Close Brothers Asset Management

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11 April 2025

THIS DOCUMENT IS IMPORTANT. ALTHOUGH YOU DO NOT NEED TO TAKE ANY ACTION, WE RECOMMEND THAT YOU READ IT.

Dear Unitholder,

Amendments to the Close Sustainable Balanced Portfolio Fund ("the Fund"), a sub-fund of the Close Discretionary Funds Umbrella Unit Trust.

We are writing to you to inform you that, on 2nd April 2025, we updated the investment objective and policy of the Fund, and included some new disclosures, to explain how the investment manager applies the Fund's sustainable investment methodology.

These changes were made to fully align with the FCA's Sustainability Disclosure Requirements ("SDR"), and we are pleased to inform you that we are now able to make use of the FCA's new "Sustainability Mixed Goals" label, which we explain in more detail below. The changes to the disclosures have no impact on the Fund's investment strategy, portfolio, or risk profile.

What is SDR?

SDR is a new set of FCA rules applying to funds, their operators and their investment managers through which the FCA aims to enhance transparency and trust in sustainable investment products. The SDR introduces measures such as:

- **an anti-greenwashing rule**, which aims to ensure that sustainability claims made by firms are fair and not misleading;
- **naming and marketing rules**, to ensure that sustainability features of investment funds are clearly identifiable, and that the names of funds and their disclosures accurately reflect their sustainability features;
- **four new sustainability labels**, which may be used by funds on a voluntary basis if they comply with the relevant FCA standards (Sustainability Focus, Sustainability Improvers, Sustainability Impact and Sustainability Mixed Goals); and
- **detailed disclosure requirements** for funds with sustainable features, aimed at providing consumers with accessible information to make informed investment decisions.

These rules started to come into effect in May 2024, with the latest rules – on naming and marketing and the related use of the sustainability labels - coming into force on 2 April 2025.

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How does SDR affect the Fund?

SDR will have no practical impact on the day to day management of the Fund. However, you will have access to more detailed information on the Fund's sustainability strategy. In providing this information in compliance with the new rules, we have had to make changes to the wording of the investment objective and policy of the Fund, as set out below.

The Fund is also now able to make use of the Sustainability Mixed Goals label. This means that the assets of a fund must comply with the requirements of two or more of the other labels. For the Fund, this includes the Sustainability Focus and Sustainability Improvers requirements as relevant for each asset of the Fund, demonstrating that the Fund comprises assets considered to be sustainable today, as well as those demonstrating that they are on a credible path to being sustainable in the future.

Details of the current and updated investment objective and policy wording for the Fund are set out in the attached Appendix. The financial investment objective of the Fund has not changed.

A further disclosure required by SDR is called the "consumer facing disclosure" which is intended to supply retail investors with key information on the sustainability features of their funds. This disclosure is available on our website at https://www.trinitybridge.com/our-services/investment-management/our-funds/close-sustainable-funds/close-sustainable-balanced-portfolio-fund

Further Information

You do not need to take any action in relation to these changes.

The unit classes currently in issue in the Fund are:

Fund Unit Class	ISIN	SEDOL
Close Sustainable Balanced Portfolio Fund I Acc	GB00BLPK3X58	BLPK3X5
Close Sustainable Balanced Portfolio Fund X Acc	GB00BLPK3Z72	BLPK3Z7

Both The Bank of New York Mellon (International) Limited as the trustee of the Fund and the FCA have been advised of the changes that we have made to the Fund

If you have any queries about these changes, please do not hesitate to contact us on 0370 606 6452 (individual holders) or at dsm@bnymellon.com (institutional holders). Calls may be recorded for training or monitoring purposes.

