum Purchase Request</b>	<b>Minimum Redemption Request</b>	<b>Minimum Holding Level</b>
Accumulation Units (X)	£1,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		
Accumulation Units (I)	£1,000,000	£500	£1,000
	The Manager may for each relevant class of Unit waive such minima in its absolute discretion.		
	Where a person is a participator in a monthly savings scheme operated by the Manager, the minimum value of Units which may be purchased each month is £250.		

**Accounting Dates**

Annual accounting date: 31 March

Interim accounting date: 30 September

**Fees and Expenses**

**Accumulation Units: X**

Fund Management Fee X Accumulation: 0.32% per annum

**Accumulation Units: I**

Preliminary Charge 10%

Fund Management Fee I Accumulation: 0.1% per annum

Charge for investment research: None

For further detail on the fees and expenses, see section 7, "Fees and Expenses", above.

## **APPENDIX 2 INVESTMENT AND BORROWING POWERS**

### **12. GENERAL**

The investment objectives and policies of the Funds are subject to the limits on investment set out in Chapter 5 of the COLL Sourcebook for UCITS schemes.

### **13. PRUDENT SPREAD OF RISK**

- 13.1 The Manager must ensure that, taking account of the investment objectives and policies of each Fund, the scheme property aims to provide a prudent spread of risk.
- 13.2 The rules in this section do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

### **14. UCITS SCHEMES - GENERAL**

- 14.1 The property of each Fund must, subject to its investment objective and policy and except where otherwise provided in the COLL Sourcebook only consist of any or all of:
- 14.1.1 transferable securities;
  - 14.1.2 approved money market instruments;
  - 14.1.3 permitted derivatives and forward transactions;
  - 14.1.4 permitted deposits; and
  - 14.1.5 permitted units in collective investment schemes.

It is not intended that the Funds will have an interest in any immovable property or tangible movable property.

### **15. TRANSFERABLE SECURITIES**

- 15.1 A transferable security is an investment which is any of the following:
- 15.1.1 a share;
  - 15.1.2 a debenture;
  - 15.1.3 an alternative debenture;

- 15.1.4 a government and public security;
  - 15.1.5 a warrant; or
  - 15.1.6 a certificate representing certain securities.
- 15.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 15.3 In applying paragraph 15.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 15.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

## **16. INVESTMENT IN TRANSFERABLE SECURITIES**

- 16.1 The Funds may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 16.1.1 the potential loss which the Funds may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 16.1.2 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 COLL Sourcebook;
  - 16.1.3 reliable valuation is available for it as follows:
    - 16.1.3.1 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;
    - 16.1.3.2 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;
  - 16.1.4 appropriate information is available for it as follows:
    - 16.1.4.1 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;

- 16.1.4.2 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;
  - 16.1.5 it is negotiable; and
  - 16.1.6 its risks are adequately captured by the risk management process of the Manager.
- 16.2 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:
- 16.2.1 not to compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder; and
  - 16.2.2 to be negotiable.
- 16.3 **No more than 5% of the value of the scheme property of each Fund may be invested in warrants.**

## **17. CLOSED END FUNDS CONSTITUTING TRANSFERABLE SECURITIES**

- 17.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Funds, provided it fulfils the criteria for transferable securities set out in paragraph 16, and either:
- 17.1.1 where the closed end fund is constituted as an investment company or a unit trust:
    - 17.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 17.1.1.2 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
  - 17.1.2 where the closed end fund is constituted under the law of contract:
    - 17.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 17.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

## **18. TRANSFERABLE SECURITIES LINKED TO OTHER ASSETS**

- 18.1 The Funds may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Funds provided the investment:

- 18.1.1 fulfils the criteria for transferable securities set out in paragraph 16; and
  - 18.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Funds can invest.
- 18.2 Where an investment in paragraph 18.1 contains an embedded derivative component (see paragraph 30.5), the requirements of this Appendix with respect to derivatives and forwards will apply to that component.

## **19. APPROVED MONEY MARKET INSTRUMENTS**

- 19.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 19.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 19.2.1 has a maturity at issuance of up to and including 397 days;
  - 19.2.2 has a residual maturity of up to and including 397 days;
  - 19.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 19.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraph 19.2.1 or 19.2.2 or is subject to yield adjustments as set out in paragraph 19.2.3.
- 19.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the Manager to redeem units at the request of any qualifying Unitholder.
- 19.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 19.4.1 enabling the Manager to calculate a 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 arm's length transaction; and
  - 19.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 19.5 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 determined at any time unless there is information available to the Manager that would lead to a different determination.



**20. TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS GENERALLY TO BE ADMITTED TO OR DEALT IN ON AN ELIGIBLE MARKET**

20.1 Transferable securities and approved money market instruments held within the Funds must (subject to paragraphs 20.2 and 13) be:

20.1.1 admitted to or dealt in on an eligible market as described in paragraphs 21.1 and 21.2; or

20.1.2 for an approved money market instrument not admitted to or dealt in on an eligible market, within paragraph 22.1: or

20.1.3 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).

20.2 Not more than 10% in value of the scheme property of each Fund is to consist of transferable securities and approved money market instruments (other than those that are referred to in paragraph 20).

**21. ELIGIBLE MARKETS REQUIREMENTS**

21.1 A market is eligible for the purposes of the paragraph 20 if it is:

21.1.1 a regulated market;

21.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public.

21.2 If a market does not fall within paragraph 21.1 it may be eligible if the Manager, after consultation and notification with the Trustee, decides that:

21.2.1 the market is appropriate for investment of, or dealing in, the scheme property;

21.2.2 the market is included in a list in the Prospectus; and

21.2.3 the Trustee has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the Manager in deciding whether that market is eligible.

