Assessment of Value

For year ended 31 March 2024

Close Brothers
Asset Management

Chair's introduction

Welcome to our fifth Assessment of Value report which considers the overall value we believe our authorised funds have delivered to investors, and highlights any areas of concern or where we feel that action is needed to improve the value delivered.

This is our first Assessment of Value report since the implementation of Consumer Duty in July 2023 and we have worked to incorporate the themes and values from these new regulations into our fund management, as well as our wider business. Accordingly, for this year's Assessment of Value report, we have sought to build on the work undertaken in previous years and to embed the principles of Consumer Duty into how we look at the benefits and value provided to clients. The other significant theme for the year in governance and regulation is sustainability with the publication of the FCA Sustainable Disclosure Requirements (SDR) at the end of November 2023 and the upcoming publication of our Task Force on Climate Related Disclosures (TCFD) reports for all funds.

In 2023, we updated our sustainable investment methodology as used within the Select Global Equity and Sustainable Select Fixed Income funds but, having reviewed this further, we expect to make further changes during 2024 for all of our sustainable funds in order to align with SDR, and we will engage with clients and the regulator over the coming months on this.

In our previous report, we noted that, from 30 June 2023, the Strategic Alpha Fund would undergo several changes – to its legal structure, moving to direct rather than fund of fund investing, adopting a sustainable investing methodology and changing its name. Following these changes, the renamed Close Select Global Equity Fund has seen steady inflows and solid performance. However, as the performance history was reset due to the changes, 12-month performance will be published in July and is not accounted for in this report.

Turning to markets, in the 12 months period to the end of March 2024 global growth was weaker than originally forecast. Monetary tightening, the lagged effect of high inflation and weaker growth in China all contributed to below average returns. However, in the second half of the year, the markets proved favourable for both equities and bonds. Over the full year US equity markets lead the way (at +29.9%), Japan was close behind (at 21.3%) whilst Europe was up 12.4%, the UK was up 8.3% and Emerging Markets returned 7.8% – all in sterling terms.

In the second half of the year the bond markets returned to a favourable trajectory, in the course of 12 months UK gilts rose +0.9% and UK corporate bonds rose +6.8%, whilst European government bonds increased +4.5% and US government bonds rose +1.5% (all in sterling terms). We believe owning a mix of UK and US sovereign bonds helps us to achieve a roughly neutral duration position relative to the Funds' peer group averages. Both types of fixed income are offering the best headline yield levels in over a decade.

Given the still-elevated inflation position and the prospect of sustained market volatility, we continue to see an important role for alternative investments within portfolios, especially those, which can be a source of genuine diversification and inflation protection. Commodities continued to have a roller coaster ride – oil, which had strengthened in the first half, renewed its decline in the second half of the year, falling -8.2% in US dollar terms in the last six months but reaching +9.7% over the year, whilst Gold gained +11.9% over the year.

Summary of findings

We have not identified any issues relating to quality of service to our clients and investors.

The majority of our funds have performed in line with their stated performance objectives, and generally compare well to their peer group using Investment Association (IA) sector as comparators.

In the FTSE techMARK fund, a passive tracker of a technology-focused index, we are considering actions to ensure the future stability and quality of the fund. The underlying index, techMARK focus, has reduced significantly over recent years to less than 20 stocks and, whilst the fund continues to meet its objectives in tracking the index, we are considering whether this is providing the best outcome for clients and will communicate our findings and proposals over the next few months.

In our 2023 report, we noted that four of our funds (Conservative and Balanced Portfolio and Conservative and Balanced Tactical Select) had underperformed their comparator benchmarks over our target five-year period and that actions were being taken by the fund managers to address this and improve value for clients. I am pleased to say that all four funds have shown significantly improved performance and have outperformed their comparator benchmarks over the past 12 months.

I am also pleased to say that the merger of Sustainable Bond and Select Fixed Income mentioned in the 2023 report has had a positive outcome for the unitholders, with the resulting Sustainable Select Fixed Income showing excellent performance, well ahead of its comparator benchmark. Costs for the merged fund remain below the average for the peer group. The updated sustainable investment methodology has been received well by investors although, as noted above, we are reviewing this to ensure alignment with SDR.

Our fund costs generally remain below their IA sector comparator and are rated accordingly. The growth of passive funds globally continues to put pressure on fees, and our Tactical Select Passive range is able to take advantage of this. These funds are the cheapest in our range, reflecting the use of passive instruments rather than direct investments or third party managed funds and we believe that the active security selection and asset allocation provides value to clients when compared to purely passive funds.

