Close Brothers Asset Management

Assessment of Value

FOR YEAR ENDED
31 MARCH 2021

CEO introduction

Welcome to our second Assessment of Value report which assesses the overall value we believe our authorised funds have delivered to investors, and highlights any areas of concern or where we wish to take action.

Our last report, published in July 2020, outlined a number of changes we intended to make following our first review. These involved:

- Compulsory conversion of our (pre-Retail Distribution Review (RDR)) legacy share classes to our cheaper (post-RDR) X share class, where we could demonstrate that this would benefit the unitholders impacted.
- Reduction in our Fund Management Fee for two of our funds.

I am pleased to report that all of these enhancements have now been implemented.

The 12 months to end of March 2021 has seen markets continue to recover from the lows experienced in the early part of last year. Conditions have nevertheless remained volatile, with significant rotation taking place between sectors and stocks that performed well in the earlier months of the pandemic and those that lagged but have since rebounded on hopes that the global economy would start to re-open.

Our fund range has been established for over 10 years and has maintained a good overall long term track record as is illustrated in this report. Over a shorter time horizon, the last 18 months have been an unusual period for markets, with sharp falls in the early part of 2020 as a result of the pandemic, followed by a strong rally as markets responded positively to Central Bank intervention and other measures, and then to news about vaccines and the US election result. We believe that the appropriate time horizon over which to assess our performance is five years given that this is the minimum time horizon we suggest investors take. Over this five year period, three of our 15 funds have materially underperformed their peer group comparator and have therefore been rated amber. Another three have underperformed over five years, but not sufficiently to justify an amber rating, either because they fell just below the comparator or because they performed well over three years. We have commented further on each of the funds that have underperformed over five years in the Performance section below.

In December 2020, CBAM became a signatory to the United Nations supported Principles for Responsible Investment. This global initiative has become a key driver for responsible investment. It is helping its worldwide network of signatories embed the assessment of environmental, social and governance (ESG) factors into their investment decision making process. As a long term investor committed to helping our clients achieve their financial goals through active and effective stewardship of their capital, we believe these factors will continue to grow in importance.

Last year also saw the launch of our new Sustainable Fund range, with the conversion of our existing Close Bond Income Portfolio Fund into the Close Sustainable Bond Portfolio Fund and the creation of the new Close Sustainable Balanced Portfolio Fund. These new funds form an important part of our evolving ESG strategy and help us to meet the growing demand for products with an explicit sustainable investment objective.

Despite the pandemic, we have continued to invest in our business including our technology, operations and cyber security. We are confident that this will stand us in good stead as the economy re-opens and life starts to return to normal.

Although we have no further changes to propose at this stage, we welcome the opportunity this annual reporting exercise provides us to inform you about how we have performed against the different assessment criteria. This year's version now includes an additional table summarising the recommended investment time horizon, objectives and management style for each of our funds which we hope you will find useful.

Martin Andrew
Chief Executive Officer,
Close Brothers Asset Management

Our governance model

THE 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 we did last year, 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. We monitor liquidity daily and report monthly to Close Brothers Asset Management (CBAM's) Investment Review Committee and quarterly to the Close Asset Management (UK) Ltd (CAM(UK)) Board.

9. Product governance

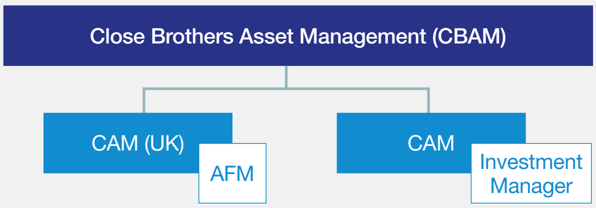
We are also conscious of our Product Governance obligations, in particular the need to ensure that funds remain fit for purpose and are distributed in accordance with their target market.

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 4 shows the funds included within this assessment and a summary of our findings.