21.3 In paragraph 21.2 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

21.4 Eligible markets for the Funds are set out in Appendix 4 below.

## **22. MONEY-MARKET INSTRUMENTS WITH A REGULATED ISSUER**

22.1 In addition to instruments admitted to or dealt in on an eligible market, the Funds may invest in an approved money-market instrument provided it fulfils the following requirements:

22.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

22.1.2 the instrument is issued or guaranteed in accordance with paragraph 23.

22.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

22.2.1 the instrument is an approved money-market instrument;

22.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 24; and

22.2.3 the instrument is freely transferable.

## **23. ISSUERS AND GUARANTORS OF MONEY -MARKET INSTRUMENTS**

23.1 The Funds may invest in an approved money-market instrument if it is:

23.1.1 issued or guaranteed by any one of the following:

23.1.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

23.1.1.2 a regional or local authority of the United Kingdom or an EEA State;

23.1.1.3 the European Central Bank or a central bank of an EEA State;

23.1.1.4 the Bank of England, the European Union or the European Investment Bank;

23.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

23.1.1.6 a public international body to which the United Kingdom or one or more EEA States belong; or

23.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

23.1.3 issued or guaranteed by an establishment which is:

23.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU; or

23.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by EU or UK law.

23.2 An establishment shall be considered to satisfy the requirement in paragraph 23.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

23.2.1 it is located in the European Economic Area;

23.2.2 it is located in an OECD country belonging to the Group of Ten;

23.2.3 it has at least investment grade rating;

23.2.4 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.

## **24. APPROPRIATE INFORMATION FOR MONEY-MARKET INSTRUMENTS**

24.1 In the case of an approved money-market instrument within paragraph 23.1.2 or which is issued by an authority within paragraph 23.1.1.2 or a public international body within paragraph 23.1.1.6 but is not guaranteed by a central authority within paragraph 23.1.1.1, the following information must be available:

24.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

24.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

24.1.3 available and reliable statistics on the issue or the issuance programme.

24.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 23.1.3, the following information must be available

24.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument updates of that information on a regular basis and whenever a significant event occurs; and

24.2.2 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

24.3 In the case of an approved money-market instrument:

24.3.1 within paragraphs 23.1.1.1, 23.1.1.4 or 23.1.1.5; or

24.3.2 which is issued by an authority within paragraph 23.1.1.2 or a public international body within paragraph 23.1.1.6 and is guaranteed by a central authority within paragraph 23.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## **25. SPREAD: GENERAL**

25.1 This paragraph 25 on spread does not apply to government and public securities.

25.2 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 Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.

25.3 Not more than 20% in value of the scheme property of each Fund is to consist of deposits with a single body.

25.4 With the exception of those instruments specified in paragraph 27 below, not more than 5% in value of the scheme property of each Fund is to consist of transferable securities or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the scheme property of that Fund. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

25.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of each Fund. This limit is raised to 10% where the counterparty is an Approved Bank.

25.6 The COLL Sourcebook provides that not more than 20% in value of the scheme property of each Fund is to consist of the units of any one collective investment scheme.

25.7 Not more than 20% in value of the scheme property of each Fund may consist of transferable securities and approved money market instruments issued by the same group.

25.8 In applying the limits in paragraphs 25.3 to 25.6 not more than 20% in value of the scheme property of each Fund is to consist of any combination of two or more of the following:

25.8.1 transferable securities or approved or money market instruments issued by; or

25.8.2 deposits made with; or

25.8.3 exposures from OTC derivatives transactions made with;  
a single body.

## **26. COUNTERPARTY RISK AND ISSUER CONCENTRATION**

- 26.1 The Manager must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 25.5 and 25.8.
- 26.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 25.5 the Manager must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 26.3 The Manager may net the OTC derivative positions of a Fund with the same counterparty, provided:
- 26.3.1 they are able legally to enforce netting agreements with the counterparty on behalf of the Fund;
  - 26.3.2 the netting agreements in paragraph 26.3.1 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 26.4 The Manager may reduce the exposure of scheme property of a Fund to a counterparty of an OTC derivative 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.
- 26.5 The Manager must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 25.5 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 26.6 Collateral passed in accordance with paragraph 26.5 may be taken into account on a net basis only if the Manager is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 26.7 In relation to the exposure arising from OTC derivatives as referred to in paragraph 25.8 the Manager must include in the calculation any counterparty risk relating to the OTC derivative transaction.
- 26.8 The Manager must calculate the issuer concentration limits referred to in paragraph 25 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

## **27. SPREAD: GOVERNMENT AND PUBLIC SECURITIES**

- 27.1 The following applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
- 27.1.1 an EEA State;
  - 27.1.2 a local authority of an EEA State;
  - 27.1.3 a non-EEA State;

- 27.1.4 a public international body to which one or more EEA States belong.
- 27.2 Where no more than 35% in value of the scheme property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 27.3 A Fund may invest more than 35% in value of the scheme property of a Fund in such securities issued by any one body provided that before any such investment is made, the Manager has consulted with the Trustee and as a result considers that:
- 27.3.1 the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;
- 27.3.2 no more than 30% in value of the scheme property of a Fund consists of such securities of any one issue; and
- 27.3.3 the scheme property of each Fund includes such securities issued by that or another issuer, of at least six different issues;
- 27.4 In relation to such securities:
- 27.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
- 27.4.2 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.
- 27.5 Notwithstanding paragraph 25.1 and subject to paragraphs 25.2 and 25.3, in applying the 20% limit in paragraph 25.8 with respect to a single body, such securities issued by that body shall be taken into account.
- 27.6 **More than 35% in value of the property of each Fund (with the exception of the Close Managed Growth Fund, the Close Growth Portfolio Fund and the Close Tactical Select Passive Growth) may be invested in such securities issued or guaranteed by any one of the following: Australia, Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, the United Kingdom of Great Britain and Northern Ireland, Greece, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Liechtenstein, Luxembourg, Malta, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United States of America, the International Bank for Reconstruction and Development, the European Investment Bank and the European Bank for Reconstruction and Development.**

## **28. INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES**

- 28.1 Except in the case of the Close Sustainable Select Fixed Income Fund, the limits on investment set out in Chapter 5 of the COLL Sourcebook allow up to 100% of the value of the Fund to be invested in units or shares in other collective investment schemes. The extent of such investment is, however, subject to the Fund's specific investment objective

and policy. The Close Sustainable Select Fixed Income Fund may not invest more than 10% of its value in units or shares in other collective investment schemes.