In our evaluation of Economies of Scale, we have defined criteria to determine whether we can reduce costs for clients. In this year, no funds met these criteria as only the Balanced Portfolio fund has more than £1bn AUM and has been subject to net outflows over the year offsetting positive investment performance. Further commentary is included in the Economies of Scale section within this report.

Whilst there are no fee reductions proposed for this year we will keep this under review and make changes where appropriate in the future.

In conclusion, I am delighted to say that all of our funds have been assessed as providing value for money for our clients.

Eddy Reynolds
Chair
Close Asset Management (UK) Ltd

Our governance model

The financial conduct authority (FCA) has defined seven criteria for this assessment of value

1. Quality of service
2. Performance
3. Costs
4. Economies of scale
5. Comparable market rates
6. Comparable services
7. Classes of unit

As in previous years, we have included two additional criteria that we regard as important:

8. Liquidity
Maintaining liquidity on daily priced funds is important at all times, but particularly in periods of market volatility. We do not manage any property based funds and will not normally hold any unquoted shares in our fund range, as these can prove difficult to sell, even under favourable market conditions. CBAM monitor liquidity daily and report regularly to internal governance committees and the CAM (UK) board.

9. Product Governance
We are also conscious of our Product Governance obligations, in particular the need to ensure that funds remain fit for purpose and the distribution arrangements align with the target market. This has also been a focus of Consumer Duty and we have sought feedback from distributors to ensure that our funds are meeting the needs of the target market.

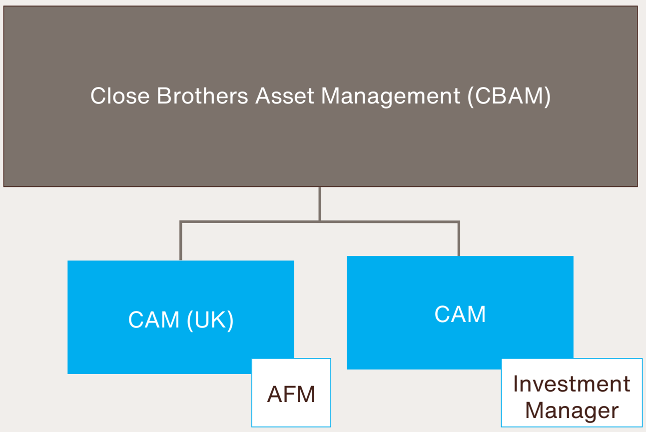
To produce this report we looked at all of our funds in turn and reviewed them against each of these criteria. The matrix on page five shows the funds included within this assessment and a summary of our findings.

Our governance model

Close Asset Management (UK) Limited (CAM(UK)) acts as Authorised Fund Manager/Authorised Corporate Director (AFM/ACD) for the Close Brothers Asset Management (CBAM) fund range. Although wholly owned by Close Brothers, CAM(UK) is a separate legal entity from Close Asset Management Limited (CAM), the investment management company that manages CBAM's funds.

This distinction is important as it helps ensure accountability and separation of responsibilities – fund oversight by CAM(UK), investment management by CAM.

To reinforce the separation from CAM and provide independent oversight, CAM(UK)'s Board includes two independent Non-Executive Directors. Their role is to consider the interests of our unit holders, overseeing the governance of the CBAM fund range, covering both how the funds are managed and how they are administered. This includes outsourced functions such as transfer agency and fund accounting, as well as the separate Trustee role, which are delegated to Bank of New York Mellon (BNYM), covered further below. The Non-Executive Directors play an active role on the Board holding fund managers to account and providing independent oversight of the different support functions across our fund range.



Value assessment for individual funds

	Quality of service	Performance	Costs – general	Economies of scale	Comparable market rates	Comparable services	Classes of unit	Liquidity	Product governance related issues	Overall
Close Portfolio funds										
1. Sustainable Select Fixed Income	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
2. Diversified Income	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
3. Conservative	Green	Amber	Green	Green	Green	Green	Green	Green	Green	Green
4. Balanced	Green	Amber	Green	Green	Green	Green	Green	Green	Green	Green
5. Sustainable Balanced	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
6. Growth	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
7. Select Global Equity	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Close Managed funds										
8. Income	Green	Red	Green	Green	Green	Green	Green	Green	Green	Green
9. Conservative	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
10. Balanced	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
11. Growth	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Close Active-Passive (Tactical Select) funds										
12. Conservative	Green	Amber	Green	Green	Green	Green	Green	Green	Green	Green
13. Balanced	Green	Amber	Green	Green	Green	Green	Green	Green	Green	Green
14. Growth	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Specialist funds										
15. FTSE techMARK	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Throughout this report you can see how each of our funds performed under each assessment criteria, using the fund number in the table above.