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 rated amber for performance for this reason.
- Our fund costs generally remain below their IA sector comparator.
- Following last year's review, we took steps to close those legacy share classes where we could demonstrate that unit holders would be better off in new (post RDR) share classes. Where we retained the more expensive legacy classes of units, we did so for the benefit of clients receiving management fee rebates through their platforms. We have reminded unitholders who are not receiving these rebates from their platform provider that they could switch to the cheaper equivalent share class at any time, at nil cost.

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, custody 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 Bond										
2	Select Fixed Income										
3	Diversified Income										
4	Conservative										
5	Balanced										
6	Growth										
	Close Managed Funds										
7	Income										
8	Conservative										
9	Balanced										
10	Growth										
	Close Active-Passive Funds										
11	Conservative										
12	Balanced										
13	Growth										
	Specialist Funds										
14	Strategic Alpha										
15	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, BNYM, to whom the actual 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 through our own 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 on either a self-directed or advised basis.

Our principal interactions directly with end investors is with clients who are either advised by CBAM or who invest through our own 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 Independent Financial Adviser (IFA) or other professional. CBAM maintains a dedicated intermediary team who manages our relationships with these professionals. This is a useful source of external feedback on our funds, supplementing the insights we receive from our direct investors.

We are not aware of any complaints during the reporting year that relate specifically to the management of our funds. Where CBAM has received complaints about its funds in the past, these have been resolved without intervention from the Financial Ombudsman Service or the need for us to make a judgement against ourselves.

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 three and five years, with greater weight attaching to the five year rolling returns, given their five year minimum recommended time horizon.

ASSESSMENT

We define value in this context as the performance delivered net of fees, having regard to a fund's time horizon, stated risk profile, investment objective and cost. All of our funds have a five year minimum recommended investment time horizon for achievement of their objectives. In addition to their peer group or market index comparator, each fund is targeted to operate within a defined volatility or risk range. 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 use passively-run index-tracking vehicles 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 Bond	Five years	Low – Fixed Income	Income while maintaining capital value over the medium term	Direct
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.

All of our funds have delivered positive returns over the 12 months to 31 March 2021. Our two fixed interest funds continued to offer consistent income generated returns, also benefiting from a narrowing of credit spreads post the initial, pandemic-induced weakness in the corporate bond market. Our multi-asset funds all benefited from the rebound in equity markets that followed the sharp sell-off experienced in February/March of 2020.

Relative to our IA peer group comparators, results have been more mixed. Our conservative investment style, bias towards overseas markets such as the US, and preference for quality growth stocks that significantly outperformed over the previous reporting period, stood us less well in the latter part of 2020/early 2021 as sentiment rotated in favour of value stocks. The other factor that impacted returns was sterling appreciation, which reduced the returns on our overseas holdings.

For our multi-asset portfolio fund range, which invests directly in stocks and shares, exposure to non-sterling assets is partially hedged to reduce the associated currency volatility. With sterling strengthening over the 12 months to 31 March 2021, this proved beneficial, but not enough to compensate for the change in sentiment impacting some of our favoured stocks. Relative performance of these particular funds over the three year rolling period has been much stronger, with only Diversified Income (which has a lower maximum allocation to equity type assets relative to its IA sector) underperforming its peer group comparator.

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

Our management of the funds has regard to these IA comparators and in particular to the exposure limit constraints they contain, such as minimum and maximum percentages that can be held in equities. 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.

Given the investment time horizon for these funds, the performance table below focuses on longer term three and five year performance. 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 three and five years, assuming reinvestment of income.