28.2 The Funds may invest in units in a collective investment scheme ("Second Scheme") provided that Second Scheme satisfies all of the following conditions and provided that no more than 30% of the value of each Fund is invested in Second Schemes within paragraphs 28.2.1.2–28.2.1.5.

28.2.1 The Second Scheme must:

28.2.1.1 be a UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

28.2.1.2 be a recognised 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

28.2.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1), (3) and (4) are met); or

28.2.1.4 be authorised in an EEA State provided the requirements of COLL 5.2.13AR are met.

28.2.1.5 be authorised by the competent authority of an OECD member country (other than an EEA State) which has:

(a) signed the IOSCO Multilateral Memorandum of Understanding; and

(b) approved the scheme's management company, rules and depositary/custody arrangements.

(provided the requirements of COLL 5.2.13AR are met).

28.2.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 28.2.2 and paragraph 28.2.3 apply to each sub-fund as if it were a separate scheme.

28.2.3 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the scheme's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

28.3 The Funds may, subject to the limits set out in paragraph 28.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager of the scheme or one of its associates.

28.4 The Funds (with the exception of the Close Sustainable Select Fixed Income Fund) are permitted to invest in the units of other sub-funds of the Trust provided the rules relating to cross-investment contained in the COLL Sourcebook are complied with. The Close Sustainable Select Fixed Income Fund is not permitted to invest in any other of the sub-funds of the Trust.

## **29. INVESTMENT IN NIL AND PARTLY PAID SECURITIES**

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 a Fund, at the time when payment is required, without contravening the COLL Sourcebook.

## **30. DERIVATIVES: GENERAL**

30.1 **Each of the Funds (excluding the Close Sustainable Select Fixed Income Fund) may use derivatives for the purpose of meeting the investment objectives of the Funds as well as for efficient portfolio management (including hedging). Such investment may increase the risk profiles or volatility of the Funds. However, the Manager has adopted a risk management process which is designed to manage the risk the Funds may be subject to as a result of holding derivatives.**

30.2 A transaction in derivatives or a forward transaction must not be effected for the Funds unless the transaction is of a kind specified in paragraph 31, and the transaction is covered, as required by paragraph 44 (Cover for investment in derivatives) of this Appendix.

30.3 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 25 and 27 except for index based derivatives where paragraph 30.7 applies.

30.4 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this Appendix.

30.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

30.5.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

30.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

30.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.



30.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

30.7 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 32, the underlying constituents of the index do not have to be taken into account for the purposes of the paragraphs 25 and 27. The relaxation is subject to the Manager continuing to ensure that the scheme property provides a prudent spread of risk.

### **31. PERMITTED TRANSACTIONS (DERIVATIVES AND FORWARDS)**

31.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 36.

31.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Fund is dedicated:

31.2.1 transferable securities permitted under paragraphs 20.1.1 and 20.1.3;

31.2.2 approved money market instruments permitted under paragraphs 20.1.1 and 20.1.2;

31.2.3 deposits permitted under paragraph 39;

31.2.4 permitted derivatives under this paragraph;

31.2.5 collective investment scheme units permitted under paragraph 28.1;

31.2.6 financial indices which satisfy the criteria in paragraph 21;

31.2.7 interest rates;

31.2.8 foreign exchange rates; and

31.2.9 currencies.

31.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

31.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Trust Deed and the most recently published version of this Prospectus.

31.5 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 paragraph 35 are satisfied.

31.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

- 31.7 A derivative includes an instrument which fulfils the following criteria:
- 31.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 31.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 14.1 including cash;
  - 31.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 36.
  - 31.7.4 its risks are adequately captured by the risk management process of the Manager, and by its internal control mechanisms in the case of risks of asymmetry of information between the Manager and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 31.8 The Funds may not undertake transactions in derivatives on commodities.
- 31.9 A Fund may enter into a range of swap transactions in pursuit of its investment objective (including total return swaps) or other financial derivatives instruments with similar characteristics. The underlying assets and investment strategies or such swaps, to which exposure will be gained, are described in the investment objective and policy of the relevant Fund.
- 31.10 The counterparty to such transaction does not have discretion over the composition or management of a Fund's portfolio or over the underlying of financial derivative instruments used by a Fund. Counterparty approval is not required in relation to any investment decision made by a Fund.
- 31.11 The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Manager.

## **32. EFFICIENT PORTFOLIO MANAGEMENT**

- 32.1 Permitted transactions for the purposes of EPM (excluding stock lending transactions) are forward currency transactions with approved counterparties and transactions in (i) approved derivatives (i.e. options, futures or contracts for differences which are dealt in or traded on an eligible derivatives market), (ii) off-exchange derivatives (i.e. futures, options or contracts for differences resembling options with a counterparty falling within certain specified categories and meeting certain other criteria) or (iii) synthetic futures (i.e. derivatives transactions in the nature of composite derivatives created out of two options bought and written on the same eligible derivatives market and having certain characteristics in common) which meet detailed requirements set out in the FCA Rules.
- 32.2 A derivatives or forward transaction which will or could lead to delivery of property to the Trustee may be entered into only if such property can be held by the by a Fund and the

Manager has taken reasonable care to determine that delivery of the property pursuant to the transaction will not occur or will not lead to a breach of the FCA Rules.