Yours faithfully,

Robin C S Smith

Director, Close Asset Management (UK) Limited

Appendix

<table>
<tr><td colspan="2"><u>Close Sustainable Balanced Portfolio Fund</u></td></tr>
<tr><td colspan="2"><u>The information below sets out the previous investment objective and policy of the Fund, the new investment objective and policy of the Fund and the additional disclosures now required under SDR for Funds that use a label.</u></td></tr>
<tr><td>Sustainable Label</td><td>Sustainable Label</td></tr>
<tr><td>N/A</td><td>The label used for the Fund is the Sustainability Mixed Goals label, comprising the Sustainability Focus and Sustainability Improvers requirements as relevant for each asset of the Fund.</td></tr>
<tr><td>Previous Investment Objective (combining financial and sustainable objectives).</td><td>New Financial Investment Objective</td></tr>
<tr><td>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 CO2e 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.</td><td>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).</td></tr>
<tr><td>Previous Sustainability objective</td><td>New Sustainability Objective</td></tr>
<tr><td>as above (the Fund target described above has been maintained, but is now set out with some of the additional information below)</td><td>The Fund has a sustainability objective to support and promote a low carbon economy, by investing both in (i) companies with low carbon intensity operations and (ii) companies that do not have low carbon intensity operations, but are demonstrably improving their carbon intensity within a clearly identified timeframe.

Pursuing this low carbon intensity strategy can help to promote emission efficiency, support the decarbonisation of high emitting companies and sectors, and help to mitigate climate change.</td></tr>
</table>

<table>
<tr><th>Previous sustainability standards</th><th>New disclosure on the Fund’s sustainability standards</th></tr>
<tr><td>N/A – this was not previously a requirement</td><td> <u>What standards of sustainability does the Fund use?</u>
The Manager and the Investment Adviser select the assets of the Fund using robust and evidence-based standards to define the terms “low carbon intensity” and “improving carbon intensity”.
As explained further below, the Manager and the Investment Adviser consider it important and appropriate to have separate carbon intensity standards to ensure the assets within the Fund are robustly considered against the relevant limb of the Fund’s sustainability objective.
This approach clearly demonstrates to investors how assets are considered to be sustainable <u>today (those with low carbon intensity)</u> and, separately, what assets need to demonstrate that they are expected to become sustainable <u>in the future (those with improving carbon intensity)</u>.
The Manager and Investment Adviser use the following definitions and standards:

Low carbon intensity companies (“Low Emitters”) must demonstrate a current level of carbon intensity that is considered to be sustainable today. This standard is a carbon intensity of at least 50% below the absolute carbon intensity of the global economy in 2019; and
Improving carbon intensity companies (“Improvers”) must demonstrate the ability to achieve a level of carbon intensity that can be considered to meet a future level of sustainability. These are companies:
<ol type="a">
with a current carbon intensity that is on track to reduce by at least 50% from that company’s 2019 baseline by 2030; and
which demonstrate a clear ambition equivalent to meeting a 100% reduction of net carbon emissions from that baseline by or before 2050.
The absolute standard of sustainability that Improvers should be working towards is an eventual outcome of 100% reduction of net carbon emissions.

together, the “Standards”)
<u>Why are the Standards appropriate?</u> </td></tr>
</table>

	As noted above, the Standards are appropriate to define, measure and differentiate between companies that are low carbon today and those which are demonstrably improving towards a future low carbon intensity: • **Low Emitters** provide investors with access to investments which currently have low carbon intensity operations. Whilst the strategy for Low Emitters does not target companies with net zero carbon intensity, Low Emitters may be on track to achieve this. The Fund's standard for a current measure of low carbon intensity is expected to change over time to ensure that, as the global economy decarbonises, the standard remains current and relevant. This does not mean that Low Emitters will be "improving" as these companies will always need to demonstrate a current level of low carbon intensity. However, the Manager and the Investment Adviser do anticipate that the Fund's definition of what is a Low Emitter will become more stringent over time. As noted above, this definition will be revisited before 2030 to ensure it reflects the latest accepted standard of what is considered to be low carbon at that time (see further detail below on the basis of this Standard). • **Improvers** provide investors with access to investments which may not have low carbon intensity operations, or be in low carbon emitting sectors, but which are demonstrably improving their carbon intensity within a clearly defined timeframe with an end goal of achieving a 100% reduction in net carbon emissions. The Manager and Investment Adviser consider that the intrinsic difference in carbon intensity profiles between Low Emitters and Improvers and the differing timeframes (i.e., current or in the future) requires the application of separate, appropriate definitions, as reflected in the Standards. Each of these types of companies, in the Manager and the Investment Adviser's opinion, are necessary for a strategy that seeks to actively support and promote a low carbon intensity economy.