Key

- Green: Value delivered
- Amber: Further analysis and possible remedial action required to avoid future client detriment
- Red: Remedial action required

1. Quality of service

What we are assessing
The range and quality of services we provide to unitholders.

Assessment
Funds are designed to meet the needs of a collective group of investors and each fund is managed in accordance with its prospectus and stated investment objectives. Administration and service are very important, so how and what we communicate to our clients matters, as does the service they receive.

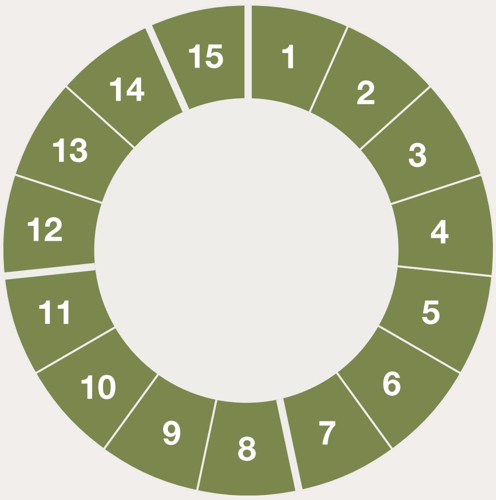
We maintain a dedicated fund operations team, whose role is to oversee the daily running of these funds, working closely with our administrator and the custodian, Bank of New York Mellon (BNYM), to whom the fund administration is delegated. BNYM is responsible for valuing and pricing the funds and for handling the daily inflows and outflows. BNYM also acts as the funds' Trustee, and therefore also plays an important governance oversight role.

Each of the funds described in this report is available for purchase through the CBAM custody and administration platform, which clients can access on both a self-directed or advised basis. They can also be bought and sold through a wide range of external platforms, either self- directed or through advice by a financial adviser.

Our principal interactions directly with end investors are with clients who are either advised by CBAM or who invest through the CBAM platform. Our funds are also widely held across the main third party platforms, where our relationship is with the platforms as opposed to their underlying clients. However, many of these clients are in turn intermediated, which means that they are advised by an IFA. CBAM maintains a dedicated intermediary team which manages our relationships with these intermediaries. This is a useful source of external feedback on our funds, supplementing the insights we receive from our direct investors.

Following Consumer Duty and the implementation of an industry wide 'Distributor Feedback Template', we have asked for feedback across our distribution network on our funds including any issues arising with clients and, in particular, data on sales not within the target market. While the data is not fully complete, we have had no negative feedback and all sales reported are within the target market for the funds.

Our assessment of value – quality of service



For each of the criteria, we have broken down our performance for each of our 15 funds, as follows:

- Value delivered
- Further analysis and possible remedial action required to avoid future client detriment
- Remedial action required

2. Performance

What we are assessing
How the funds have performed relative to their comparators over five years, consistent with the five year time horizon stated in the fund objectives.

Assessment
We define value in this context as the performance delivered net of fees, having regard to a fund's stated risk profile and investment objective. All of our funds have a five year minimum recommended investment time horizon for achievement of their objectives. In addition to their peer group comparator, each fund is required by internal governance monitoring to operate within a defined volatility or risk range band. This helps us to ensure that they remain suitable for their target market.

Investment objectives will vary, depending on the amount of risk a fund can take and whether it is targeting income or capital growth. Their cost will be dependent on their investment style and asset mix. Cost will be lowest for those funds that invest in index-tracking securities and highest for our multi-manager funds, which select and blend other providers' actively managed funds.

With the exception of our FTSE techMARK Fund which has a target benchmark as it tracks the relevant index, all of our other funds adopted the IA sector in which they are classified as comparator benchmarks. This provides clients with an independently generated performance yardstick against which to judge a fund's performance relative to other broadly similar funds.

We have summarised these different elements in the table below

Fund name	Minimum recommended time horizon	CBAM Risk profile[1]	Investment objective	Investment style
Sustainable Select Fixed Income	Five years	Low – Fixed Income	Income while maintaining capital value over the medium term	Direct
Diversified Income	Five years	Cautious	A regular income stream together with some capital growth over the medium term	Direct
Managed Income	Five years	Lower moderate	Income with some capital growth over the medium term	Multi-manager
Conservative Portfolio	Five years	Lower moderate	Moderate capital growth with some income over the medium term	Direct
Managed Conservative	Five years	Lower moderate	Moderate capital growth with some income over the medium term	Multi-manager
Tactical Select Passive Conservative	Five years	Lower moderate	Moderate capital growth with some income over the medium term	Active-passive
Balanced Portfolio	Five years	Moderate	Capital growth with some income over the medium term	Direct
Sustainable Balanced	Five years	Moderate	Capital growth with some income over the medium term	Direct
Managed Balanced	Five years	Moderate	Capital growth with some income over the medium term	Multi-manager
Tactical Select Passive Balanced	Five years	Moderate	Capital growth with some income over the medium term	Active-passive
Growth Portfolio	Five years	High	Capital growth over the medium term	Direct
Managed Growth	Five years	High	Capital growth over the medium term	Multi-manager
Tactical Select Passive Growth	Five years	High	Capital growth over the medium term	Active-passive
Select Global Equity	Five years	Highest	Capital growth over the medium term	Direct
FTSE techMARK	Five years	Highest	To track the FTSE techMARK Focus Index	Passive