32.3 There is no limit on the amount of the Scheme Property of any Fund which may be used for transactions for the purposes of efficient portfolio management but each transaction for the account of any Fund must satisfy three broadly based requirements:

32.3.1 the transaction must be one which the Manager has ascertained with reasonable care to be economically appropriate to the efficient portfolio management of the relevant Fund in that it is realised in a cost effective way. Also the Manager will take reasonable care to determine that, for a transaction undertaken 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 it is sensible to reduce and, for a transaction undertaken to generate additional capital or income, the relevant Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction. A transaction may not be entered into if its purpose could reasonably be regarded as speculative. Where the transaction relates to the actual or potential acquisition of transferable securities, then the Manager must intend that the Fund should invest in transferable securities within a reasonable time; and it must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time;

32.3.2 the purpose of the transaction must be to achieve one of the following in respect of the Fund in question:

(a) **reduction of risk** – this, for example, allows for the use of the technique of cross-currency hedging in order to switch all or part of the Scheme Property of a Fund away from a currency the Manager considers unduly prone to risk into another currency. This aim also permits the use of tactical asset allocation described in sub-paragraph (b) below;

(b) **reduction of cost** – for example, the aims of reduction of risk and reduction of cost, together or separately, allow the Manager on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the Manager to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by a Fund of transferable securities. If a transaction for a Fund relates to the acquisition or potential acquisition of transferable securities, the Manager must intend that the Fund should invest in transferable securities within a reasonable time and the Manager must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

(c) **generation of additional capital or income** for the Fund with an acceptably low level of risk which is consistent with the Fund's

risk profile and the risk diversification rules laid down in the FCA Rules – there is an acceptably low level of risk in any case where the Manager has taken reasonable care to determine that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from stock lending or on the basis either of taking advantage of pricing imperfections in relation to the acquisition and disposal (or vice versa) of rights in relation to property the same as, or equivalent to property which the authorised fund holds or may properly hold or of receiving premiums for the writing of covered put or call options.

The relevant purpose must relate to the Scheme Property of the Fund in question, property (whether precisely identified or not) which is to be or is proposed to be acquired for that Fund or anticipated cash receipts of that Fund if due to be received at some time and likely to be received within one month; and

- 32.3.3 the maximum potential exposure created by each transaction must be covered "individually" by assets of the right kind within the Fund's Scheme Property (i.e., in the case of an exposure in terms of property, appropriate transferable securities or other property; and, in the case of an exposure in terms of money, cash, near cash, borrowed cash or transferable securities which can be sold to realise the appropriate cash) and "globally" (i.e. that a Fund's exposure does not exceed the net asset value of its Scheme Property, taking into account the value of the underlying assets, future market movements, counterparty risk and the time available to liquidate any position.). The global exposure must be calculated on at least a daily basis. Property and cash can be used only once for cover and, generally, property is not available for cover if it is the subject of a stock lending transaction. The lending transaction in a back to back currency borrowing does not require cover.
- 32.4 The Manager measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Manager. A counterparty may be an associate of the Manager which may give rise to a conflict of interest.
- 32.5 Any income or capital generated by the use of EPM techniques (net of direct or indirect costs) will be paid to the relevant Fund.

### **33. FINANCIAL INDICES UNDERLYING DERIVATIVES**

- 33.1 The financial indices referred to in paragraph 31.2.6 are those which satisfy the following criteria:
- 33.1.1 the index is sufficiently diversified;

- 33.1.2 the index represents an adequate benchmark for the market to which it refers;  
and
  - 33.1.3 the index is published in an appropriate manner.
- 33.2 A financial index is sufficiently diversified if:
- 33.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 33.2.2 where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 33.2.3 where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 33.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 33.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 33.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 33.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 33.4 A financial index is published in an appropriate manner if:
- 33.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 33.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 33.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 31.2 be regarded as a combination of those underlyings.

#### **34. TRANSACTIONS FOR THE PURCHASE OF PROPERTY**

A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of the Fund, and 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 rules in the COLL Sourcebook.

### **35. REQUIREMENT TO COVER SALES**

No agreement by or on behalf of the Funds to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.

### **36. OTC TRANSACTIONS IN DERIVATIVES**

36.1 Any transaction in an OTC derivative under paragraph 31 must be:

36.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or 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;

36.1.1.1 on approved terms; the terms of the transaction in derivatives are approved only if the Manager 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

36.1.1.2 can enter into a one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

36.1.2 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: on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and

36.1.3 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 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 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.

36.2 For the purposes of paragraph 36.1.1.1 above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **37. VALUATION OF OTC DERIVATIVES**

37.1 For the purposes of paragraph 36.1.1.1, the Manager must:

37.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

37.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

37.2 Where the arrangements and procedures referred to in paragraph 37.1 above involve the performance of certain activities by third parties, the Manager must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

37.3 The arrangements and procedures referred to in this rule must be:

37.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

37.3.2 adequately documented.

### **38. RISK MANAGEMENT**

38.1 The Manager uses a risk management process, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

38.2 The following details of the risk management process must be regularly notified by the Manager to the FCA and at least on an annual basis:

38.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and

38.2.2 the methods for estimating risks in derivative and forward transactions.

### **39. INVESTMENTS IN DEPOSITS**

The Funds 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.

#### **40. SIGNIFICANT INFLUENCE**

- 40.1 The Manager shall not acquire, or cause to be acquired for the Funds, transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if immediately before the acquisition, the aggregate of any such securities held for the Funds, taken together with any such securities already held for other authorised unit trusts of which it is also the Manager, gives the Manager power significantly to influence the conduct of business of that body corporate; or the acquisition gives the Manager that power.
- 40.2 The Manager 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 for all the authorised unit trusts of which it is the Manager, 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).