	The Manager and the Investment Adviser further consider the Standards to be appropriate as: *1)* The Standards have been informed by the Intergovernmental Panel on Climate Change (IPCC)'s current target of achieving a 48% reduction in absolute global CO2 emissions by 2030 from a 2019 baseline and the IPCC's end target of 100% reduction in net carbon emissions by 2050. The IPCC is an internationally accepted body for setting CO2 reduction targets, representing an accepted measure of what is low carbon today and what is improving low carbon: a. The Fund's Low Emitters standard is based on the IPCC's current target, which the Manager and the Investment Adviser considers appropriate as it is a measure of current achievement of low carbon status; and b. the Improvers standard is the IPCC's end target. As the Fund is considering future achievement when looking at Improvers, the Investment Adviser considers it appropriate to look to the end goal of the IPCC, which is to achieve a 100% reduction in net carbon emissions. *2)* For Low Emitters, the global economy baseline is informed by the IPCC's target and is derived from a measurable body of carbon intensity data that is representative of the global economy. This sets a stringent standard that high carbon intensity sectors are unlikely to meet, thereby protecting the low carbon intensity nature of the Low Emitters. *3)* As the Fund is sector-agnostic, the global baseline used for Low Emitters allows for each asset considered to have a low carbon intensity to be measured on a consistent and comparable basis. As a result of the Fund's objective and standards, the Fund may materially comprise of sectors which are currently low carbon emitters as a result of their business model (e.g., financial services) alongside sectors which are not traditionally low carbon

	emitting but which, in the Investment Adviser's opinion, satisfy the Fund tests and will not cause the Fund to breach its overall target. Improvers may comprise higher emitting companies. *<u>How were the Standards deemed to be appropriate?</u>* The Standards have been determined to be appropriate, robust and evidence-based by the Investment Adviser's Sustainable Investment Oversight Committee (the "Committee"), which is independent from the Fund's investment process. The Committee will review the Standards on at least an annual basis and determine whether the thresholds for carbon intensity remain appropriate and that the data remains robust. The Investment Adviser has a team of independent, dedicated individuals whose role includes the verification and assessment of whether a particular asset meets the applicable Standard. As noted above, the Investment Adviser acknowledges that the carbon intensity thresholds that define Low Emitters and Improvers are likely to change after 2030. The thresholds will be reviewed before 2030 by the Committee and updated, as necessary, to reflect an accepted definition of what constitutes low or improving carbon intensity for the period beyond 2030. However, the Investment Adviser believes that setting measurable thresholds, which may change with internationally accepted standards of what constitutes "low carbon" and "improving", holds the Fund, and will continue to hold the Fund, to a higher standard of verifiable account. This allows investors to have a clear and up to date understanding of how each of the Low Emitters and Improvers sit within the internationally accepted definition of "low carbon" today and in the future. The Fund currently focusses on Scope 1 and Scope 2 emissions when calculating carbon intensity. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions are complex to measure and verify and not all