[1] These risk profile designations help advisers determine which CBAM funds best match their clients' risk appetite.

To help ensure that our investment strategies remain suitable for their designated risk level, we also use an internally generated Strategic Asset Allocation framework to help us monitor fund volatility.

The performance table below focuses on longer term five year performance, consistent with the funds' stated investment time horizon. To make this more meaningful, we have added a yield column, mainly relevant for our lower risk, income orientated funds, as well as columns to show the value of £100 invested after five years, assuming reinvestment of income.

The performance delivered by our funds to the end of March 2024 is summarised below

Fund range (X class units only)

Performance net of fees to 31 March 2024		Performance summary		
		Yield [1]	5 year	Value of £100 invested after 5 years, with income reinvested
Fixed Income	Close Sustainable Select Fixed Income Fund X Inc	4.98%	17.86%	£117.86
	IA Sterling Strategic Bond		9.66%	
Diversified Income	Close Diversified Income Portfolio Fund X Acc	5.41%	17.90%	£117.90
	Close Managed Income Fund X Acc	4.12%	15.61%	£115.61
	IA Mixed Asset 20-60% Shares		17.16%	
Conservative	Close Conservative Portfolio Fund X Acc	1.58%	14.12%	£114.12
	Close Managed Conservative Fund X Acc	2.45%	20.16%	£120.16
	Close Tactical Select Passive Conservative Fund X Acc	2.22%	15.79%	£115.79
	IA Mixed Asset 20-60% Shares		17.16%	
Balanced	Close Balanced Portfolio Fund X Acc	1.27%	22.52%	£122.52
	Close Sustainable Balanced Portfolio Fund X Acc [2]	1.43%	n/a	n/a
	Close Managed Balanced Fund X Acc	1.74%	29.77%	£129.77
	Close Tactical Select Passive Balanced Fund X Acc	2.09%	27.27%	£127.27
	IA Mixed Asset 40-85% Shares		28.73%	
Growth	Close Growth Portfolio Fund X Acc	0.84%	34.84%	£134.84
	Close Managed Growth Fund X Acc	1.22%	38.10%	£138.10
	Close Tactical Select Passive Growth Fund X Acc	1.96%	36.97%	£136.97
	IA Flexible Investment		31.49%	
	Close Select Global Equity Fund X Acc [3]	0.40%	n/a	n/a
	IA Global		n/a	
Other	Close FTSE techMARK Fund	1.20%	49.28%	£149.28
	FTSE techMARK Index [4]		57.78%	

■ Performance above the IA sector comparator. ■ Performance below the IA sector comparator.
Numbers rounded to 2 decimal places.

1 Yield = A measure of the income return earned by each fund, taking into account the current value of the expected income from the underlying fund holdings. Sustainable Select Fixed Income Fund is based on Yield to Maturity, while other funds are based on historic yield.

2 The fund was launched in November 2020 so a longer track record is not yet available and we do not provide a formal rating until five years, however we have assessed this fund and would rate it as Green. After 3 years we do not have any performance concerns.

3 The Fund underwent a restructuring process on 30 June 2023, where changes were made to the Investment Policy and Objectives, the comparator benchmark, the change of status from a NURS to UCITS and to the name. As a result the past performance of the Fund is not considered as an appropriate guide/comparator and hence the historic performance data was removed. Formal rating will only be available after year five, however we have assessed this and, at this stage, we do not have any performance concerns.

4 Effective 7 August 2019 the stated benchmark for this Fund changed from the FTSE techMARK Focus Capital Return to the FTSE techMARK Focus Total Return index.

We have also included an additional table below to show the income generated over five years for £100 invested in the Income (as opposed to Accumulation) share class of our three income orientated funds.