#### **41. CONCENTRATION**

- 41.1 The Funds:
- 41.1.1 must not acquire transferable securities other than debt securities which:
    - 41.1.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
    - 41.1.1.2 represent more than 10% of these securities issued by that body corporate;
  - 41.1.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
  - 41.1.3 must not acquire more than 25% of the units in a collective investment scheme;
  - 41.1.4 must not acquire more than 10% of the money market instruments issued by any single body; and
  - 41.1.5 need not comply with the limits in paragraphs 49.3.2 and 41.1.3 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

#### **42. SCHEMES REPLICATING AN INDEX**

- 42.1 Notwithstanding paragraph 25, the Funds may invest up to 20% in value of the 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 in paragraph 43.



42.2 Replication of the composition of a relevant index shall be understood to be a reference to 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.

42.3 The limit in paragraph 42.1 can be raised up to 35% in value of the scheme property, but only in respect of one body and where justified by exceptional market conditions.

#### **43. RELEVANT INDICES**

43.1 The indices referred to in paragraph 42 are those which satisfy the following criteria:

43.1.1 The composition is sufficiently diversified;

43.1.2 The index represents an adequate benchmark for the market to which it refers; and

43.1.3 The index is published in an appropriate manner.

43.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this Appendix.

43.3 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.

43.4 An index is published in an appropriate manner if:

43.4.1 it is accessible to the public;

43.4.2 the index provider is independent from the index-replicating Manager; this does not preclude index providers and the Manager from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

#### **44. COVER FOR INVESTMENT IN DERIVATIVES**

A Fund may invest in derivatives and forward transactions as part of its investment policy provided its global exposure relating to derivatives and forward transactions held in the Funds does not exceed the net value of the scheme property.

#### **45. DAILY CALCULATION OF GLOBAL EXPOSURE**

45.1 The Manager must calculate the global exposure of a Fund on at least a daily basis.

45.2 For the purposes of this section, 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.

## **46. CALCULATION OF GLOBAL EXPOSURE**

- 46.1 The Manager must calculate the global exposure of any Fund it manages either as:
- 46.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 30 (Derivatives: general), which may not exceed 100% of the net value of the scheme property of a Fund, by way of the commitment approach; or
  - 46.1.2 the market risk of the scheme property of a Fund, by way of the value at risk approach.
- 46.2 The Manager calculates the global exposure of the Funds by using the commitment approach.
- 46.3 The Manager must ensure that the method selected above is appropriate, taking into account:
- 46.3.1 the investment strategy pursued by the Fund;
  - 46.3.2 the types and complexities of the derivatives and forward transactions used; and
  - 46.3.3 the proportion of the scheme property comprising derivatives and forward transactions.
- 46.4 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 48 (Stock lending) in order to generate additional leverage or exposure to market risk, the Manager must take those transactions into consideration when calculating global exposure.
- 46.5 For the purposes of paragraph 46.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

## **47. COMMITMENT APPROACH**

- 47.1 Where the Manager uses the commitment approach for the calculation of global exposure, it must:
- 47.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 30 (Derivatives: general)), whether used as part of a Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 48 (Stock lending); and
  - 47.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 47.2 The Manager may apply other calculation methods which are equivalent to the standard commitment approach.

- 47.3 For the commitment approach, the Manager may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 47.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.
- 47.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of a Fund in accordance with paragraph 52 (General power to borrow) need not form part of the global exposure calculation.

#### **48. STOCK LENDING**

- 48.1 The Manager may request the Trustee to enter into stock lending transactions or a repo contract in respect of a Fund. However, the purpose of the stock lending transaction must be for the generation of capital or income for the Fund with no, or an acceptably low degree of risk.
- 48.2 There is no limit on the value of the scheme property which may be the subject of repo contracts or stock lending transactions.
- 48.3 Any stock lending arrangements or repo entered into must be of the kind described in section 263 B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263 C), but only if:
- 48.3.1 all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Funds are in a form which is acceptable to the Trustee and are in accordance with good market practice;
  - 48.3.2 the counterparty is:
    - 48.3.2.1 an authorised person; or
    - 48.3.2.2 a person authorised by a Home State regulator; or
    - 48.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
    - 48.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and
  - 48.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 48.3.1 and the collateral is:

48.3.3.1 acceptable to the Trustee;

48.3.3.2 adequate; and

48.3.3.3 sufficiently immediate.

48.4 The counterparty for the purpose of paragraph 48.3.2 is the person who is obliged under the agreement referred to in paragraph 48.3.1 to transfer to the Trustee the securities transferred by the Trustee under the stock lending arrangement or securities of the same kind.

48.5 Paragraph 48.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

#### **49. TREATMENT OF COLLATERAL**

49.1 Collateral is adequate for the purposes of this paragraph only if it is:

49.1.1 transferred to the Trustee or its agent;

49.1.2 at least equal in value, at the time of the transfer to the Trustee, to the value of the securities transferred by the Trustee; and

49.1.3 in the form of one or more of:

49.1.3.1 cash; or

49.1.3.2 a certificate of deposit; or

49.1.3.3 a letter of credit; or

49.1.3.4 a readily realisable security ; or

49.1.3.5 commercial paper with no embedded derivative content; or

49.1.3.6 a qualifying money market fund.

49.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the Manager or an associate of the Manager, the conditions in paragraph 28.2.3 must be complied with.

49.3 Collateral is sufficiently immediate for the purposes of this paragraph if:

49.3.1 it is transferred before or at the time of the transfer of the securities by the Trustee; or

49.3.2 the Trustee takes reasonable care to determine at the time referred to in paragraph 49.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.

- 49.4 The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee.
- 49.5 The duty in paragraph 49.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 49.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Funds or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Funds.
- 49.7 Collateral transferred to the Trustee is part of the scheme property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
- 49.7.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph 49.6 by an obligation to transfer; and
- 49.7.2 it does not count as scheme property for any purpose of this Appendix other than this paragraph.
- 49.8 Paragraphs 49.6 and 49.7.1 not apply to any valuation of collateral itself for the purposes of this paragraph.

