Close Brothers
Asset Management

Assessment of Value

FOR YEAR ENDED
31 MARCH 2023

Chair's introduction

Welcome to our fourth 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.

The 12 months to the end of March 2023 were a difficult period for markets. Equity market returns were mixed with the UK leading the way +5.6% while the US was down nearly 3% in sterling terms. Europe and Japan were up c9% and 1% respectively although Emerging Markets were down nearly 5% – all in sterling terms.

On average, bond markets fell by more than equities over the period making it a difficult environment for all multi asset investors. Sovereigns, corporates and index linked bonds were all negative ranging between -12% for UK Corporates and -28% for UK index linked. Note, however, that as of September 2022 bonds as an asset class started to have a real positive yield and so moved back to become a viable asset class.

The Alternative asset class was also mixed with commodities having a roller coaster ride – energy for example up strongly post the Russia invasion of Ukraine and then down in 2023 as a mild winter and supply constraints eased. Property and Real Estate Investment Trusts (REITs) fell sharply as interest rates rose with infrastructure proving more resilient (-5%) and absolute return, as you would expect, was very mixed and strategy dependent.

As sustainability continues to be a major theme for our clients, our regulator and our investment team, we have taken further steps during this year to enhance our sustainable investment proposition. In September 2022, Close Brothers Asset Management (CBAM) became a signatory of the Net Zero Asset Manager's Initiative (NZAM) and has continued as a signatory of the UK Stewardship Code. Work is ongoing to producing Task Force on Climate-Related Financial Disclosures (TCFD) aligned reports for CBAM and our funds and we look forward to the finalisation of the Financial Conduct Authority's (FCA) Sustainable Disclosure Requirements.

During the course of the year we merged our Sustainable Bond fund with Select Fixed Income to become Sustainable Select Fixed Income. This was done to improve the long term outcomes for unitholders and we took the opportunity to introduce a new sustainable investing methodology to the merged fund. While this change happened late in the period of assessment, we have been pleased with the continued strong performance and inflows into the merged fund.

Following the period of assessment, we wrote to unitholders in the Strategic Alpha fund asking for their agreement to make a series of changes to improve the sustainable framework, governance, costs and management of the fund. At an Extraordinary General Meeting held on 26 June 2023, these changes were approved and, from 30 June 2023, the fund legal structure changed and it moved to investing directly rather than via a fund of funds approach, adopted the same sustainable investing methodology as Sustainable Select Fixed Income and changed its name to Close Select Global Equity.

As these changes happened outside the period of assessment, we will report in more detail on the outcomes for the fund in our next review as the assessment in this report is based on the position at 31 March 2023.

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 – Investment Association (IA) sector comparators.

Where funds have underperformed their comparators, we have included additional commentary in the Performance section of this report, with three of our funds as red and one as amber for performance for this reason.

Our fund costs generally remain below their IA sector comparator and are rated accordingly. We pay particular attention to our Tactical Select range this year as passive funds continue to exert significant downward pressure on fees. 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.

As noted in last year's report, when looking at Economies of Scale, we have implemented a process to assess when we may reduce fees based on meeting some key trigger points, notably stable net new inflows, a fund size of over £1billion and a clear indication that revenue growth is outstripping costs. In this year, none of our funds met the criteria for reducing fees with our only fund with more than £1billion AUM, suffering net outflows over the year. Further background is included in the Economies of Scale section within this report.

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

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

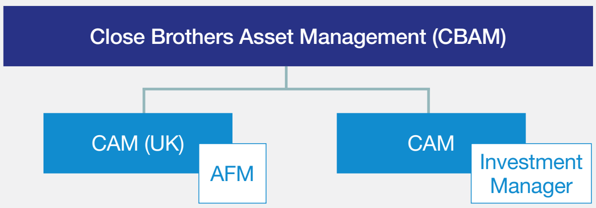
We are also conscious of our Product Governance obligations, in particular the need to ensure that funds remain fit for purpose and the distribution arrangements align with the target market. This has a renewed focus this year with the introduction of the FCA Consumer Duty and we have worked over the course of the year to ensure that we can evidence that our funds meet the new requirements.

