

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document you should consult your financial adviser. Please also read the relevant Key Investor Information Document (KIID).

**PROPOSAL FOR A SCHEME OF ARRANGEMENT  
FOR THE MERGER OF  
CLOSE SUSTAINABLE BOND PORTFOLIO FUND  
WITH  
CLOSE SUSTAINABLE SELECT FIXED INCOME FUND  
(both sub-funds of CLOSE DISCRETIONARY FUNDS, an FCA authorised unit trust)**

**Dated: 23 January 2023**

**This document contains a Notice of a Meeting of the Unitholders of Close Sustainable Bond Portfolio Fund, a sub-fund of Close Discretionary Funds (the "Meeting"). The Meeting is to be held at 10 Crown Place, London EC2A 4FT on 13 February 2023 at 2.00 pm.**

**If you wish to appoint a proxy to vote on your behalf at the Meeting, we request that you return the enclosed Form of Proxy (and power of attorney or other authority (if any) under which it is signed or a notarially-certified copy thereof) indicating how your vote should be cast in the pre-paid envelope provided.**

**The Form of Proxy should be returned no later than 48 hours before the time appointed for the Meeting.**

## **GLOSSARY**

<b>Auditor</b>	Deloitte LLP, the auditor of the Trust;
<b>COLL</b>	the appropriate chapter or rule in the COLL Sourcebook;
<b>COLL Sourcebook</b>	the Collective Investment Schemes Sourcebook, which forms part of the FCA Handbook (as amended from time to time);
<b>Effective Date</b>	the effective date of the Merger, being 3 March 2023 or such other time and date as may be agreed by the Manager, the Trustee and the FCA;
<b>Extraordinary Resolution</b>	in respect of the Merging Fund, the extraordinary resolution to be proposed at the Meeting which must be approved by a majority of 75% of votes validly cast at the Meeting;
<b>FCA</b>	the Financial Conduct Authority, which expression shall include any replacement or successor body;
<b>FCA Handbook</b>	the FCA Handbook of Rules and Guidance as amended or re-enacted from time to time;
<b>Form of Proxy</b>	the form of proxy in relation to the Merging Fund which is enclosed with this letter;
<b>KIID</b>	a Key Investor Information Document, a document providing information to investors about a fund prior to investment;
<b>Manager</b>	Close Asset Management (UK) Limited, the authorised fund manager of the Trust;
<b>Meeting</b>	the Extraordinary General Meeting of Unitholders in the Merging Fund to be held on 13 February 2023 and being convened by the Notice of Meeting set out in Appendix 5 of this letter;
<b>Merger</b>	the merger of the Merging Fund with the Receiving Fund, to be carried out by way of a scheme of arrangement in accordance with both the Regulations and the Scheme;
<b>Merging Fund</b>	Close Sustainable Bond Portfolio Fund, a sub-fund of Close Discretionary Funds, an authorised unit trust;
<b>Merging Fund Value</b>	the value of the property of the Merging Fund calculated in accordance with the Trust Deed as at 12.00pm on the Effective Date, less any Retained Amount;
<b>New Unit</b>	a Unit of the appropriate type and class in the Receiving Fund to be issued to Unitholders under the Scheme;
<b>Prospectus</b>	the prospectus of the Trust;
<b>Receiving Fund</b>	Close Sustainable Select Fixed Income Fund, a sub-fund of Close Discretionary Funds, an authorised unit trust;

<b>Receiving Fund Value</b>	the value of the property of the Receiving Fund calculated in accordance with the Trust Deed as at 12.00pm on the Effective Date;
<b>Regulations</b>	the FCA Handbook and the Financial Services and Markets Act 2000 as amended;
<b>Retained Amount</b>	an amount which is calculated by the Manager (after consultation with the Trustee and the Auditor) to be necessary to meet the actual and contingent liabilities of the Merging Fund after its merger, and which is to be retained by the Trustee, in its capacity as trustee of the Merging Fund, for the purpose of discharging those liabilities;
<b>Scheme</b>	the scheme of arrangement for the Merger, as set out in Appendix 1 to this document;
<b>Sub-Funds</b>	the Merging Fund and the Receiving Fund;
<b>Trust</b>	Close Discretionary Funds, of which the Merging Fund and the Receiving Fund are sub-funds;
<b>Trust Deed</b>	the trust deed constituting the Trust, including any supplemental trust deeds as relevant;
<b>Trustee</b>	The Bank of New York Mellon (International) Limited, the trustee of the Trust;
<b>Unit</b>	a unit of the appropriate class and type in the Merging Fund or in the Receiving Fund, as the context requires;
<b>Unitholder</b>	a unitholder in the Merging Fund or in the Receiving Fund as the context requires. For the purposes of the Meeting, a Unitholder in the Merging Fund shall be a person who is a unitholder in the Merging Fund at 16 January 2023 but excluding persons who are known to the Managers not to be unitholders in the Merging Fund at the time of the Meeting;

In addition, where relevant in the context, terms which are defined in the FCA Handbook shall have the same meaning in this document.

## MERGER TIMETABLE

Action	Date
Qualification date for Unitholder voting	12 noon on 16 January 2023
Despatch of circular and Forms of Proxy to Unitholders	23 January 2023
Last date to receive Forms of Proxy	09 February 2023
Last date/time for receipt of redemption or switch requests	12.00pm (Noon) on 2 March 2023
Extraordinary General Meeting	2.00pm on 13 February 2023
Date & Time of any Adjournment of the EGM, if required	2.00pm on 20 February 2023

If the Scheme is duly approved by Unitholders at the Meeting:

Last valuation for dealing purposes	12.00pm on 2 March 2023
Effective Date of the Merger	3 March 2023
Next valuation point for dealing in New Units	12.00pm on 6 March 2023
Mailing of letters to inform Unitholders of allocation and number of New Units issued on Merger	11 March 2023

**Please note:** All references in this document to times refer to UK time, unless specifically stated otherwise.

[Client Name]  
Address 1  
Address 2  
Address 3

23 January 2023

Dear Unitholder,

**Proposal to merge Close Sustainable Bond Portfolio Fund (the "Merging Fund") with Close Sustainable Select Fixed Income Fund (the "Receiving Fund")**

We are writing to you as an investor in the Merging Fund to explain our proposal to merge the Merging Fund with the Receiving Fund by way of a scheme of arrangement.

This document describes the background to the Merger proposal, the procedure by which the Merger will be effected, if approved, the actions you should take and the implications for you as a Unitholder.

The Merger requires the passing of an extraordinary resolution at an extraordinary general meeting of the Merging Fund. The Meeting will be held on 13 February 2023. We encourage you to vote either in person at the Meeting or by proxy. A Form of Proxy is enclosed with this letter.

**If you wish to vote, please complete the enclosed Form of Proxy and return it in the pre-paid return envelope provided with this document to enable your vote to be counted, to reach us no less than 48 hours before the Meeting being held at 2.00pm on 13 February 2023.**

**1. Why are we proposing the Merger**

The Merger will bring together two quite similar funds.