	companies are required or currently able to provide robust and verifiable Scope 3 emissions data. As data improves, the Fund may also consider the Scope 3 emissions to the extent that it can verify these.
Previous disclosure on material effects of sustainability objective on financial objective or sustainability outcomes	**New disclosure on the material effects of sustainability objective on financial objective or sustainability outcomes**
N/A – this was not previously a requirement	While the Fund may have access to a narrower investment universe of investments than funds without a carbon intensity objective, the Investment Adviser does not believe that this will have a material effect on the financial risk and return of the Fund or on the Fund's ability to meet its financial investment objective. The Investment Adviser does not consider that pursuing the Fund's sustainability objective is likely to result in material negative environmental and / or social outcomes. While the Fund pursues positive selection criteria focussing on carbon intensity, it mitigates negative environmental and/or social outcomes through the Fund's consideration of wider ESG issues in its exclusions policy (see Exclusions and divestment section) and ongoing engagement with companies (see Stewardship section below).
Previous Investment Policy	**New 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	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. While up to 20% of the Fund may be held in other classes, as explained below, this is for diversification purposes only and no assets in the Fund will be held in conflict with the Fund's sustainability objective. The Fund will hold more than 70% of its assets in securities which have an available carbon intensity enabling measurement and ongoing monitoring of the Fund's sustainability objective. The Fund's sustainability strategy is to actively select companies which have a low carbon intensity and companies which are committed to improving their carbon intensity within a clearly identified timeframe.

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	At least 70% of the Fund's securities which have an available carbon intensity will be Low Emitters. Low Emitters will comprise the Sustainability Focus element of the Fund's Mixed Goals label. Up to 30% of securities with available carbon intensity will be Improvers. Improvers will comprise the Sustainability Improvers element of the Mixed Goals label. The Fund will always hold a proportion of its assets in Improvers. The Manager and the Investment Adviser do not consider that there is any conflict between the Focus and Improver assets as it is necessary that investment is made in both types of assets to achieve the Fund's sustainability objective. The Investment Adviser believes it is useful to provide investors with a way to monitor on an ongoing basis how the carbon intensity of the Fund overall is decreasing, taking into account both the Low Emitters and the Improvers. As such, the Fund aims to maintain a Weighted Average Carbon Intensity (tonnes of Scope 1 and 2 CO_2e 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. 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. The Manager chose these benchmarks because: 1. MSCI ACWI and ICE BofA Global Corporate are reflective of the wider economy by virtue of their very broad inclusion of companies. 2. MCSI Global Low Carbon Leaders aims to achieve at least 50% reduction in the carbon footprint of the parent index (MSCI ACWI) by excluding companies with the highest carbon intensity and the largest owners of carbon reserves (per dollar of market capitalization). Therefore, should the broader market (MSCI ACWI) quickly achieve a 50% reduction in carbon intensity versus its

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

2019 level, the use of the Low Carbon Leaders index ensures that the Fund's carbon intensity will continue to reduce faster than the economy.

3. ICE Global Corporate Green, Social & Sustainable Index for Corporate Bonds reflects a sufficiently broad universe of issuers but qualifying bonds must have a clearly designated use of proceeds.

   As the companies involved are issuing sustainable bonds, the Manager expects this index to reflect a faster decarbonisation trajectory than the market wide index and therefore represents a good secondary test for the Fund.

The investment universe is identified by the Investment Adviser using quantitative and qualitative assessments focussed on the core carbon intensity objective, as well as broader sustainability criteria to ensure that the assets selected by the Investment Adviser are not otherwise harming environmental and/or sustainability outcomes.

Carbon tests

Each Low Emitter and Improver is required to have a carbon intensity in line with the relevant definitions and/or Standards set out above.

For Improvers, the Investment Adviser also applies a quantitative and qualitative analysis process, including the review of decarbonisation trends, forward looking metrics and/or transition plans to determine whether a security is eligible for investment under the Standard.

Specifically, the following conditions must be met for a security to be classified as an Improver, each of which will be applied on an asset by asset basis considering that security's current carbon intensity:

1) Has the security's rolling three-year average carbon intensity been reducing each year?

2) Is the security on track to achieve an emissions intensity that is 50% below its 2019 baseline by 2030?