Income Fund range

		5 year	Income received on £100 invested
Fixed Income	Close Sustainable Select Fixed Income Fund	21.08%	£21.08
	IA Sterling Strategic Bond		
Diversified Income	Close Diversified Income Portfolio Fund	21.78%	£21.78
	Close Managed Income Fund	17.59%	£17.59
	IA Mixed Asset 20-60% Shares		

We believe there are important factors to highlight for the five funds whose performance we have rated amber or red in our value assessment. Each of these funds will continue to be monitored, with remedial steps taken where appropriate, but we do not think any immediate action is required.

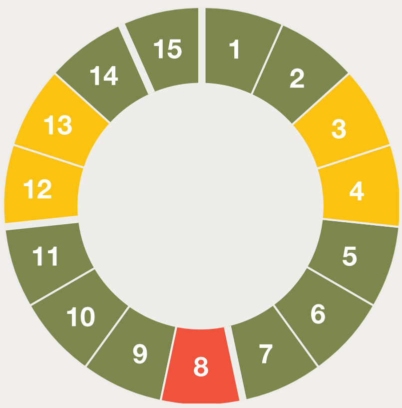
Conservative Portfolio and Balanced Portfolio funds
These funds have underperformed their comparator benchmarks over both three and five years. In the last review, they were rated as Red and actions were taken to address the causes of underperformance. As their performance over the past 12 months has improved significantly - with both funds ahead of their respective comparator benchmarks - we have revised the rating for both of the funds to Amber.

As also reported in the 2023 review, we note that the underperformance of both these funds can be attributed primarily to the currency hedging programme employed during the period up to the end of September 2022.

Prior to September 2022 our policy was to hedge 50% of the value of all non-Sterling denominated assets in these funds into Sterling. The result was a substantial long Sterling/short US Dollar position that suffered as the US dollar rose and Sterling weakened against all major currencies, without offsetting gains elsewhere in the underlying assets of the funds to compensate.

To remediate this issue, a new currency hedging policy was implemented in late September 2022. Under the new policy, these funds now hedge up to 100% of the fixed income assets only. This approach has more appropriately hedged currency risks within the funds, with gains/losses from hedging offsetting currency losses/gains elsewhere in fixed income.

As both funds are ahead of their benchmark over one year, we do not believe any further actions are needed at this point. However, we will continue to monitor performance to ensure that the improvements are maintained.



Please refer to the table and key on page six.

Managed Income Fund
This fund is showing as red because it is behind its comparator benchmark over five years, and also remains behind over one year. However, we do still feel that the fund is providing value for investors as the under-performance is due to the bias towards income, which they would expect. The income yield from the fund remains competitive and in line with peers.

The impact of the income bias in stocks can be seen by comparing returns to those from Managed Conservative as both funds have a similar equity/bond split, but the Managed Conservative has larger holdings in ‘growth’ stocks that pay a low or no dividend yield. Over five years, the Managed Conservative fund has outperformed Managed Income by nearly five percentage points.

Over a five year view, two distinct periods of underperformance of the Managed Income Fund against its comparator benchmark can be identified:

- Firstly, during the initial COVID period in 2020 when a number of companies reduced or cut their dividend (which is obviously “bad” for income paying funds). This was then followed by a post COVID bounce in stocks that benefited from the “stay at home” environment – e.g. online/tech-related growth stocks. [As a proxy, the MSCI Growth index returned nearly 35% over 2020 whereas the MSCI Value Index returned -4%].

- Secondly, the period starting in March 2023 when most of the funds that are held within Managed Income were underweight the types of underlying stocks (in particular, US large cap tech stocks, which pay low or no dividends) that performed extremely well in capital growth terms.

Conservative and the Balanced Tactical Select Passive funds
Both of these funds have underperformed relative to their comparator benchmarks over the five year period but - since the action taken following the 2023 review – have outperformed over 1 and 3 years and have, therefore, been rated Amber.
The funds have lagged behind their peers over the five year period mainly due to positioning in 2020 during COVID. At that point, we took a negative view on the economy and markets and, as a result, the funds were – with hindsight – positioned more defensively than the peer groups.

Following this, we adjusted our approach and performance has significantly improved. In addition, we have implemented ‘thematics’ and sector focusses and expanded our universe of ETF instruments. As a result, performance has improved.

FTSE techMARK
As a purely passive tracker fund, some underperformance against the index is expected due to charges and timing of stock changes. Therefore, while amber rated against the index based on our strict criteria, we do not believe that this is a concern in terms of value for money for investors and have therefore rated it as green on this criterion.

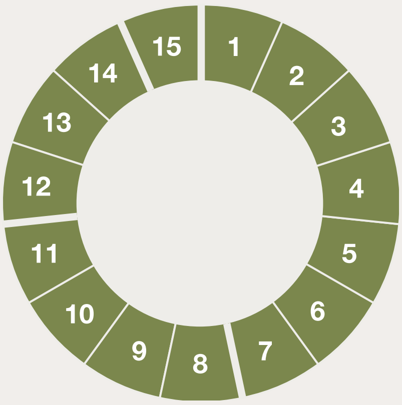
3. Costs

What we are assessing
The cost of providing the services to which each of our charges relates.