The Merging Fund has lost investors in recent years and has reduced in size to approximately £153m as at end December 2022, down from £288m in August 2017. By merging it into the Receiving Fund, which has been increasing in size over recent years to £222m as at end December 2022, we believe that Unitholders in the Merging Fund will benefit from the increased scale. A larger merged fund will give greater portfolio diversification and less concentration risk, together with enhanced liquidity, and will create a platform for AUM growth. It is hoped to attract new clients who are currently prohibited from investing due their "investable universe" size criteria.

Following the proposed restructuring, transferring Merging Fund investors will hold units in a much larger and more viable fund, with a projected higher yield, reduced duration and the same credit rating, but still with the same underlying investment process overlay (with more exposure to unrated issuers) and an enhanced sustainable methodology (as set out in Appendix 2 below and the attached proforma KiiD document for the merged fund).

Note as from the Effective Date of the Merger, the estimated Ongoing Charges Figure or OCF for unitholders in the newly merged fund will be the same for each respective Merging Fund unit class as currently, as set out in Appendix 2. Accordingly, there will be no changes to the charges currently incurred by unitholders in the Merging Fund as a result of these Proposals.

**2. What are the main similarities and differences between the Merging Fund and the Receiving Fund?**

We set out below a description of the main differences and similarities between the Sub-Funds. A detailed comparison of the main features of the Merging Fund and the Receiving Fund, including the investment objectives and policies, is set out in Appendix 2.

The Manager is currently amending the investment objective and policy of the Receiving Fund to set out how the Manager intends to apply a sustainable investment methodology to that Fund. In addition, the Manager also proposes to change the name of the Receiving Fund to the "Close Sustainable Select Fixed Income Fund" and to reduce the Fund Management Fee ("FMF") on the X Income Unit Class of that Fund (from 0.48% pa to 0.45% pa) to bring it in line with FMF on the equivalent unit class in the Merging Fund. The current investment objective and policy wording for both the Merging Fund and Receiving Fund is set out in Appendix 2 below, with the proposed changes to the Receiving Fund (as mentioned above) highlighted in light blue.

## 2.1 Investment objectives and policies

The current investment objectives of the Funds are the same. Both aim to generate income while maintaining capital value over the medium term. Overall, this means that Unitholders can expect to receive a similar level of income distributions and capital growth as would be expected prior to the Merger.

The Receiving Fund is amending its objectives to include the aim of also seeking to maintain a weighted average carbon intensity below its chosen target (please refer to Appendix 2 for more details)

The current investment policies of the Funds are similar. Both funds invest in sterling denominated (or hedged back to sterling) fixed interest securities. The bonds in which both funds invest may be investment grade, sub-investment grade or unrated. The Merging Fund currently applies ethical and ESG screens when choosing investments. The Receiving Fund does not currently apply such screens but a sustainable investment methodology will be applied to the Receiving Fund prior to the Merger. This will not lead to a significant change to the portfolio and so, as stated below, there is a substantial overlap in the holdings of each Sub-Fund.

## 2.2 Fund Portfolios

As a result of the similar investment objectives and policies of the Sub-Funds, there is a substantial overlap in the holdings of each Sub-Fund. We anticipate that all of the holdings of the Merging Fund will be suitable for and will be transferred across to the Receiving Fund at the Effective Date. Accordingly, we do not anticipate that there will be any transaction costs due to portfolio realignment as a result of the Merger.

Note. As set out in section 6 below, the costs associated with the proposed Merger will be for the account of the Investment Manager.

## 2.3 Risk Factors

The risks relating to the Merging Fund and the Receiving Fund are largely the same. All the risks currently identified as being applicable to the Funds are set out in the relevant section of the Prospectus.

The synthetic risk and reward indicators for both the Receiving Fund and of the Merging Fund is 4 meaning that they both have the same risk profile.

## 2.4 Charges

The charges applied to the Merging Fund and the Receiving Fund are similar, as shown below:

N.B. The FMF on the X Income Units in the Receiving Fund will be aligned (downwards) to 0.45% from 0.48%, to match that of the X Income Units in the Merging Fund. No other fee changes are proposed.

	<b>Merging Fund</b>	<b>Receiving Fund</b>
Preliminary charges	N/A	Income Units (I): 10% Income Units (X): N/A Accumulation Units (X): N/A
Redemption charges	N/A	N/A
Switching charges	N/A	N/A
Fund Management Fee ("FMF")	Income Units (I): 0.13% p.a. Income Units (X): 0.45% p.a. Accumulation Units (X): 0.48% p.a.	Income Units (I): 0.13% p.a. Income Units (X): 0.45 p.a. Accumulation Units (X): 0.48% p.a.
OCF (KiiD OCF)	Income Units (I):0.13% p.a. Income Units (X):0.45% p.a. Accumulation Units (X):0.48% p.a.	Income Units (I):0.13% p.a. Income Units (X):0.45 % p.a. Accumulation Units (X):0.48 % p.a.

Both Sub-Funds take charges from income rather than capital.

## 2.5 Annual accounting and payment dates

The annual and interim accounting dates of the Sub-Funds are the same but the annual and interim payment dates of the Sub-Funds are slightly different, as shown in the table below. The Receiving Fund's annual income allocation date is a month earlier and it has more regular (monthly rather than quarterly) interim income allocation dates. This means that instead of four payments per year in the Merging Fund, Unitholders will receive 12 allocations from the Receiving Fund per year (where payable).

	<b>Merging Fund</b>	<b>Receiving Fund</b>
Accounting dates	31 March (final) and 30 June (interim), 30 September (half yearly) and 31 December (interim)	31 March (final) and End of each month including 30 September (half yearly)
Income distribution dates	31 May (final) 31 August (interim), 30 November (half yearly), 28/29 February (interim)	30 April (final) 31 May, 30 June, 31 July, 31 August, 30 September, 31 October (half yearly), 30 November, 31 December, 31 January, 28/29 February, 31 March

As the accounting dates for calculating income allocations and distributions in the Merging Fund are quarterly, holders of Income Units in the Merging Fund will be entitled to receive an ad hoc Special Dividend in respect of the period commencing from the last quarterly accounting date [31 December 2022] to the date of Merger [3 March 2023]. Any such Special Dividend will be paid within two months of the date of the Merger. (See also section 4 to Appendix 1 for more information).

## 3. Terms of the Merger

The Merger will only take place if the Extraordinary Resolution of Unitholders is approved at the Meeting. Mergers are implemented by way of a legal process known as a scheme of arrangement. If the Merger proposal is approved by Unitholders, the Merger will be implemented in accordance with the terms of the Scheme, which are set out in full in Appendix 1 to this letter. If the proposal

for the Merger is not approved by the requisite majority of votes (being 75% of votes cast), the Scheme will not be implemented, and the Merging Fund will continue to operate as it currently does.

Under the terms of the Scheme, the scheme property of the Merging Fund will be transferred to the Receiving Fund and Unitholders in the Merging Fund will receive New Shares in the Receiving Fund of an equivalent value to their existing Shares (or a value that is as near as practicable to that amount).