3) Has the security publicly disclosed information in relation to the reduction of its scope 1 and 2 carbon emissions which allow the Investment Adviser to assess whether the plans and actions in place by

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

the security are aligned with the Fund's objective and Standards?

4) Has the security disclosed longer term ambitions for carbon reduction, including through to 2050 (as appropriate)? Such ambitions may be published as long-term goals, commitments, or quantifiable targets to achieving a net 100% reduction in carbon emissions. In each case, the Investment Adviser must be able to obtain, in its opinion, sufficient information (including forward looking metrics, transition plans, science based targets and taken together with the others conditions noted above) to ascertain that the security, at the point of investment, is aligned with the Fund's objective and Standards.

In addition, Improvers will be expected to meet the following targets:

1) Short term target: An annual reduction in scope 1 and 2 carbon intensity on a rolling three-year average basis.
2) Medium term target: A 36% reduction in scope 1 and 2 carbon intensity by 2027 from their 2019 baseline.
3) Long term target: A 100% reduction in net scope 1 and 2 carbon emissions by or before 2050.

In order to ensure that the Improver assets are held to stringent targets reflective of accepted standards of improvement (demonstrated by reference to the IPCC, as explained above), the medium term targets for Improvers will be regularly updated.

Taking into account the application of the Low Emitters and Improver standards, the Fund does not have a set allocation to any particular sector and is limited only by the exclusions set out below.

Broader sustainability selection criteria

In addition, 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. The Investment Adviser will not invest in companies that do not, in its opinion, satisfy this assessment.

Investment opportunities are identified using in-depth fundamental analysis to determine the wider

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.	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, the Investment Adviser focusses on what it assesses 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. As noted above, a company's Scope 3 emissions are not formally included within the Fund's sustainability standard or wider sustainability review as data availability is not yet sufficiently robust to be able to verifiably rely on it. However, to the extent that it is possible to do so the Investment Adviser may take Scope 3 emissions into account in a qualitative way as part of its review of, for example, carbon emissions goals or operations. 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. • 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 (i) affect the ability of the Fund to meet its sustainable objective (ii) be in conflict with the sustainability objective. In doing so, and to ensure that there are no conflicts with the sustainability objective, the Investment Adviser will consider, as part of its assessment, the relevant areas of the "broader sustainability criteria" set out above for each asset. 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
Previous ongoing monitoring and KPIs	**New ongoing monitoring and KPIs**
N/A – this was not previously a requirement	The KPIs used to monitor and demonstrate the Fund's performance towards its sustainability objective which investors may find useful are:

	- Percentage of Fund (by NAV) invested in total in Low Emitters and Improvers - Percentage of Fund (by NAV) invested in Low Emitters (excluding assets with no available carbon intensity (e.g., cash and sovereign bonds)) - Percentage of the Fund (by NAV) invested in Improvers ((excluding assets with no available carbon intensity (e.g., cash and sovereign bonds)) - Percentage of Improvers assessed to remain on track to meet their carbon intensity reduction targets by 2030 - Percentage of Improvers subject to engagement - The percentage reduction in the Weighted Average Carbon Intensity (WACI) of Improvers since 2019 - The WACI of the Fund, together with a comparison against each of the benchmarks, demonstrating the Fund's carbon intensity on an asset class basis and progress towards a decarbonised economy Each security in the portfolio that is invested in line with the Fund's sustainability objective will be monitored on an ongoing basis, including through the ongoing stewardship processes explained below. The Improvers will be expected to verifiably demonstrate that they continue to reduce their carbon intensity. Where Low Emitters are assessed no longer to meet the relevant criteria, they will be reclassified as Improvers and subject to the ongoing standards for Improvers (including, where relevant, engagement). There is, therefore, no separate KPI for Low Emitters engagement. The Manager will report on the overall WACI of the Fund's portfolio in the Consumer Facing Disclosure (Close Sustainable Funds | Close Brothers AM) and update in the Fund factsheet.
Previous stewardship disclosure	**New Stewardship disclosure**
N/A – this was not previously a requirement	The Manager and the Investment Adviser are signatories of the UK Stewardship Code 2020, published by the FRC (Financial Reporting Council). Further details are available on the Investment Adviser's website.