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										
2	Diversified Income										
3	Conservative										
4	Balanced										
5	Sustainable Balanced										
6	Growth										
	Close Managed funds										
7	Income										
8	Conservative										
9	Balanced										
10	Growth										
	Close Active-Passive (Tactical Select) funds										
11	Conservative										
12	Balanced										
13	Growth										
	Specialist funds										
14	Strategic Alpha										
15	FTSE techMARK										

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

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

Through the 2022 "Investors In Customers" survey of CBAM advised and self-direct clients, we looked for any indications of dissatisfaction with the service provided around fund administration and were pleased to see no patterns of concern. The received feedback has generally been positive with one of the key messages being that Close Brothers Asset Management employees are good listeners, care about their clients' needs and proactively deal with concerns.

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.

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
Strategic Alpha	Five years	Highest	Capital growth over the medium term	Multi-manager
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.

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.

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 2023 IS SUMMARISED BELOW

Fund range (X class units only)

Performance net of fees to 31 March 2023		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	6.46%	9.6%	£109.60
	IA Sterling Strategic Bond		4.4%	
Diversified Income	Close Diversified Income Portfolio Fund X Acc	6.32%	14.5%	£114.50
	Close Managed Income Fund X Acc	3.37%	12.2%	£112.20
	IA Mixed Asset 20-60% Shares		11.9%	
Conservative	Close Conservative Portfolio Fund X Acc	1.96%	9.7%	£109.70
	Close Managed Conservative Fund X Acc	2.38%	13.8%	£113.80
	Close Tactical Select Passive Conservative Fund X Acc	2.05%	10.6%	£110.60
	IA Mixed Asset 20-60% Shares		11.9%	
Balanced	Close Balanced Portfolio Fund X Acc	1.81%	15.5%	£115.50
	Close Sustainable Balanced Portfolio Fund X Acc [2]	1.98%	n/a	n/a
	Close Managed Balanced Fund X Acc	1.74%	21.8%	£121.80
	Close Tactical Select Passive Balanced Fund X Acc	2.14%	19.7%	£119.70
	IA Mixed Asset 40-85% Shares		21.8%	
Growth	Close Growth Portfolio Fund X Acc	1.63%	24.5%	£124.50
	Close Managed Growth Fund X Acc	1.31%	27.3%	£127.30
	Close Tactical Select Passive Growth Fund X Acc	2.19%	27.9%	£127.90
	Close Strategic Alpha Fund X Acc	1.16%	26.3%	£126.30
	IA Flexible Investment		23.3%	
Other	Close FTSE techMARK Fund	1.86%	59.9%	£159.90
	FTSE techMARK Index [3]		64.7%	

Performance above the IA sector comparator. Performance below the IA sector comparator.

Numbers rounded to 1 decimal place.

[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] Launched in November 2020 so longer track record not yet available. We don't provide a formal rating until five years, however we have assessed this fund and would rate Close Sustainable Balanced Portfolio as Green. At this stage we don't have any performance concerns.

[3] 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

		Income received on £100 invested
Fixed Income	Close Sustainable Select Fixed Income Fund	£20.80
	IA Sterling Strategic Bond	
Diversified Income	Close Diversified Income Portfolio Fund	£20.90
	Close Managed Income Fund	£17.30
	IA Mixed Asset 20-60% Shares	

We believe there are important factors to highlight for the four 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 and Balanced Tactical Select Passive funds. Both these funds have underperformed versus their comparator benchmarks over the five year period. The Conservative fund performance is behind the benchmark by 1.2 percentage points and the Balanced fund is behind by 2.1 percentage points over this period. Both funds were rated Amber in the 2022 review but, as the Balanced fund has outperformed the benchmark over one year, we have kept the rating Amber for this fund but moved the Conservative fund to Red.