Assessment
We charge a Fund Management Fee (FMF) for each of our funds, providing greater transparency and certainty over the actual amount of overall fees charged to a fund. The FMF, which we express as a percentage amount, covers all of the costs relating to the management of these funds, namely:

- Investment management
- Fund administration
- Custody
- Independent trustee
- Transfer agent
- External audit
- Legal
- Other professional fees

Our assessment of value – costs



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The FMF does not include the cost of investing in third party funds or transaction costs which are not under the control of the investment manager. However, these costs are shown to investors through the Ongoing Charges Figure disclosures on our fund factsheets.

The FMF cannot be changed without reference to unitholders. However, the CAM (UK) Board conducts an annual review of the FMF across our funds to determine any scope for fee reduction. If the conclusion is that the FMF does need to be adjusted, a communication to all unitholders will be distributed.

The costs charged by the providers do continue to reflect the costs within the funds. As with the previous year, we assessed the profitability of the funds and how the charges compare to our peers and determined that a reduction in the FMFs was not warranted at this stage.

4. Economies of scale

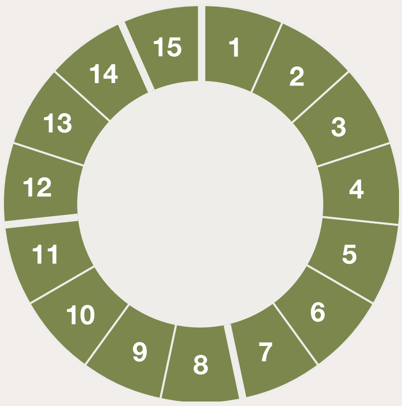
What we are assessing
Whether, and where, we are able to achieve savings and benefits from economies of scale.

Assessment
Our use of BNYM as fund administrator and transfer agent allows us to benefit from their economies of scale, enabling us to deliver services to unitholders with better value for money. With the exception of Select Global Equity and FTSE techMARK, our funds sit within a single UCITS umbrella structure, which allows for economies of scale on the fund range as a whole.

We conduct regular exercises to compare our fees with organisations of similar scale and levels of activity and we continue to improve the quality of our costs analysis to identify any scope for additional savings that could be passed on. As part of this process (and in order to confirm that we and our investors are receiving value for money) we regularly review our third-party contracts and fees to test whether our costs are in line with what other comparable asset management firms are paying.

We have previously set out a methodology for identifying where the economies of scale realised on a particular fund or group of funds can point to a potential reduction in the FMF. In identifying the triggers that will suggest a reduction in the FMF, we sought to strike a balance between ensuring that unitholders share in any cost savings that can be achieved, but also allowing the fund range to develop and new capabilities to be delivered which will benefit unitholders.

Our assessment of value – economies of scale



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We defined specific criteria to show whether cost reductions could be shared, sustainably, with unitholders to include sustained inflows, a minimum value in each relevant fund of £1bn, confirmation that revenue for each relevant fund is rising faster than costs and revenue across the individual fund ranges being sufficient to absorb reductions in fund costs without adverse impact on existing services and future development.

Having considered these characteristics across the full fund range, the Balanced Portfolio fund is the only fund with more than £1bn of Assets under Management (AUM of £1.2bn at 31 March 2024) and this fund was therefore examined in more detail to determine whether cost savings could be identified.

The fund continued to see outflows with £170m withdrawn in the year to 31 March 2024, and, despite positive investment performance, the overall value of the fund fell over the year.

Looking at all criteria, we have therefore determined that reducing the FMF for this fund is not a valid action for this year although we will consider this again next year.

5. Comparable market rates

What we are assessing
The market rate for any comparable service we provide.

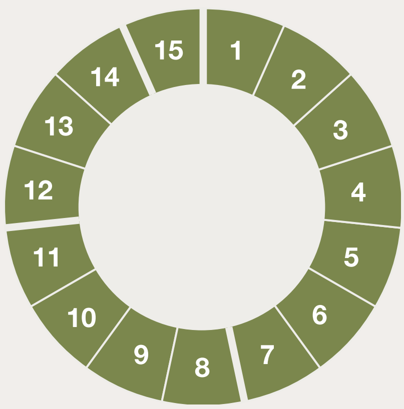
Assessment
When looking at comparable market rates, we are careful to ensure that we take account of investment strategies employed by other managers and therefore the comparability with our own. The lowest cost funds employ purely passive strategies so follow the market, either up or down, without any active intervention.