#### 4. **Process of the Merger**

The timetable of key dates in the implementation of the Scheme, including the passing of the resolution at the Meeting, is set out above at page 4. The procedure for the Meeting, which is to be held at 2.00pm on 13 February 2023, is set out in Appendix 4.

The Scheme itself is set out in Appendix 1, whilst details of the various consents that have been given or obtained in respect of the Merger proposal are set out in Appendix 3.

The resolution to enable the implementation of the Merger is set out in the Notice of Meeting in Appendix 5, together with the Form of Proxy. If approved, it is intended that the Scheme will become effective on the Effective Date, 3 March 2023.

**Please note that if the resolution is passed, the Scheme will be binding on all Unitholders, whether or not they voted in favour of it, including whether or not they voted at all.** If you wish to sell Units in the Merging Fund prior to the merger or do not wish to be a Unitholder of the Receiving Fund, you must act to redeem your Units before 12.00pm on 2 March 2023.

If the Scheme is approved by Unitholders in the Merging Fund, the Scheme will be implemented as follows:

##### 4.1 **Suspension of dealing in Units before the Effective Date**

Unitholders who do not wish to receive New Units may choose to redeem their Units in the Merging Fund at any time up to 12.00pm on 2 March 2023, which will be the last dealing day in the Merging Fund.

Alternatively, Unitholders who do not wish to receive New Units may switch their Units in the Merging Fund for Units in another Fund within the CDF Umbrella, free of charge. However, investors should note that a switch between Funds as described above is treated as a disposal for the purposes of tax on capital gains and may therefore give rise to capital gains tax liability for UK resident Unitholders.

All dealings in Units in the Merging Fund will cease immediately at the valuation point of 12.00pm on 2 March 2023. Instructions received after this time will be rejected.

##### 4.2 **New Units in the Receiving Fund**

At the Effective Date, the assets of the Merging Fund (except for the Retained Amount\*) will be allocated to the Receiving Fund and, in place of your Units, you will receive New Units to the value of your existing units. You will receive the same type of Unit in the Receiving Fund as the Units you hold in the Merging Fund (ie, Class X accumulation or Class I or Class X income).

\*The Retained Amount will include (but is not limited to) any accrued but unpaid Fund Management Fees payable to the Manager, amounts required to settle net trades and other sundry expenses of the Fund at the date of the Merger. This is estimated to be no more than £65,000 at the date of the Merger.

Since the price of Units and New Units may be different you may receive a different number of New Units. Please note that you will not have cancellation rights in respect of the New Units which are issued to you under the Scheme. Under the provisions of the FCA Conduct of Business Sourcebook, cancellation rights may apply to subsequent purchases of Units in the Receiving Fund.



#### **Your Units in the Merging Fund**

Close Sustainable Bond Portfolio Fund - I  
Income.  
ISIN: GB00BD6DSB07  
SEDOL: BD6DSB0

Close Sustainable Bond Portfolio Fund - X  
Income.  
ISIN: GB00B7SK9B40  
SEDOL: B7SK9B4

Close Sustainable Bond Portfolio Fund - X  
Accumulation.  
ISIN: GB00B7V89J33  
SEDOL: B7V89J3

#### **Units you will receive in the Receiving Fund**

Close Sustainable Select Fixed Income Fund - I  
Income.  
ISIN:GB00B7W45Q93  
SEDOL: B7W45Q9

Close Sustainable Select Fixed Income Fund - X  
Income  
ISIN: GB00BD6R7Y87  
SEDOL: BD6R7Y8

Close Sustainable Select Fixed Income Fund - X  
Accumulation.  
ISIN: GB00BD6DSC14  
SEDOL: BD6DSC1

#### **4.3 Dealing in New Units**

The next valuation point for dealing in New Units will be 12.00pm on 6 March 2023. The procedures for buying, selling and switching New Units are as set out in the prospectus and KIID of the Receiving Fund which we will provide free of charge on request.

#### **4.4 Mandates and other instructions**

If the Merger is approved, any mandates or other instructions which you have given in relation to your Units will automatically apply to the New Units issued to you under the Scheme.

If you would not want any mandates or other instructions which you have given to be carried forward, please let us know. You may of course change these mandates or instructions at any time.

#### **5. Termination of the Merging Fund**

Following the Merger, the Trustee will proceed to terminate the Merging Fund in accordance with the terms of the Trust Deed, the Scheme and the COLL Sourcebook.

#### **6. Costs of the proposal**

The costs associated with the Merger, such as legal, regulatory and administrative costs, will be borne by directly the Investment Manager.

Please see below as to tax implications.

#### **7. Tax implications**

Based on our understanding of the tax legislation, the New Units issued to you will have the same acquisition cost and acquisition date for the purposes of tax on capital gains as your existing Units.

It is not expected that any stamp duty reserve tax or stamp duty will be payable in connection with the Scheme. If any should be payable, it will be met by the Manager.

**The above is a summary of our understanding of the current UK legislation and HM Revenue & Customs practice relevant to UK resident investors. It may be subject to change. If you are in any doubt about your potential liability to tax as a result of the implementation of the Scheme you should consult your professional adviser.**

(See also section 3.1 above re Switches)

8. **Further information and results of the Meeting**

For further information on the Receiving Fund, please see Appendix 2 and the attached proforma post merger KIID for the Receiving Fund. **The KIID is important and you should read it before voting on the Merger. If you do not understand the KIID you should seek appropriate advice.**

We will confirm whether the Merger has been approved by publishing a notice on our website at <https://www.closebrothersam.com/funds/> as soon as possible after the Meeting. You may also contact us on 0370 6060 6452 (individual holders) or at [dsm@bnymellon.com](mailto:dsm@bnymellon.com) (institutional holders) to obtain confirmation of the outcome of the Meeting. Calls may be recorded for training or monitoring purposes.

9. **Action to be taken**

We believe that the Merger is in your best interests as a Unitholder of the Merging Fund and we urge you to vote in favour of the Merger at the Meeting. To be passed, the resolution requires a majority in favour of not less than 75% of the total number of votes cast, so it is important that you exercise your right to vote.

Whether or not you intend to be present at the Meeting, please complete and return the enclosed Form of Proxy in the pre-paid envelope provided, to arrive no later than 2.00pm on 09 February 2023. Completion and return of a Form of Proxy will not preclude you from attending the Meeting and voting in person if you so wish. In such circumstances, your Form of Proxy will be set aside and you should cast your votes when the poll is taken.

If, having completed and returned a Form of Proxy, you sell any of your Units in the Merging Fund to which the relevant Form of Proxy relates before the Meeting, the Form of Proxy will not be counted in respect of those Units and you will not be able to vote in respect of those Units at the Meeting.

10. **Questions**

If you have any questions concerning the Merger, please do not hesitate to contact us on 0370 606 6452 (individual holders) or at [dsm@bnymellon.com](mailto:dsm@bnymellon.com) (institutional holders). Calls may be recorded for training or monitoring purposes. Please note that whilst we will be happy to take your calls and answer general queries, we are not able to provide you with financial advice. If you require financial advice, we recommend that you speak with a financial adviser.