THE PERFORMANCE DELIVERED BY OUR FUNDS TO THE END OF MARCH 2021 IS SUMMARISED BELOW

CBAM fund range (X class units only)

Performance net of fees to 31 March 2021		Performance summary					
		Yield (YTM) [1]	3yr	Value of £100 invested after 3 years, with income reinvested	5yr	Value of £100 invested after 5 years, with income reinvested	Max Drawdown over 5 years [2]
Fixed Income	Close Sustainable Bond Portfolio Fund X Acc	3.1%	10.1%	£110.09	24.2%	£124.16	-5.8%
	IA Sterling Corporate Bond		13.1%		25.2%		-6.6%
	Close Select Fixed Income Fund X Inc	4.5%	15.4%	£115.42	28.7%	£128.70	-9.8%
	IA Sterling Strategic Bond		13.2%		25.1%		-7.8%
Diversified Income	Close Diversified Income Portfolio Fund X Acc	4.3%	13.9%	£113.93	24.3%	£124.29	-11.7%
	Close Managed Income Fund X Acc	3.0%	11.7%	£111.66	24.2%	£124.20	-15.2%
	IA Mixed Asset 20-60% Shares		14.4%		30.3%		-12.9%
Conservative	Close Conservative Portfolio Fund X Acc	2.2%	16.6%	£116.56	30.3%	£130.32	-10.6%
	Close Managed Conservative Fund X Acc	2.0%	13.8%	£113.79	29.7%	£129.69	-12.0%
	Close Tactical Select Passive Conservative Fund X Acc	1.7%	12.9%	£112.94	31.4%	£131.44	-12.0%
	IA Mixed Asset 20-60% Shares		14.4%		30.3%		-12.9%
Balanced	Close Balanced Portfolio Fund X Acc	1.9%	22.4%	£122.37	41.1%	£141.14	-14.4%
	Close Managed Balanced Fund X Acc	1.5%	23.7%	£123.70	50.3%	£150.27	-14.0%
	Close Tactical Select Passive Balanced Fund X Acc	1.7%	17.8%	£117.80	44.0%	£144.03	-15.9%
	IA Mixed Asset 40-85% Shares		21.4%		44.4%		-15.4%
Growth	Close Growth Portfolio Fund X Acc	1.7%	31.0%	£131.02	53.0%	£152.98	-15.9%
	Close Managed Growth Fund X Acc	1.2%	31.8%	£131.76	65.5%	£165.47	-15.5%
	Close Tactical Select Passive Growth Fund X Acc	1.6%	23.3%	£123.32	53.6%	£153.57	-18.2%
	Close Strategic Alpha Fund X Acc	1.0%	34.4%	£134.38	71.2%	£171.21	-18.8%
	IA Flexible Investment		22.6%		49.4%		-15.5%
Other	Close FTSE techMARK Fund	1.6%	56.2%	£156.22	76.4%	£176.43	-22.5%
	FTSE techMARK Index [3]		56.1%		72.4%		-21.6%

Above the IA sector comparator. Below the sector comparator.

Numbers rounded to 1 decimal place.

[1] Yield to Maturity (YTM) = 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.

[2] Maximum Drawdown = This looks at the highest fall in value experienced by each fund over the last 5 years from a peak to a trough, before a new peak is then reached. Most, if not all, of these falls occurred in the period February/March 2020 in response to the outbreak of the Covid19 pandemic.

[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 three and five years for £100 invested in the Income (as opposed to Accumulation) share class of our four income orientated funds.

CBAM Income Fund range

		Income earned			
		3yr	Income received on £100 invested	5yr	Income received on £100 invested
Fixed Income	Close Sustainable Bond Portfolio Fund	9.0%	£9.00	18.0%	£18.00
	Close Select Fixed Income Fund	13.0%	£13.00	21.0%	£21.00
Diversified Income	Close Diversified Income Portfolio Fund	12.0%	£12.00	20.0%	£20.00
	Close Managed Income Fund	11.0%	£11.00	19.0%	£19.00

We believe there are important factors to highlight for the funds whose performance we have rated amber. While these have fallen behind their comparator benchmarks, there are mitigating reasons.

These three funds will continue to be monitored, with remedial action taken where appropriate.

- **Sustainable Bond.** For historical reasons, this fund was restricted in its ability to invest in longer dated bonds, as a means of reducing its risk profile. By design, it therefore had a duration consistently shorter than its peer group benchmark which in turn helps to explain its under-performance relative to the IA sector, given the outperformance of longer dated bonds over the five years to end March 2021. This internal duration restriction has now been removed to enable the fund manager to adopt a longer duration if appropriate.