Although we only offer one purely passive fund, FTSE techMARK Fund, three of our funds, comprising the Close Tactical Select Passive range are active-passive, which means that they combine active asset class selection with passive security selection. Together, these are our lowest cost products.

The rest of our funds employ both active asset class selection and active underlying security selection and therefore have a higher cost, while still remaining competitive relative to their peer group.

Within this element of our fund range, we offer a mix of funds that invest either directly in stocks or indirectly through other managers' funds and similar vehicles, which may include some passive elements to reduce costs. The latter are known as multi-manager funds. These tend to have the highest overall cost because they have two sets of costs; running of the funds themselves, plus the charges on the externally managed vehicles selected.

Our assessment of value – comparable market rates



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These multi-manager funds allow clients to delegate the work involved in selecting and monitoring other fund managers and can help minimise volatility, because the assets are spread across different managers and sectors of the market.

Our active funds that invest directly in equities and bonds enable clients to delegate all security selection to our investment professionals. These funds generally have a lower cost than multi-manager funds and can perform better if their managers pick the right stocks. However, they can also be more volatile, which can result in greater performance dispersion relative to their multi-manager peers.

As we offer all three different investment styles, our costs vary across the fund range. In the table below, we have included a cost comparison for our funds, relative to the average of their IA sector peer group. The significant majority of our funds compare favourably with the market, including our all active-passive funds and direct funds. For reference, we have also included a weighted average cost for the Close funds relative to IA median for their comparator benchmarks. This indicates that on an aggregate basis, investors in our funds are paying less than the median for the comparator sectors.

We are comfortable that, despite the Managed range being above the peer group in overall cost, the funds provide value for money as the majority of the costs are from the underlying securities and these are negotiated and controlled by the manager as much as possible. Investors using a "fund of funds" approach are clearly informed of the charges and should expect a higher overall charge than for directly invested or passive funds.

Diversified Income is slightly above the average for its sector due to the inclusion of the underlying costs of the investment trusts used which reflects the long standing management style.

We have rated these funds as green for this assessment criteria for these reasons.

Due to the changes made in converting Strategic Alpha to Select Global Equity and changing the investment strategy to direct from multi-manager, the OCF has now moved to below the IA sector average.

Cost comparison – funds versus IA sector comparator

Investment style	Category	Published OCF (ongoing cost of funds)	IA Median	Relative
	IA Sterling Strategic Bond		0.64%	
Direct	**Close Sustainable Select Fixed Income Fund**	0.48%		-0.16%
	IA Mixed Asset 20-60% Equity		0.90%	
Direct	**Close Diversified Income Portfolio Fund**	0.72%		-0.18%
Direct	**Close Conservative Portfolio Fund**	0.88%		-0.02%
Multi-manager	**Close Managed Income Fund**	1.04%		0.14%
Multi-manager	**Close Managed Conservative Fund**	1.04%		0.14%
Active-passive	**Close Tactical Select Passive Conservative Fund**	0.49%		-0.41%
	Weighted average cost of CBAM funds in this sector	**0.81%**		-0.09%
	IA Mixed Asset 40-85% Equity		0.91%	
Direct	**Close Balanced Portfolio Fund**	0.85%		-0.06%
Direct	**Close Sustainable Balanced Portfolio Fund**	0.85%		-0.06%
Multi-manager	**Close Managed Balanced Fund**	1.02%		0.11%
Active-passive	**Close Tactical Select Passive Balanced Fund**	0.51%		-0.40%
	Weighted average cost of CBAM funds in this sector	**0.81%**		-0.10%
	IA Flexible Investment		1.00%	
Direct	**Close Growth Portfolio Fund**	0.87%		-0.13%
Multi-manager	**Close Managed Growth Fund**	1.03%		0.03%
Active-passive	**Close Tactical Select Passive Growth Fund**	0.50%		-0.50%
	Weighted average cost of CBAM funds in this sector	**0.81%**		-0.19%
	IA Global		0.86%	
Direct	**Close Select Global Equity Fund**	0.68%		-0.18%

■ OCF is below the IA sector comparator. ■ OCF is above the IA sector comparator.

Source: FE Analytics data as at April 2024; IA sector numbers are medians of all of the funds in each sector.
Table only includes X class units.

6. Comparable services

What we are assessing
How our charges compare with those for other services we offer to clients.

Assessment
Most of the funds described in this document do not have any equivalents elsewhere within CBAM. The only current exception is for our directly invested portfolio fund range where we are the investment adviser to equivalent (white-labelled) funds belonging to an external institutional client. For these funds, we believe that the total costs to an end investor are broadly comparable with our own funds.