Yours faithfully,



Robin C S Smith

Director

## **Appendix 1**

### **Scheme of arrangement for the Merger of the Merging Fund with the Receiving Fund**

#### **1. Definitions and Interpretation**

- 1.1 In this Scheme, unless the context otherwise requires, the terms shall have the meaning set out in the Glossary to this document. In addition, where relevant in the context, terms which are defined in the Regulations shall have the same meaning in this Scheme.
- 1.2 References to paragraphs are to paragraphs of the Scheme.
- 1.3 If there is any conflict between the Scheme, the Trust Deed or prospectus of the Trust, then the Scheme will prevail. If there is any conflict between the Scheme and the Regulations, then the Regulations will prevail.

#### **2. Approval of Unitholders**

- 2.1 The merger of the Merging Fund is conditional upon the passing of an extraordinary resolution at an extraordinary general meeting of Unitholders, by which Unitholders approve the Scheme and authorise the implementation of the merger of the Merging Fund with the Receiving Fund.
- 2.2 If the extraordinary resolution is passed, the Scheme will be binding on all Unitholders (whether or not they voted in favour of it, or voted at all) and the Scheme will be implemented as set out in the following paragraphs.

#### **3. Dealings in the Merging Fund**

- 3.1 The last dealing in Units of the Merging Fund will be at 12.00pm on 2 March 2023. Instructions received after that time will be held over until the next valuation point of the Receiving Fund which will be at 12.00pm on 6 March 2023 and will be deemed to apply to the New Units issued following the Merger.
- 3.2 In order to facilitate the implementation of the Scheme, dealings in the Merging Fund will be suspended immediately after 12.00pm on 2 March 2023.

#### **4. Income allocation arrangements**

- 4.1 The final distribution to be paid or allocated in respect of the Merging Fund will be calculated at 12.00pm on 3 March 2023. This has been agreed with the Trustee. If the Effective Date is other than 3 March 2023, the Manager may, with the agreement of the Trustee, make such other alterations to the distribution dates of the Merging Fund as it considers appropriate in the circumstances.
- 4.2 Income (if any) available for distribution in respect of the current accounting period accruing to income Units will be allocated to income Units and transferred to the distribution account of the Merging Fund. Within two months of the final reporting period ending on 31 March 2023, this income will be distributed to Unitholders.
- 4.3 The actual and estimated income (if any) available for allocation in respect of the period from the end of the previous accounting period accruing to accumulation Units shall be transferred to the capital account of the Merging Fund and allocated to accumulation Units and shall be reflected in the value of those accumulation Units. The income so allocated to those accumulation Units shall be included in the Merging Fund Value.

4.4 Any distributions made pursuant to paragraph 4.2 (together with any interest arising on the distributions) which are unclaimed after the expiry of six years from the date of payment shall revert to the Receiving Fund.

## **5. Calculation of the Merging Fund Value and the Receiving Fund Value**

5.1 The Merging Fund Value and the Receiving Fund Value will be calculated as at 12.00pm on the Effective Date based on the valuations of the respective funds at that time, less any Retained Amount (in the case of the Merging Fund). The Manager does not expect that any of the assets will be required to be so retained.

5.2 The Merging Fund Value and the Receiving Fund Value will be used to calculate the number of New Units to be issued to each Unitholder (under paragraphs 6 and 7 below).

## **6. Transfer of property from the Merging Fund to the Receiving Fund and the issue of New Units**

6.1 The property of the Merging Fund will become part of the property of the Receiving Fund in exchange and in full payment for the issue of New Units. The Trustee will cease to hold the property of the Merging Fund less the Retained Amount as attributable to the Merging Fund and instead, as the trustee of the Receiving Fund, will hold the property as attributable to the Receiving Fund and will make or ensure the making of such transfers and re-designations as may be necessary as a result.

6.2 The Manager will arrange for the issue of New Units to Unitholders (who are registered as holding Units on the Effective Date) of the same class and type as their Units, free of any initial charge.

6.3 All Units will be deemed to be cancelled and will cease to be of any value as at 12.00pm on the Effective Date.

6.4 Unitholders will be treated as exchanging their Units for New Units.

## **7. Basis for the issue of New Units**

7.1 The price of each New Unit to be issued under the Scheme will be the price based on the Receiving Fund Value as at 12.00pm on the Effective Date.

7.2 New Units of the appropriate class and type will be issued to each Unitholder invested in the Merging Fund in proportion to that Unitholder's individual entitlement to the Merging Fund Value as at 12.00pm on the Effective Date.

7.3 The formula used in calculating a Unitholder's entitlement to New Units is available on request.

7.4 The number of New Units to be issued to each Unitholder will (if necessary) be rounded up to the smaller denomination Unit at the expense of the Manager (which will, as soon as practicable or at least within four business days of the Effective Date, accordingly pay into the Receiving Fund an amount equal to the value of the additional Units issued as a result of the rounding up).

## **8. Notification of the New Units issued under the Scheme**

8.1 Certificates will not be issued in respect of New Units.

8.2 It is intended that the Manager will notify each Unitholder (or, in the case of joint holders, the first named of such holders on the register) of the number and class of New Units issued to that Unitholder within 14 days after the Effective Date.

8.3 Transfers or redemptions of New Units issued under the Scheme may be effected from the

next business day after the Effective Date.

## **9. Mandates and other instructions in respect of New Units**

Mandates and other instructions to the Manager in force on the Effective Date in respect of Units will be deemed to be effective as instructions to the Manager in respect of New Units issued under the Scheme. Unitholders may change these mandates or instructions at any time.

## **10. Termination of the Merging Fund**

10.1 On the Scheme becoming effective the Manager will proceed to terminate the Merging Fund in accordance with the Regulations, the terms of the Trust Deed and the Scheme.

10.2 The Retained Amount, if any, (which will be made up of cash and other assets, if necessary) and any income arising on it, will be used by the Trustee to pay any outstanding liabilities of the Merging Fund in accordance with the directions and instructions of the Manager and the provisions of the Trust Deed, prospectus and the Regulations.

10.3 If, on the completion of the termination of the Merging Fund, there are any surplus moneys remaining in the Merging Fund, they, together with any income arising from them, will be transferred to the Receiving Fund. No further issue of New Units will be made as a result. The Trustee will cease to hold the Retained Amount in its capacity as trustee of the Merging Fund and shall make such transfers and re-designations as may be necessary as a result.

10.4 If the Retained Amount is insufficient to discharge all the liabilities of the Merging Fund, the Trustee as the trustee of the Receiving Fund will pay the amount of the shortfall out of the scheme property attributable to the Receiving Fund in accordance with the directions and/or instructions of the Manager and the Regulations.

10.5 On completion of the termination of the Merging Fund, the Manager and the Trustee will be discharged from all their obligations and liabilities in respect of the Merging Fund, except those arising from a breach of duty before that time.

10.6 If, after the completion of the termination of the Merging Fund, contingent assets should arise that were not recognised or only partly recognised by the Manager and Trustee at the Effective Date, such assets will be transferred to the Receiving Fund less any costs that the Manager or the Trustee (in their capacity respectively as Manager and Trustee of both the Merging Fund and the Receiving Fund) might incur in securing these assets for the Receiving Fund.