## **50. CASH AND NEAR CASH**

- 50.1 Cash and near cash must not be retained in the scheme property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 50.1.1 the pursuit of a Fund's investment objectives; or
- 50.1.2 the redemption of units; or
- 50.1.3 efficient management of the Funds in accordance with their investment objectives; or
- 50.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Funds.
- 50.2 During the period of the initial offer the scheme property of the Funds may consist of cash and near cash without limitation.

## **51. COVER AND BORROWING**

- 51.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 44 except where paragraph 51.2 applies.

- 51.2 Where, for the purposes of this paragraph the Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the scheme property, and the normal limits on borrowing under paragraph 52 do not apply to that borrowing.

## **52. GENERAL POWER TO BORROW**

- 52.1 The Trustee on the instruction of the Manager may, in accordance with this paragraph, borrow money for the use of the Funds on terms that the borrowing is to be repayable out of the scheme property. This power to borrow is subject to the obligation of the Funds to comply with any restriction in the instrument constituting the Trust. The Trustee may borrow money only from an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook).
- 52.2 The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.
- 52.3 The Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee; the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 52.4 The Manager must ensure that the Trust's borrowing does not, on any business day, exceed 10% of the value of the scheme property.
- 52.5 These borrowing restrictions do not apply to "back to back" borrowing under paragraph 51.

## **53. RESTRICTIONS ON LENDING OF MONEY**

- 53.1 None of the money in the scheme property of the Funds may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 53.2 Acquiring a debenture is not lending for the purposes of paragraph 53.1; nor is the placing of money on deposit or in a current account.

## **54. RESTRICTIONS ON LENDING OF PROPERTY OTHER THAN MONEY**

- 54.1 The scheme property of the Funds other than money must not be lent by way of deposit or otherwise.
- 54.2 Transactions permitted by paragraph 48 are not lending for the purposes of paragraph 54.1.

54.3 The scheme property of the Funds must not be mortgaged.

## **55. GENERAL POWER TO ACCEPT OR UNDERWRITE PLACINGS**

55.1 Any power in the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Instrument.

55.2 This section applies, subject to paragraph 55.3, to any agreement or understanding:

55.2.1 which is an underwriting or sub-underwriting agreement; or

55.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Funds.

55.3 Paragraph 55.2 does not apply to:

55.3.1 an option; or

55.3.2 a purchase of a transferable security which confers a right:

55.3.2.1 to subscribe for or acquire a transferable security; or

55.3.2.2 to convert one transferable security into another.

55.3.3 The exposure of the scheme to agreements and understandings within paragraph 55.2 must, on any business day:

55.3.3.1 be covered in accordance with the requirements of paragraph 44;  
and

55.3.3.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

## **56. GUARANTEES AND INDEMNITIES**

56.1 The Trustee for the account of the Trust must not provide any guarantee or indemnity in respect of the obligation of any person.

56.2 None of the scheme property of the Trust may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

56.3 Paragraphs 56.1 and 56.2 do not apply in respect of the Trust to:

56.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook;

- 56.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the Treasury Regulations;
- 56.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the Treasury Regulations) given to the Trustee against any liability incurred by it as a consequence of the safekeeping of any of the scheme property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the scheme property; and
- 56.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the scheme and the holders of units in that scheme become the first shareholders in the scheme.



**APPENDIX 3  
PAST PERFORMANCE**

Past performance is not a reliable indicator of future results. The price of Units and the income from them can fall as well as rise and you may not get back the amount originally invested.

<b>Fund name</b>	<b>01/04/2023 to 31/03/2024</b>	<b>01/04/2022 to 31/03/2023</b>	<b>01/04/2021 to 31/03/2022</b>	<b>01/04/2020 to 31/03/2021</b>	<b>01/04/2019 to 31/03/2020</b>
<b>Close Balanced Portfolio X Acc</b>	13.1%	-7.6%	2.2%	21.5%	-5.5%
<b>Close Conservative Portfolio X Acc</b>	8.5%	-6.2%	0.4%	15.8%	-3.5%
<b>Close Diversified Income Portfolio X Acc</b>	8.4%	-6.9%	8.0%	14.7%	-5.7%
<b>Close Growth Portfolio X Acc</b>	17.0%	-8.9%	4.4%	26.3%	-4.0%
<b>Close Sustainable Balanced Portfolio Fund X Acc</b>	11.5%	-4.0%	9.2%	n/a	n/a
<b>Close Managed Balanced X Acc</b>	11.3%	-4.9%	3.5%	26.3%	-6.2%
<b>Close Managed Conservative X Acc</b>	8.8%	-4.1%	4.3%	17.4%	-6.0%
<b>Close Managed Income X Acc</b>	6.7%	-5.3%	6.1%	19.5%	-9.8%
<b>Close Managed Growth X Acc</b>	13.2%	-6.2%	3.0%	34.8%	-6.3%
<b>Close Sustainable Select Fixed Income X Inc</b>	10.9%	-4.0%	-1.1%	15.2%	-2.8%

<b>Fund name</b>	<b>01/04/2023 to 31/03/2024</b>	<b>01/04/2022 to 31/03/2023</b>	<b>01/04/2021 to 31/03/2022</b>	<b>01/04/2020 to 31/03/2021</b>	<b>01/04/2019 to 31/03/2020</b>
<b>Close Tactical Select Passive Balanced X Acc</b>	11.5%	-4.0%	5.8%	22.8%	-8.5%
<b>Close Tactical Select Passive Conservative X Acc</b>	8.9%	-5.3%	3.5%	15.6%	-6.1%
<b>Close Tactical Select Passive Growth X Acc</b>	13.9%	-3.7%	7.7%	29.1%	-10.2%

Previous past performance was displayed using Class A. This has now been updated to reflect the Class X Units, which will be used going forward.