- **Diversified Income.** Due to its risk profile, this fund has a lower limit on its allocation to equities than other funds in the IA Mixed Asset 20-60% Shares sector. It will therefore tend to underperform when equity markets are strong. It has however maintained a consistent income stream over the last five years, during a period when bond yields have fallen, compounded by reductions or suspensions of dividends on equities during 2020. It has also outperformed its peer group over the last 10 years.

OUR ASSESSMENT OF OUR ASSESSMENT OF VALUE – PERFORMANCE

Please refer to the table and key on page 4

- **Managed Income.** In common with similar income orientated funds, this fund was impacted by the pandemic in 2020, as income paying companies such as banks and other financial institutions cut or suspended their dividends. This has in turn affected the three and five year numbers for this fund. There has been some recovery since November of last year, but not enough to make up for the earlier underperformance. Performance since fund launch in October 2011 remains ahead of comparator.

Although we believe that each of these funds have delivered value to their investors in absolute terms, we have rated them amber for performance on the basis that they have lagged their stated comparator. Although we do not believe that immediate action is required at this stage, we will keep them under review to ensure that action is taken if performance continues to lag.

Three of our other funds have underperformed their comparator over three or five years, if only marginally. Although not rated amber as such, the following commentary helps put this into context:

Managed Conservative – this fund has slightly underperformed its peer group. The main detractors were European and Global Equity manager selection, with strength of sterling over the last 12 months also proving negative, given that this fund does not hedge its currency exposure.

Portfolio Balanced – this fund is ahead of comparator over three years but has underperformed over five years, the main reasons being:

- An overweight position in UK equities, which significantly underperformed other markets in early part of 2020.

- The 50% currency hedge on the overseas equity holdings. Although beneficial over the last 12 months, this adversely impacted performance in 2016 following the Brexit referendum, which resulted in a sharp fall in sterling.

Tactical Select Passive Balanced – this fund has underperformed over three years but only marginally underperformed over five. Most of the underperformance took place in 2020, which proved a good year generally for active managers who account for a significant part of this sector. However, the fund was further impacted by its exposure to income/value orientated strategies at start of the pandemic in early part of 2020.

3. Costs

WHAT WE ARE ASSESSING

The cost of providing the services to which each of our charges relates.

ASSESSMENT

We charge a fixed 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 has to cover all of the costs relating to the management of these funds, namely:

- Investment management
- Fund Adminstration
- Custody
- Independent Trustee
- Transfer agent
- External Audit
- Legal
- Other professional fees

The FMF cannot be changed without reference to unitholders. However, it can be reduced if the CAM(UK) Board considers there is scope for any cost savings to be shared with unitholders. CAM(UK) conducts an annual review of the FMF across our funds to determine whether there is any scope for fee reductions. At the last review, in December 2020, it was decided to leave these unchanged for the time being. Our logic for doing so included:

(1) Our comparison against the peer group for each fund suggested that our overall fund costs remained competitive for the management style and service for each fund.

(2) In common with the rest of our industry, we experienced an increase in costs relating to new technology and systems, enhanced cyber security and increased regulation.

(3) Although our administration costs have reduced slightly, in basis point terms this has been more than offset by a reduction in the overall revenue margin earned by CAM(UK) across the whole fund family.

However, this does not preclude reductions at future annual reviews, where this can be justified, having regard to the costs of the individual funds and share classes and to the overall profitability of the fund range.

OUR ASSESSMENT OF VALUE – COSTS

Please refer to the table and key on page 4

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 a 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. Based on the outcome of our latest review, which looked at all of the different elements making up our fees, we have not identified sufficient cost savings to justify a reduction in FMF on any of our funds at this time.

OUR ASSESSMENT OF VALUE – ECONOMIES OF SCALE

Please refer to the table and key on page 4

5. Comparable market rates

WHAT WE ARE ASSESSING

The market rate for any comparable service we provide.