## **11. Costs, charges and expenses**

11.1 The Trustee and the Manager will continue to receive their usual fees and expenses for being the trustee and authorised fund manager respectively of the Merging Fund out of the property of the Merging Fund which accrue prior to, or, in the case of expenses of the Trustee properly incurred in connection with the Scheme on the termination of the Merging Fund, after the Effective Date.

11.2 The costs associated with preparing and implementing the Merger under the Scheme will be paid by the Investment Manager

## **12. The Manager and the Trustee to rely on register**

12.1 The Manager and the Trustee (in their capacity respectively as Manager and Trustee of both the Merging Fund and the Receiving Fund) shall be entitled to assume that all information contained in the register of Unitholders of the Merging Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Units to be issued and registered pursuant to the Scheme.

12.2 The Manager and the Trustee (in their capacity respectively as Manager and Trustee of

both the Merging Fund and the Receiving Fund) may act and rely upon any certificate, opinion, evidence or information furnished to it by its professional advisers or by the auditors of the Merging Fund in connection with the Scheme and shall not be liable or responsible for any resulting loss.

**13. Alterations to the Scheme**

The terms of the Scheme may be amended as determined by the Manager and subject to any requirements of COLL.

**14. Governing law**

The Scheme is governed by and shall be construed in accordance with the laws of England and Wales.

Dated: 23 January 2023

## Appendix 2

### Main features of the Merging Fund and the Receiving Fund

**Any defined terms used relate to those detailed in the Prospectus of the Trust.**

**Note: The current investment objective and policy wording for both the Merging Fund and Receiving Fund is set out below, with the proposed changes to the Receiving Fund (as mentioned in section 2 above) highlighted in light blue.**

Name	<b>Merging Fund</b> <b>Close Sustainable Bond Portfolio Fund</b>	<b>Receiving Fund</b> <b>Close Sustainable Select Fixed Income Fund</b>
Type of fund	UCITS	UCITS
PRN	639028	639040
Legal Structure	Authorised Unit Trust	Authorised Unit Trust
Investment objective	The investment objective of the Close Sustainable Bond Portfolio Fund is to generate income while maintaining its capital value over the medium term (i.e. more than 5 years).	The investment objective of the Close Sustainable Select Fixed Income Fund is to generate income while maintaining its capital value over the medium term (i.e. more than 5 years). <i>The Fund also seeks to maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below a benchmark of the ICE BofA Global Corporate Index, targeting a level 50% below this benchmark by 2030 from 2019 baseline, and net zero by emissions by 2050.</i>
Investment policy	<p>The Close Sustainable Bond Portfolio Fund will invest at least 80% in sterling denominated (or hedged back to sterling) investment grade corporate bonds of duration between two and twelve years. The Fund may also invest in sterling denominated (or hedged back to sterling) government bonds as well as sub-investment grade and unrated bonds.</p> <p>Investment grade bonds for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.</p> <p>The corporate bonds in which the Fund invests will be subject to the Manager's sustainability screens. The first is an ethical screen (focussing on what a bond issuer produces). Secondly, an ESG (environmental, social and governance) screen is applied (focussing on how the issuer operates).</p>	<p>The Close Sustainable Select Fixed Income Fund has a focus on income producing assets and will hold at least 80% of its portfolio in sterling denominated (or hedged back to sterling) fixed interest securities (<i>mainly corporate bonds, although the Fund may also hold government bonds</i>) and deposits (including money market instruments).</p> <p>The Investment Adviser operates a selective strategy meaning that it has discretion to pick the most appropriate holdings from a wide range of fixed income securities across different sectors, rather than being constrained by sector. Consequently, the fund may at any one time hold a relatively small number of stocks as chosen by the Manager from a wide range of fixed income securities across different sectors.</p> <p>The fixed interest securities in which the Fund invests may be investment grade, sub-investment grade or unrated. Investment grade securities for the purposes of this Fund are those</p>

Name	<b>Merging Fund</b> <b>Close Sustainable Bond Portfolio Fund</b>	<b>Receiving Fund</b> <b>Close Sustainable Select Fixed Income Fund</b>
	<p>Under the ethical screen, the Fund may not invest in issuers with more than 10% of their revenue exposure to alcohol, gambling, tobacco or any other areas deemed not to meet the Manager's ethical standards. Issuers which meet the ethical criteria are then subject to an ESG rating screening, where ESG ratings provided by a third party are used.</p>	<p>which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase.</p>
	<p>The purpose of the ESG screen is to identify and invest in issuers which have, what the Manager considers to be, positive ESG attributes, being those which are leading in a sector or, as a minimum, are above average, regarding ESG factors. In the Manager's view, these issuers are likely to be better prepared for the risks and opportunities associated with ESG factors and are therefore suitable for investment in a 'sustainable' context. The Manager considers issuers with a BBB rating or above (as provided by a third-party data provider) to have such attributes. The issuers are subject to an expert and rigorous methodology by the ratings agency to measure ESG attributes including their exposure to ESG risks as well as to how well they manage those risks relative to their peers.</p>	<p>The Fund uses a sustainable investment process to ensure that it is invested in a way that contributes to reducing greenhouse gas emissions. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments.</p>
	<p>For government bonds only the ESG screen is applied when selecting investments.</p>	<p>Firstly, the Investment Adviser applies a quantitative screening process to exclude companies that derive more than 10% of their annual revenues from activities related to thermal coal.</p>
	<p>In order to gain indirect exposure to both corporate and government bonds, the Fund may also invest in collective investment schemes (which may include schemes managed by the Manager or an affiliate of the Manager) and closed-ended funds. Where such funds are used, the Manager will seek to ensure they meet broadly comparable ethical and ESG screening criteria. The Fund may also invest directly or indirectly in deposits and money market instruments.</p>	<p>The Investment Adviser then applies its qualitative assessment in order to identify and select companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. As part of this assessment, the Investment Adviser also considers whether companies follow good governance practices (e.g. with respect to sound management and company board, corporate culture, capital allocation and remuneration policies).</p>
	<p>The Fund may use derivatives for efficient portfolio management.</p>	<p>Investment opportunities are identified using in-depth fundamental analysis to determine the sustainability (both financial and non-financial) of holdings. The Investment Adviser's fundamental analysis is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare. Rather than focussing on a specific sustainability theme across every investment we focus on what we</p>