**APPENDIX 4  
DILUTION ADJUSTMENT**

**The number of occasions on which the dilution adjustment has been applied in the period from 1 April 2023 to 31 March 2024:**

Name of Fund	Number of days on which dilution adjustment has been applied during the period
Close Sustainable Select Fixed Income Fund	5
Close Diversified Income Portfolio Fund	0
Close Managed Income Fund	0
Close Conservative Portfolio Fund	0
Close Managed Conservative Fund	0
Close Tactical Select Passive Conservative Fund	0
Close Balanced Portfolio Fund	0
Close Sustainable Balanced Portfolio Fund	1
Close Managed Balanced Fund	0
Close Tactical Select Passive Balanced Fund	0
Close Growth Portfolio Fund	0
Close Managed Growth Fund	0
Close Tactical Select Passive Growth Fund	6

**APPENDIX 5  
ELIGIBLE MARKETS**

“Eligible markets” in respect of transactions in transferable securities as at the date of this Prospectus are as follows:

- any regulated market (as defined for the purposes of the COLL Sourcebook);
- a market in a state which is within the European Economic Area which is regulated, operates regularly and is open to the public;
- any other eligible market being a market which the Manager, after consultation with and notification to the Trustee, has decided to choose as one which is appropriate for the purpose of investment of or dealing in the property of the Trust. Any such market must operate regularly, be regulated, recognised, be open to the public, be adequately liquid and have adequate arrangements for unimpeded transmission of income and capital to or to the order of investors; and
- any of the exchanges or markets set out below.

“Eligible markets” in respect of transactions in derivatives as at the date of this Prospectus are as follows:

- any regulated market (as defined for the purposes of the COLL Sourcebook);
- a market in a state which is within the European Economic Area which is regulated, operates regularly and is open to the public;
- any other eligible market being a market which the Manager, after consultation with and notification to the Trustee, has decided to choose as one which is appropriate for the purpose of investment of or dealing in the property of the Trust. Any such market must operate regularly, be regulated, recognised, be open to the public, be adequately liquid and have adequate arrangements for unimpeded transmission of income and capital to or to the order of investors; and
- any of the exchanges or markets set out below.

**ELIGIBLE SECURITIES MARKETS**

<b>Country</b>	<b>Market</b>
AUSTRALIA	Australian Securities Exchange
CANADA	The Toronto Stock Exchange
EUROPE	Six Swiss Exchange The International Stock Exchange (TISE)
HONG KONG	Stock Exchange of Hong Kong Limited
ISRAEL	Tel Aviv Stock Exchange

<b>Country</b>	<b>Market</b>
JAPAN	Tokyo Stock Exchange Fukuoka Stock Exchange Nagoya Stock Exchange Osaka Exchange Sapporo Securities Exchange TSE JASDAQ Mothers Market
NEW ZEALAND	NZX Limited
SINGAPORE	Singapore Exchange
SOUTH AFRICA	JSE
SOUTH KOREA	Korea Exchange
THAILAND	Stock Exchange of Thailand
UNITED KINGDOM	Alternative Investment Market (AIM) London Stock Exchange plc
UNITED STATES OF AMERICA	New York Stock Exchange NYSE American NASDAQ OMX BX NASDAQ NYSE National NASDAQ OMX PHLX NYSE Arca NYSE Chicago  The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers

## ELIGIBLE DERIVATIVES MARKETS

Country	Market
AUSTRALIA	Australian Securities Exchange Limited (ASX)
CANADA	TMX Bourse de Montreal
HONG KONG	Hong Kong Futures Exchanges Limited
JAPAN	Tokyo Stock Exchange Tokyo Financial Exchange Osaka Exchange
SOUTH KOREA	Korea Exchange
NEW ZEALAND	NZX Limited
SINGAPORE	Singapore Exchange
SOUTH AFRICA	JSE
UNITED STATES OF AMERICA	Chicago Board Options Exchange (CBOE) Chicago Mercantile Exchange (CME) CX Futures Exchange ICE Futures New York Mercantile Exchange (NYMEX) New York Stock Exchange NASDAQ OMX PHLX
OTHERS	Six Swiss Exchange EUREX Exchange The London Metal Exchange Limited ICE Futures Europe

**APPENDIX 6**  
**BNYM SA/NV SUB-CUSTODIAN NETWORK –29 APRIL 2024**

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Argentina</b>	The Branch of Citibank, N.A. in the Republic of, Argentina	Ciudad de Buenos Aires
<b>Australia</b>	Citigroup Pty Limited	Melbourne
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Austria</b>	UniCredit Bank Austria AG	Vienna
<b>Bahrain</b>	HSBC Bank Middle East Limited	Kingdom of Bahrain
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Belgium</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Bermuda</b>	HSBC Bank Bermuda Limited	Hamilton
<b>Botswana</b>	Stanbic Bank Botswana Limited	Gaborone
<b>Brazil</b>	Citibank N.A., Brazil	Sao Paulo
<b>Brazil</b>	Banco Santander (Brasil) S.A	Sao Paulo
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	Sofia
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
<b>Cayman Islands</b>	The Bank of New York Mellon	New York
<b>Channel Islands</b>	The Bank of New York Mellon	New York
<b>Chile</b>	Banco Santander Chile	Santiago
<b>China</b>	HSBC Bank (China) Company Limited	Shanghai
<b>China</b>	Bank of China Limited	Beijing
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota
<b>Costa Rica</b>	Banco Nacional de Costa Rica	San José
<b>Croatia</b>	Privredna banka Zagreb d.d.	Zagreb
<b>Cyprus</b>	Citibank Europe Plc, Greece Branch	Athens
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka	Prague
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	Cairo
<b>Estonia</b>	SEB Pank AS	Tallinn