In looking at the reasons for the underperformance in more detail, the manager notes that this has largely come from the Fixed Interest part of the portfolios where, due to the underlying passive instruments used, there is less facility for active management around duration and therefore performance suffered against more traditionally active managed peers.

This is shown by the outperformance over the short term of the Growth and Balanced funds where the weighting to equities is larger and the manager has more ability to find areas of outperformance against active peers.

Performance of all funds within the range has improved as the impact of the very poor 2022 for bond markets recedes and the manager feels that the improved equity performance of the portfolios has potential to improve further over the medium term. Bond exposure is also kept under constant review with new instruments added where available to change the duration.

The funds' performance will be closely monitored over the coming months and further analysis conducted on the underlying reasons for changes in comparative performance. However, no further action will be taken at this time.

Conservative and Balanced Portfolio funds. These funds have underperformed versus their benchmarks over one, three and five years and are, therefore, marked as Red. The Balanced fund was rated Amber for performance in the 2022 review while the Conservative fund is underperforming for the first time.

Conducting more detailed analysis of the causes of the underperformance in the short term and looking to the future, we note that the underperformance of both of these funds can be attributed to the currency hedging programme employed in the period to end September 2022.

For a number of years, the policy was to hedge 50% of the value of all non-Sterling denominated assets in the fund into Sterling. The result was a substantial long Sterling/short US Dollar position (as well as short other miscellaneous currencies in smaller size, such as Euro and Yen) which suffered as the US dollar rose and Sterling weakened against all major currencies without offsetting gains elsewhere in the underlying assets of the fund to compensate.

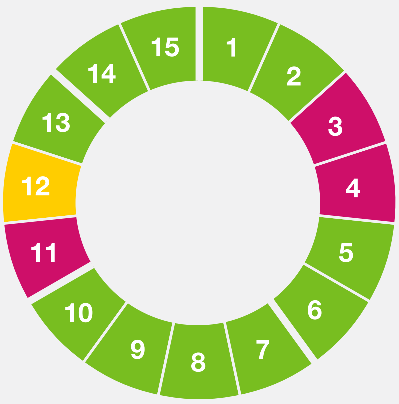
We estimate the performance impact attributable to this ineffective hedging to be almost three percentage points for the Conservative fund and four percentage points for the Balanced fund in the first half of the period. Excluding this, both funds would have been ahead of their IA peer group. For a different perspective, the Close Sustainable Balanced Portfolio Fund – which did not have this structure of currency hedging in place and is part of the same Portfolio fund range – was ahead of its comparator benchmark.

To remediate this issue, a new currency hedging policy was implemented on 29th September 2022. This new policy hedges up to 100% of the fixed income assets only in the fund. Going forwards, we anticipate that this new approach will more appropriately hedge currency risks, with gains/losses from hedging offsetting currency losses/gains elsewhere in fixed income, as well as opening up the non-Sterling fixed income investment universe.

Based on the steps taken to remediate the proximate cause of the underperformance, we will keep the funds under close scrutiny over the next period but no other action is to be taken at this time.

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.

OUR ASSESSMENT OF VALUE – PERFORMANCE



Please refer to the table and key on page five.

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

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.

OUR ASSESSMENT OF VALUE – COSTS

Please refer to the table and key on page five.

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 Strategic Alpha 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 continue to use the same methodology for identifying and assessing Economies of Scale as outlined below. In identifying the triggers that will suggest a reduction in the FMF, we have 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.