7. Classes of units

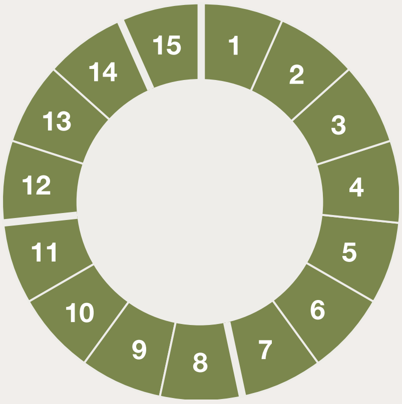
What we are assessing
Whether it is appropriate for our unitholders to hold units in classes that are subject to higher charges than for other classes of the same scheme with substantially similar rights.

Assessment
Like a number of our peers, we still have some pre-Retail Distribution Review share classes. These are closed to new clients, but continue to attract small inflows from regular investors whose contracts pre-date their closure.

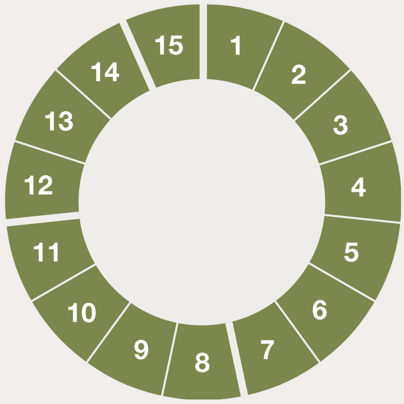
Following our original 2020 review, we closed 12 of these share classes. However, it proved impractical to close the remaining six legacy share classes as the majority of holders benefited from rebates which meant they were better off remaining in their legacy share class. Although we wrote to clients not benefiting from these rebates again in early 2021 inviting them to instruct a switch to the cheaper X share class, a small number still remain.

We keep this matter under regular review but we do not feel that any further action is warranted at this time.

Our assessment of value – comparable services



Our assessment of value – classes of units



Please refer to the table and key on page six.

8. Liquidity

What we are assessing
The liquidity of our daily priced funds.

Assessment
Although not a defined criteria, daily traded open-ended funds can experience problems liquidating assets in stressed market circumstances or if there are large withdrawals from the fund. This tends to be a function of the type of assets they hold, with illiquid assets such as physical property and unquoted shares proving potentially problematic.

CBAM seeks to mitigate this risk in different ways. Examples include:

- Avoiding unquoted shares
- Using closed ended funds such as Real Estate Investment Trusts (REITs) for any property related exposure
- Closely monitoring our exposure to less liquid securities with internal limits to ensure that most of each fund's total assets are held in securities we judge to have either very high or high liquidity

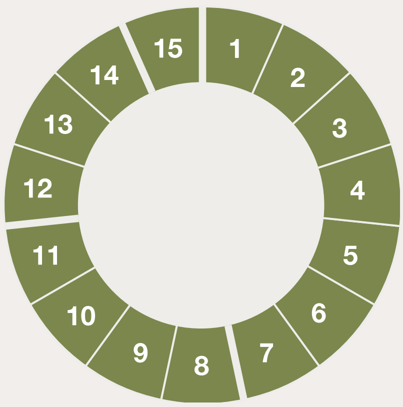
This year we further strengthened our process for reviewing liquidity, testing our funds monthly against the average liquidity results from six separate simulated stressed market environments.

9. Product Governance

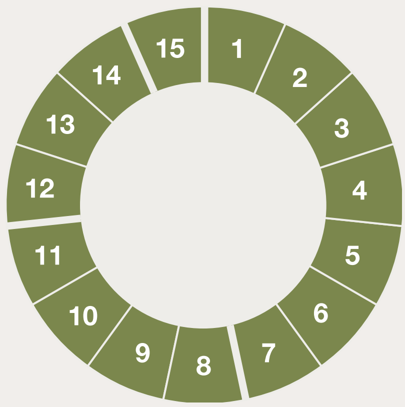
What we are assessing
Whether our funds remain fit for purpose and are distributed in accordance with their target market.

Assessment
All our funds are mass-market UCITS. This means that they may be suitable for all types of investor, but that investors should still have regard to their investment priorities, risk appetite, capacity for loss and time horizon for investing. For clients unfamiliar with investing, we would recommend the use of an adviser to help decide which of these funds best meets their needs. However, our assessment indicates that all of our funds are being distributed appropriately across our different sales channels, both internal and external.

Our assessment of value – liquidity



Our assessment of value – product governance



Please refer to the table and key on page six.

Close Brothers
Asset Management

CBAM6634. July 2024.