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Estonia</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
<b>Euromarket</b>	Clearstream Banking S.A.	Luxembourg
<b>Euromarket</b>	Euroclear Bank SA/NV	Brussels
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>France</b>	BNP Paribas SA	Paris
<b>France</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Germany</b>	The Bank of New York Mellon SA/NV	Frankfurt
<b>Ghana</b>	Stanbic Bank Ghana Limited	Accra
<b>Greece</b>	Citibank Europe Plc, Greece Branch	Athens
<b>Hong Kong</b>	Citibank N.A. Hong Kong	Hong Kong
<b>Hong Kong</b>	Deutsche Bank AG	Hong Kong
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office	Budapest
<b>Iceland</b>	Landsbankinn hf.	Reykjavik
<b>India</b>	Standard Chartered Bank, India Branch	Mumbai
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Indonesia</b>	Standard Chartered Bank, Indonesia Branch (SCB)	Jakarta
<b>Ireland</b>	The Bank of New York Mellon	New York
<b>Israel</b>	Bank Hapoalim B.M.	Tel Aviv
<b>Italy</b>	The Bank of New York Mellon SA/NV	Brussels
<b>Japan</b>	Mizuho Bank, Ltd.	Tokyo
<b>Japan</b>	MUFG Bank, Ltd.	Tokyo
<b>Jordan</b>	Bank of Jordan	Amman
<b>Kazakhstan</b>	Citibank Kazakhstan Joint-Stock Company	Almaty
<b>Kenya</b>	Stanbic Bank Kenya Limited	Nairobi
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait	Safat
<b>Latvia</b>	AS SEB banka	Kekavas novads
<b>Latvia</b>	The Bank of New York Mellon SA/NV, Asset Servicing,	Frankfurt



<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
	Niederlassung Frankfurt am Main	
<b>Lithuania</b>	AB SEB bankas	Vilnius
<b>Lithuania</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
<b>Luxembourg</b>	Euroclear Bank SA/NV	Brussels
<b>Malawi</b>	Standard Bank PLC	Lilongwe
<b>Malaysia</b>	Standard Chartered Bank Malaysia Berhad (SCB)	Kuala Lumpur
<b>Malta</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main	Frankfurt
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	Ebene
<b>Mexico</b>	Banco Nacional de México S.A. Integrante del Grupo Financiero Banamex	Ciudad de Mexico
<b>Mexico</b>	Banco S3 CACEIS Mexico, S.A., Institución de Banca Multiple	Ciudad de Mexico
<b>Morocco</b>	Citibank Maghreb S.A.	Casablanca
<b>Namibia</b>	Standard Bank Namibia Limited	Kleine Kuppe, Windhoek
<b>Netherlands</b>	The Bank of New York Mellon SA/NV	Brussels
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	Auckland
<b>Nigeria</b>	Stanbic IBTC Bank Plc.	Lagos
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Oman</b>	Standard Chartered Bank Oman branch	Ruwi
<b>Pakistan</b>	Deutsche Bank AG	Karachi
<b>Panama</b>	Citibank N.A., Panama Branch	Panama City
<b>Peru</b>	Citibank del Peru S.A.	Lima
<b>Philippines</b>	Standard Chartered Bank, Philippines Branch	Makati City
<b>Poland</b>	Bank Polska Kasa Opieki S.A.	Warszawa
<b>Portugal</b>	Citibank Europe Plc	Dublin
<b>Qatar</b>	Qatar National Bank	Doha
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Romania</b>	Citibank Europe plc Dublin, Romania Branch	Bucharest
<b>Russia</b>	AO Citibank	Moscow

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Russia</b>	PJSC ROSBANK	Moscow
<b>Saudi Arabia</b>	HSBC Saudi Arabia	Riyadh
<b>Serbia</b>	UniCredit Bank Serbia JSC	Belgrade
<b>Singapore</b>	DBS Bank Ltd	Singapore
<b>Singapore</b>	Standard Chartered Bank (Singapore) Limited	Singapore
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky	Bratislava
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	Ljubljana
<b>South Africa</b>	Standard Chartered Bank, Johannesburg Branch	Sandton
<b>South Africa</b>	The Standard Bank of South Africa Limited	Johannesburg
<b>South Korea</b>	Deutsche Bank AG	Seoul
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch	Seoul
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A	Bilbao
<b>Spain</b>	CACEIS Bank Spain, S.A.U.	Madrid
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd.	Zurich
<b>Switzerland</b>	UBS Switzerland AG	Zurich
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited	Taipei City
<b>Tanzania</b>	Stanbic Bank Tanzania Limited	Dar es Salaam
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
<b>Tunisia</b>	Union Internationale de Banques	Tunis
<b>Turkey</b>	Deutsche Bank A.S.	Istanbul
<b>U.A.E.</b>	HSBC Bank Middle East Limited (HBME)	Dubai
<b>U.K.</b>	The Bank of New York Mellon	New York
<b>U.S.A.</b>	The Bank of New York Mellon	New York
<b>U.S.A. Precious Metals</b>	HSBC Bank, USA, N.A.	New York
<b>Uganda</b>	Stanbic Bank Uganda Limited	Kampala

<b>Country/Market</b>	<b>Subcustodian</b>	<b>Address</b>
<b>Ukraine</b>	JSC "Citibank" Full name Joint Stock Company "Citibank"	Kiev
<b>Uruguay</b>	Banco Itaú Uruguay S.A.	Montevideo
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
<b>WAEMU</b>	Société Générale Côte d'Ivoire	Abidjan
<b>Zambia</b>	Stanbic Bank Zambia Limited	Lusaka
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	Harare

Note: Benin, Burkina-Faso, Guinea Bissau, Ivory Coast, Mali, Niger, Senegal and Togo are members of the West African Economic and Monetary Union (WAEMU).