Name	<b>Merging Fund</b> <b>Close Sustainable Bond Portfolio</b> <b>Fund</b>	<b>Receiving Fund</b> <b>Close Sustainable Select Fixed</b> <b>Income Fund</b>
		<p data-bbox="981 280 1461 347">assess to be most material to the company and its broader stakeholders.</p> <p data-bbox="981 369 1461 795">The relevance of the qualitative information and data to the fundamental analysis varies across issuers, sectors and geographies. The Investment Adviser is not limited to assessing only these aspects in its analysis, and may investigate more or fewer, depending on the materiality and availability of information for any given issuer, sector or geography. The Investment Adviser considers these aspects together as a whole and no one aspect has consistent prevalence over the others in order to determine the suitability of an investment. The Investment Adviser will engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.</p> <p data-bbox="981 1041 1461 1355">The Fund will maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO<sub>2</sub>e per US\$m of revenue) below a suitable benchmark, targeting a level 50% below this benchmark by 2030 from 2019 baseline. To help achieve this objective, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:</p> <ul data-bbox="981 1377 1461 1512" style="list-style-type: none"> <li>• Thermal coal. This factor identifies companies with an industry tie to thermal coal, in particular reserve ownership, production and power generation.</li> </ul> <p data-bbox="981 1534 1461 1825">Further sectors or business groups are excluded on the basis that the negative externalities generated by the sector or business group are deemed to, on balance, outweigh the positive externalities. To help achieve this objective, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities:</p> <ul data-bbox="981 1848 1461 2027" style="list-style-type: none"> <li>• Tobacco products manufacture</li> <li>• Controversial weapons including: non-detectable fragments, landmines, incendiary weapons, blinding laser weapons, cluster</li> </ul>

Name	Merging Fund	Receiving Fund
	<p><b>Close Sustainable Bond Portfolio Fund</b></p>	<p><b>Close Sustainable Select Fixed Income Fund</b></p> <p>munitions, nuclear/biological/chemical weapons</p> <p>Civilian firearms</p> <ul style="list-style-type: none"> <li>• Gambling</li> <li>• Adult entertainment</li> </ul> <p>In addition, the Fund will not invest in:</p> <ul style="list-style-type: none"> <li>• Companies that the Investment Manager deems to be in violation of the UN Global Compact principles (<a href="https://www.unglobalcompact.org/what-is-gc/mission/principles">https://www.unglobalcompact.org/what-is-gc/mission/principles</a>)</li> <li>• Governments that the Investment Manager deems to be in violation of the UN Universal Declaration of Human Rights (<a href="https://www.ohchr.org/en/human-rights/universal-declaration/translations/english">https://www.ohchr.org/en/human-rights/universal-declaration/translations/english</a>).</li> </ul> <p>Divestment criteria: We will monitor all companies to check if changes mean that they may no longer meet our definition of having positive attributes. Any change to results under the screening process or provision of new information which results in a holding no longer meeting our criteria will mean that the holding will be sold within 90 days of the change occurring.</p> <p>There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.</p> <p>In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments), the Fund may also invest in collective investment schemes (which may include schemes managed by the Manager or an affiliate of the Manager) and closed-ended funds. The Fund may also invest in international non-Sterling fixed income securities.</p> <p>The screening criteria are applied to the corporate issuers of the bonds in which the Fund invests. Other assets in which the Fund may invest (including collective investment schemes and government bonds) are not subject to the screening but will be</p>

Name	<b>Merging Fund</b> <b>Close Sustainable Bond Portfolio</b> <b>Fund</b>	<b>Receiving Fund</b> <b>Close Sustainable Select Fixed</b> <b>Income Fund</b>
		<p data-bbox="973 280 1452 392">assessed by the Manager to ensure that any such investments will not affect the ability of the Fund to meet its sustainable objective.</p> <p data-bbox="973 425 1452 481">The Fund may use derivatives for efficient portfolio management.</p>
Investor profile	<p data-bbox="478 537 941 1064">The fund is designed to be suitable for any investor, including a retail investor, who is prepared to risk loss of their capital to potentially get higher returns and who plans to stay invested in the fund for at least 5 years. The target market of the fund is any investor, including a retail investor, who has read the Key Investor Information Document. wishes to have the investment exposure as set out in the fund's investment objective and policy, and is comfortable taking on the general and specific risks as set out in section 3 (Risk Factors) of the Prospectus and the risks particular to the fund as set out in Appendix 1 of the Prospectus.</p>	<p data-bbox="973 537 1452 1064">The fund is designed to be suitable for any investor, including a retail investor, who is prepared to risk loss of their capital to potentially get higher returns and who plans to stay invested in the fund for at least 5 years. The target market of the fund is any investor, including a retail investor, who has read the Key Investor Information Document. wishes to have the investment exposure as set out in the fund's investment objective and policy, and is comfortable taking on the general and specific risks as set out in section 3 (Risk Factors) of the Prospectus and the risks particular to the fund as set out in Appendix 1 of the Prospectus.</p>
Comparator Benchmark	<p data-bbox="478 1064 941 1097">IA Sterling Corporate Bond.</p> <p data-bbox="478 1097 941 1691">Our aim is to help you monitor how well your investment is performing – the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.</p>	<p data-bbox="973 1064 1452 1097">IA Sterling Strategic Bond.</p> <p data-bbox="973 1097 1452 1691">Our aim is to help you monitor how well your investment is performing - the benchmark may be used to compare the performance of the Fund. The Manager believes that this is an appropriate benchmark comparator for the Fund, given the investment policy of the Fund and the approach taken by the Manager when investing the Fund's portfolio. <a href="#">This non-sustainable index has been chosen due to the selective and restrictive nature of sustainable indices; we feel that targeting emissions considerably below a broader benchmark is a better reflection of the wider economy.</a> The Fund does not use this benchmark as a target, and nor is the Fund constrained by the benchmark. It should be used for reference purposes only.</p>
Accounting dates	<p data-bbox="478 1691 941 1792">31 March (final) and 30 June (interim), 30 September (half yearly) and 31 December (interim)</p>	<p data-bbox="973 1691 1452 1792">31 March (final) and End of each month including 30 September (half yearly)</p>
Income distribution dates	<p data-bbox="478 1792 941 1935">31 May (final) 31 August (interim), 30 November (half yearly), 28/29 February (interim)</p>	<p data-bbox="973 1792 1452 1935">30 April (final) 31 May, 30 June, 31 July, 31 August, 30 September, 31 October (half yearly), 30 November, 31 December, 31 January, 28/29 February, 31 March</p>

<b>Name</b>	<b>Merging Fund Close Sustainable Bond Portfolio Fund</b>	<b>Receiving Fund Close Sustainable Select Fixed Income Fund</b>
Classes of Units offered	Income Units (I) (only available at the Manager's discretion) Income Units (X) Accumulation Units (X)	Income Units (I) Income Units (X) Accumulation Units (X)
Initial charge	N/A	Income Units (I): 10% Income Units (X): N/A Accumulation Units (X): N/A
Redemption charges	N/A	N/A
Switching charges	N/A	N/A
Fund Management Fee	Income Units (I): 0.13% p.a. Income Units (X): 0.45% p.a. Accumulation Units (X): 0.48% p.a.	Income Units (I): 0.13% p.a. Income Units (X): 0.45% p.a. Accumulation Units (X): 0.48% p.a.
OCF	Income Units (I): 0.13% p.a. Income Units (X): 0.45 % p.a. Accumulation Units (X): 0.48% p.a.	Income Units (I): 0.13% p.a. Income Units (X): 0.45% p.a. Accumulation Units (X): 0.48% p.a.
Charges taken from Income	Yes but if there is insufficient income in any annual or income accounting period, charges will be taken from the capital account.	Yes but if there is insufficient income in any annual or income accounting period, charges will be taken from the capital account.
Investment Minima (for both funds can be waived at the Manager's discretion)		
Minimum purchase request	Income Units (I): £1,000,000 Income Units (X): £1,000 Accumulation Units (X): £1,000	Income Units (I): £1,000,000 Income Units (X): £1,000 Accumulation Units (X): £1,000
Minimum Holding	Income Units (I) £1,000,000 Income Units (X): £1,000 Accumulation Units (X): £1,000	Income Units (I) £1,000,000 Income Units (X): £1,000 Accumulation Units (X): £1,000
Minimum Redemption	Income Units (I) £1,000,000 Income Units (X): £500 Accumulation Units (X): £500	Income Units (I) £500 Income Units (X): £500 Accumulation Units (X): £500
Valuation point:	12.00pm London time	12.00pm London time

## **Appendix 3**

### **Consents**

#### **The Manager**

The Manager confirms that, in its opinion, if the Scheme is implemented it is not likely to result in any material prejudice to the Unitholders in the Receiving Fund.