	The Investment Adviser uses its dedicated sustainability team to provide the relevant resources to support the achievement of the Fund's sustainability objective, including the ongoing monitoring of and engagement with the Fund's assets. **Improver holdings – initial investment** The Investment Adviser will engage all Improver holdings at the point of initial investment to inform them of: • their inclusion in the Fund, including their status as an Improver; • the Fund's labelling, prospectus and requirements; • expectations the Investment Adviser has; and, • the Fund's divestment criteria. **Improver holdings – tracking performance** Engagement on a) whether the security's rolling three-year average carbon intensity is reducing each year; b) whether the security is on track to achieve a carbon intensity that is 50% below their 2019 baseline by 2030, and c) the security's longer term ambitions to achieve a net 100% reduction in carbon emissions. The Investment Adviser will commence a two-year engagement period if (i) an Improver holding fails either of the first two Improver quantitative conditions or (ii) if the Improver retracts or materially changes its longer term ambitions. An escalation of engagement methods will be used if the Investment Adviser does not receive a satisfactory response. 1) The Investment Adviser will inform the holding by email that it has breached a specific condition and ask it what its plans are to correct this, and inform it that if not addressed: a. In respect of equity holdings: The Investment Adviser will vote against relevant board members at their next AGM; b. In respect of equity and corporate bond holdings: The Investment Adviser will divest after 2 years if conditions are still not satisfied.

	2) If the Investment Advisor does not receive a response following step (1) above, it will send a formal letter with the above information. 3) If the Investment Advisor does not receive a satisfactory response to either email or letter, it will request a meeting with IR/Chair to discuss. 4) In respect of equity holdings, if the Investment Adviser has not received satisfactory evidence that a correction is going to be made, it will vote at the next AGM to express its discontent. It will inform the company of this action either prior or after voting. It can attend AGM's in person to raise the issue. 5) Next steps include: a. Possibility of collaborative action, or a public letter if the Investment Adviser finds the right initiative to emphasise its position. b. Repeat of steps 1 and 2 in second year prior to divestment if still no improvement. c. Divest after 2 years if reported numbers do not satisfy the conditions. <u>Engagement on the security's medium and long term targets for reducing its scope 1 and 2 carbon emissions.</u> While Improvers need to meet the standard set out above, including in relation to medium and long term targets, the Investment Adviser believes that it is always possible to do more. As such, the Investment Adviser will engage if it considers that the Improver's medium or long term targets or disclosed actions to support the target can be strengthened. Note: Engagements may differ across asset classes and holdings, and the approach and methods the Investment Adviser adopts will be on a case-by-case basis depending on the responses it receives. **Low Emitter holdings** If a Low Emitter security breaches the robust standard of sustainability, the Investment Adviser will look at different sources of carbon intensity and engage with the holding to determine whether there are any data issues.

	If the data is accurate, the Investment Adviser will determine whether the security meets the Improver conditions. If the security meets the Improver conditions, the Investment Adviser will engage with the security as per the 'Improver holdings – initial investment' process above. If the security fails to meet the Improver conditions, the Investment Adviser will commence the 'Improver holdings – tracking performance' engagement process as above, with divestment after 2 years if reported numbers do not satisfy the conditions. **All holdings** If the portfolio breaches the Fund level "lower than benchmark carbon intensity" criteria, the Investment Adviser will look at different sources of carbon intensity and engage with holdings as necessary to determine whether there are any data issues. If the data is accurate, the Investment Adviser will adjust the portfolio within 90 days in order for the fund level criteria to be satisfied.
Comparator Benchmark	**Comparator Benchmark – no change**
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.	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.