ASSESSMENT

When reviewing the cost of a fund relative to the market, it is also important to consider the value it has delivered. The lowest cost funds employ passively managed strategies. These use index-tracking vehicles, so tend to follow the market, either upwards or downwards. Although CBAM only offers one purely passive fund, our 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 three active passive funds 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 our active 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 – the running of the funds themselves, plus the charges on the externally managed vehicles that we are selecting.

OUR ASSESSMENT OF VALUE – COMPARABLE MARKET RATES

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 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, this helps explain why our costs vary across our 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. Generally, we compare favourably with the market, with all of our active passive and direct funds being lower cost (highlighted in green) and our multi-manager managed fund range broadly in line (highlighted in amber for two funds where they are slightly above the average).

For Strategic Alpha, which is 0.11% above the comparator benchmark average, we reduced the charges last year and do not feel that the fund is now out of line given its small size and different structure.

As part of our review of our underlying funds, we conducted more detailed analysis of how they compared with similar funds in their respective IA sectors.

Generally we were able to demonstrate that we compared favourably, as the table below demonstrates:

Cost comparison – CBAM funds versus IA sector comparator

Investment style	Category	Published OCF (ongoing cost of funds)	Relative
	IA Sterling Corporate Bond	0.48%	
Direct	**Close Sustainable Bond Portfolio Fund**	0.48%	0.00%
	IA Sterling Strategic Bond	0.71%	
Direct	**Close Select Fixed Income Fund**	0.48%	-0.23%
	IA Mixed Asset 20-60% Equity	1.04%	
Direct	**Close Diversified Income Portfolio Fund**	0.73%	-0.31%
Direct	**Close Conservative Portfolio Fund**	0.89%	-0.15%
Multi-manager	**Close Managed Income Fund**	1.04%	0.00%
Multi-manager	**Close Managed Conservative Fund**	1.07%	0.03%
Active passive	**Close Tactical Select Passive Conservative Fund**	0.48%	-0.56%
	IA Mixed Asset 40-85% Equity	1.06%	
Direct	**Close Balanced Portfolio Fund**	0.89%	-0.17%
Multi-manager	**Close Managed Balanced Fund**	1.05%	-0.01%
Active passive	**Close Tactical Select Passive Balanced Fund**	0.51%	-0.55%
	IA Flexible Investment	1.15%	
Direct	**Close Growth Portfolio Fund**	0.92%	-0.23%
Multi-manager	**Close Managed Growth Fund**	1.02%	-0.13%
Active passive	**Close Tactical Select Passive Growth Fund**	0.51%	-0.64%
Multi-manager	**Close Strategic Alpha Fund**	1.26%	0.11%

Below the IA sector comparator. Above the sector comparator.

SOURCE FE Analytics data as at April 2020; IA sector numbers are simple averages 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 who offered funds prior to 2013, CBAM still has some legacy (pre- RDR) share class units. These are closed to new business, but continue to attract small inflows from regular investors whose contracts pre-date the introduction of RDR.

Following last year's review, we have closed 12 of these share classes. It proved impractical to close the remaining six legacy share classes as the majority of holders benefited from rebates which made switching to the new share class unattractive. For those unitholders not benefiting from this, we have again written to them inviting them to instruct a switch to the cheaper X share class.

OUR ASSESSMENT OF VALUE – COMPARABLE SERVICES

OUR ASSESSMENT OF VALUE – CLASSES OF UNITS

Please refer to the table and key on page 4

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. 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 manage this risk by avoiding unquoted shares and using closed ended funds such as Real Estate Investment Trusts (REITS) for any property related exposure. We also monitor closely 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.

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, we have found no evidence to suggest that our funds are being distributed inappropriately.

OUR ASSESSMENT OF VALUE – LIQUIDITY

OUR ASSESSMENT OF VALUE – PRODUCT GOVERNANCE

Please refer to the table and key on page 4

Close Brothers
Asset Management

CBAM6286. July 2021.