We defined specific criteria that show that cost reductions can be shared, sustainably, with unitholders:

- Sustained inflows rather than market movements which can swiftly reverse. This allows some security that the funds will not reduce significantly in size and therefore profitability if market conditions change which might otherwise lead to a reversal of cost reduction
- A minimum value in each relevant fund of £1billion. Coupled with the sustained inflow criteria, this should ensure that any cost reduction is sustainable
- Confirmation that revenue for each relevant fund is rising faster than costs ensuring that cost reductions do not cause the fund manager to impair or reduce services
- The revenue across the individual fund ranges (Direct, Managed and Tactical Select) and across the entire fund range being sufficient to absorb reductions in fund costs without impairing existing services and future beneficial developments

Having considered these characteristics across the full fund range, the Balanced Portfolio fund is the only fund with more than £1billion of assets under management (AUM of £1.2billion at 31 March 2023) and this fund was therefore examined in more detail to determine whether cost savings could be identified.

The fund continued to have negative outflow as at 31 March 2023, the investors withdrew ca £70million, and the value of the fund fell from 31 March 2022 to 31 March 2023 by £176million.

We also looked in more detail at our Conservative Portfolio fund as our other largest fund, with an AUM of just under £800million at 31 March 2023. This fund also fell in value over the course of the year and suffered net outflows of just under £70million during the assessment period.

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.

OUR ASSESSMENT OF VALUE – ECONOMIES OF SCALE

Please refer to the table and key on page five.

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

Please refer to the table and key on page five.

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. Eight of our funds compare favourably with the market, including our three active-passive funds and four of the five direct funds. One of our direct funds, Diversified Income, is slightly above the sector average as are our Managed (multi-manager) funds. These are highlighted in amber. 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.

As noted in the introduction, the Strategic Alpha fund has now changed to a direct investment strategy which substantially reduces the OCF and, for next year's review, should result in the costs being 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		0.65%	
Direct	**Close Sustainable Select Fixed Income Fund**	0.47%		-0.18%
	IA Mixed Asset 20-60% Equity		0.98%	
Direct	**Close Diversified Income Portfolio Fund**	1.04%		0.06%
Direct	**Close Conservative Portfolio Fund**	0.92%		-0.06%
Multi-manager	**Close Managed Income Fund**	1.18%		0.20%
Multi-manager	**Close Managed Conservative Fund**	1.15%		0.17%
Active-passive	**Close Tactical Select Passive Conservative Fund**	0.47%		-0.51%
	Weighted average cost of CBAM funds in this sector	**0.94%**		-0.04%
	IA Mixed Asset 40-85% Equity		0.97%	
Direct	**Close Balanced Portfolio Fund**	0.86%		-0.11%
Direct	**Close Sustainable Balanced Portfolio Fund**	0.89%		-0.08%
Multi-manager	**Close Managed Balanced Fund**	1.10%		0.13%
Active-passive	**Close Tactical Select Passive Balanced Fund**	0.50%		-0.47%
	Weighted average cost of CBAM funds in this sector	**0.84%**		-0.13%
	IA Flexible Investment		1.03%	
Direct	**Close Growth Portfolio Fund**	0.89%		-0.14%
Multi-manager	**Close Managed Growth Fund**	1.09%		0.06%
Active-passive	**Close Tactical Select Passive Growth Fund**	0.48%		-0.55%
Multi-manager	**Close Strategic Alpha Fund**	1.29%		0.26%
	Weighted average cost of CBAM funds in this sector	**0.86%**		-0.17%

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

SOURCE FE Analytics data as at April 2023; 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 five.

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.

OUR ASSESSMENT OF VALUE – LIQUIDITY

Please refer to the table and key on page five.

9. Product Governance

WHAT WE ARE ASSESSING

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

ASSESSMENT

With the exception of Strategic Alpha, 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.

For Strategic Alpha, as noted in the introduction, we have decided to move away from the NURS structure to align with our other funds as a mass-market UCITS. This took effect from 30 June (after the assessment period) but means that all our funds now have the same structure and governance.

OUR ASSESSMENT OF VALUE – PRODUCT GOVERNANCE

CBAM6634. July 2023.