In particular, the Manager hereby confirms, and has confirmed to the Trustee in writing that, in its opinion, the receipt of property under the Scheme by the Receiving Fund is not likely to result in any material prejudice to the interests of Unitholders in the Receiving Fund, is consistent with the investment objectives of the Receiving Fund and can be effected without any breach of Chapter 5 of the COLL Sourcebook.

#### **The Trustee**

The Bank of New York Mellon (International) Limited, as Trustee of the Merging Fund, whilst neither recommending nor offering an opinion on the merits of the Merger proposal, which is a matter for each Unitholder's judgement, has informed us by letter that it has no objection to the Merger proposal being placed before Unitholders for their consideration.

The Trustee has also informed us by letter that it consents to the references made to it in this document in the form and context in which they appear and that it will be bound by and implement, insofar as may become incumbent upon it, the terms and conditions of the Scheme in respect of the Receiving Fund.

#### **Financial Conduct Authority**

The Financial Conduct Authority (FCA) of the United Kingdom has been informed of the proposal to implement the Scheme and has confirmed that this change does not affect the ongoing authorisation of the Scheme.

#### **Tax**

The Manager does not anticipate that any liability to UK stamp duty or stamp duty reserve tax should arise from the implementation of the Scheme. If any such stamp duty or stamp duty reserve tax were to arise from implementation of the Scheme, this would not be borne by the Funds.

#### **Documents for inspection**

The following documents are available for inspection at the offices of the Manager during normal business hours until 13 February 2023:

1. the Trust Deed of the Trust;
2. the current prospectus of the Trust;
3. each of the letters referred to above under "Consents"; and
4. the latest Report and Accounts for the Receiving Fund.

## **Appendix 4**

### **Procedure for Meeting of Unitholders**

Notice of a Meeting of Unitholders setting out the resolution to approve the Merger proposal is in Appendix 5.

The quorum for the Meeting is two Unitholders, present in person or by proxy. Unitholders present in person, by proxy or by authorised corporate representative shall be counted in the quorum for and be entitled to participate in the Meeting. If after a reasonable time from the meeting start time, a quorum is not present, the Meeting will stand adjourned for seven days. If, at an adjourned Meeting, a quorum is not present after a reasonable time from the Meeting start time, one person entitled to be counted in a quorum present at the Meeting shall constitute a quorum.

The Bank of New York Mellon, as Trustee of the Merging Fund, has appointed Iain Wallace or, failing him, any other duly authorised representative of Close Asset Management (UK) Limited) to be chairman of the Meeting.

The resolution will be proposed as an "extraordinary resolution" and must be carried by a majority in favour of not less than 75% of the total number of votes cast at the Meeting. Persons who are Unitholders on the date seven days before the notice is sent out, but excluding persons who are known by the Manager not to be Unitholders at the time of the Meeting, are entitled to vote and be counted in the quorum. Once passed, an extraordinary resolution is binding on all Unitholders in the Merging Fund.

The Manager of the Merging Fund is only entitled to be counted in the quorum and vote at the Meeting in respect of Units which it holds on behalf of or jointly with a person who, if himself the registered Unitholder, would be entitled to vote and from whom the Manager has received voting instructions.

Associates of the Manager are entitled to be counted in a quorum. They may vote at the Meeting in respect of Units which they hold on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote and from whom they have received voting instructions.

In view of the importance of the Merger proposal, the chairman of the Meeting will order a poll to be taken in respect of the resolution. On a poll, each Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue in the Merging Fund that the price of the Unit bears to the aggregate price(s) of all the Units in issue at the date seven days before the Notice of Meeting is sent out. A Unitholder entitled to more than one vote on a poll need not, if he votes, use all his votes or cast all the votes he uses in the same way.

In the case of joint holders, the vote of the first-named holder on the register who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

## **Appendix 5**

### **Notice of Meeting of Unitholders and Form of Proxy**

#### **MEETING OF UNITHOLDERS of CLOSE SUSTAINABLE BOND PORTFOLIO FUND, a sub-fund of CLOSE DISCRETIONARY FUNDS**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the Unitholders of **Close Sustainable Bond Portfolio Fund** will be held at 10 Crown Place, London EC2A 4FT at 2.00pm on 13 February 2023 to consider and, if thought fit, to pass the following resolution which will be proposed as an extraordinary resolution:

#### **Extraordinary Resolution**

**THAT** this meeting hereby approves the proposal as noted in the letter dated 23 January 2023 addressed by Close Asset Management (UK) Limited (the "Manager") to Unitholders of the Close Sustainable Bond Portfolio Fund (the "Merging Fund") to merge the Merging Fund into the Close Sustainable Select Fixed Income (the "Receiving Fund") by way of a scheme of arrangement (the "Scheme") and, accordingly, that the Manager and The Bank of New York Mellon (International) Limited (in its capacity as trustee of the Merging Fund) be and are hereby authorised and instructed to take such steps as are necessary to implement and give effect to the Scheme in accordance with its terms and, once the Scheme has been implemented, the Merging Fund be terminated in accordance with the terms of the Scheme.

For and on behalf of  
Close Asset Management (UK) Limited

**Form of Proxy**

**CLOSE SUSTAINABLE BOND PORTFOLIO FUND**  
(the "Merging Fund")

I/We \_\_\_\_\_

of \_\_\_\_\_

being a Unitholder/Unitholders in the Merging Fund hereby appoint the Chairman of the Extraordinary General Meeting<sup>1</sup>

or \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf in the manner indicated below at the Extraordinary General Meeting of the Merging Fund ("EGM") at which I/we are entitled to vote to be held at 10 Crown Place, London EC2A 4FT at 2.00pm on 13 February 2023, or, if the quorum is not reached and the EGM is reconvened, at 10 Crown Place, London EC2A 4FT at 2.00pm on 20 February 2023 (or at any other reconvened, postponed or adjourned EGM with the same agenda).

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTE:** A Unitholder entitled to attend and vote at the EGM, or at any reconvened, postponed or adjourned EGM with the same agenda, is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Unitholder.

**Resolution**

**Extraordinary Resolution of an Extraordinary General Meeting of the Merging Fund**

Please indicate against the relevant resolutions how you wish your votes to be cast at the EGM at which you are entitled to vote to be held at 10 Crown Place, London EC2A 4FT at 2.00 pm on 13 February 2023, or, if the quorum is not reached and the EGM is reconvened, at 10 Crown Place, London EC2A 4FT at 2.00 pm on 20 February 2023 (or at any other reconvened, postponed or adjourned EGM with the same agenda), by crossing (X) in one of the boxes marked "FOR" or "AGAINST".

**THAT** this meeting hereby approves the proposal as noted in the letter dated 23 January 2023 addressed by Close Asset Management (UK) Limited (the "Manager") to Unitholders of the Close Sustainable Bond Portfolio Fund (the "Merging Fund") to merge the Merging Fund into the Close Sustainable Select Fixed Income Fund (the "Receiving Fund") by way of a scheme of arrangement (the "Scheme") and, accordingly, that the Manager and The Bank of New York Mellon (International) Limited (in its capacity as trustee of the Merging Fund) be and are hereby authorised and instructed to take such steps as are necessary to implement and give effect to the Scheme in accordance with its terms and, once the Scheme has been implemented, the Merging Fund be terminated in accordance with the terms of the Scheme.

FOR:                           AGAINST:     

<sup>1</sup> Delete if you wish to appoint a different person or persons as your proxy.



## **Notes to Form of Proxy**

1. Appointment of a proxy will not prevent you from attending the Meeting and voting in person if you wish. If you wish to appoint someone other than the chairman of the Meeting as your proxy, please delete the words "the Chairman of the Extraordinary General Meeting or" and insert in block capitals the name and address of your proxy. A proxy need not be a holder but must attend the Meeting or any adjourned meeting in person to represent the Unitholder. The amendment must be initialled.
2. To be valid, this Form of Proxy must be completed and posted together with the power of attorney or other authority, if any, under which it is signed or any other document necessary to show the validity of, or otherwise relating to, the appointment of a proxy (or a duly certified copy thereof) in the enclosed reply paid envelope so as to reach Bank of New York not later than 2.00pm on 09 February 2023. If so valid, this Form of Proxy shall also be valid for any adjourned meeting.
3. To allow effective constitution of the Meeting, if it is apparent to the chairman of the Meeting that no Unitholders will be present in person or by proxy other than by proxy in the chairman's favour, then the chairman may appoint a substitute to act as proxy in his stead for any Unitholder provided that such substitute proxy shall vote on the same basis as the chairman would have voted.
4. A corporate body must complete this Form of Proxy either by affixing its common seal or by authorising in writing one of its officers or its attorney to sign on its behalf and such person must state his capacity in so signing.
5. In the case of joint Unitholders, any such Unitholder may sign but, in the event of more than one tendering votes, only the votes of the Unitholder whose name stands first in the register will be accepted.
6. On a poll, the voting rights of each Unitholder (whether present in person or by proxy) are the proportion of the voting rights attached to all of the Units in issue in the Merging Fund that the price of a Unit bears to the aggregate price or prices of all of the Units in issue on the date seven days before the notice of meeting is deemed to have been served. A Unitholder entitled to more than one vote on a poll need not, if they vote, use all their votes or cast all the votes they use in the same way.
7. For the purposes of the meeting, "Unitholder" means persons who hold Units on the date seven days before the notice of meeting is sent out, but excludes any persons who are known to the Manager not to be Unitholders at the time of the meeting.
8. To be passed, an extraordinary resolution must be carried by a majority in favour of not less than 75% of the total votes validly cast for and against the resolution at the meeting.

## Close Sustainable Select Fixed Income Fund – X (Accumulation)

A sub-fund of Close Discretionary Funds Unit Trust (ISIN: GB00BD6DSC14)

This Fund is managed by Close Asset Management (UK) Limited

### OBJECTIVE AND INVESTMENT POLICY

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

#### Investment policy:

The Fund will hold at least 80% of its portfolio in sterling-denominated (or hedged back to sterling) fixed interest securities (mainly corporate bonds, although the Fund may also hold government bonds) and deposits (including money market instruments). The fixed interest securities in which the Fund invests may be investment grade, sub-investment grade or unrated. Investment grade securities for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase. The Fund may at any one time hold a relatively small number of stocks as chosen by the Investment Adviser from a wide range of fixed income securities across different sectors.

In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments), the Fund may also invest in collective investment schemes (which may include schemes managed by the Manager or an affiliate of the Manager) and closed-ended funds. The Fund may use derivatives for efficient portfolio management. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund uses a sustainable investment process to ensure that it is invested in a way that contributes to reducing greenhouse gas emissions. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments. The Investment Adviser first applies a quantitative screening process to exclude companies that derive more than 10% of their annual revenues from activities related to thermal coal and then then applies a qualitative assessment in order to identify and select companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. As part of this assessment, the Investment Adviser also considers whether companies follow good governance practices (e.g. with respect to sound management and company board, corporate culture, capital allocation and remuneration policies).

Investment opportunities are identified using in-depth fundamental analysis to determine the sustainability (both financial and non-financial) of holdings. This is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare.

Rather than focussing on a specific sustainability theme across all investments the Investment Adviser focuses on what it assesses to be most material to each individual company and its broader stakeholders. The Investment Adviser will also engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

Note: The screening criteria are applied to the corporate issuers of the bonds in which the Fund invests. Other assets in which the Fund may invest (including collective investment schemes and government

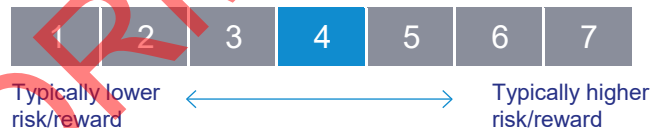
bonds) are not subject to the screening but will be assessed by the Manager to ensure that any such investments will not affect the ability of the Fund to meet its sustainable objective.

To help achieve its sustainability objectives, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities: Thermal coal; Tobacco products manufacture; Controversial weapons; Civilian firearms; Gambling; Adult entertainment.

In addition, the Fund will not invest in (i) Companies that the Investment Adviser deems to be in violation of the UN Global Compact principles or (ii) Governments that the Investment Adviser deems to be in violation of the UN Universal Declaration of Human Rights.

### RISK AND REWARD PROFILE

The Risk and Reward profile demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data (the past 5 years), may change over time and may not be a reliable indication of the future risk profile of the Fund.



The Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. Past performance is not a reliable guide to future performance the lowest category does not mean risk free.

### INVESTING IN THE FUND CARRIES THE FOLLOWING MAIN RISKS:

**Counterparty risk:** The Fund could lose money if a counterparty with which it transacts becomes unwilling or unable to meet its obligations to the Fund.

**Currency/Derivatives risk:** The Fund invests in overseas assets, denominated in currencies other than Sterling. The Manager aims to remove some of the impact of changes in some exchange rates by hedging, a currency transaction which may protect against such movements. While the Fund may operate hedging (via derivatives) to reduce this risk, it may not always be fully effective.

**Default risk:** The Fund may invest in bonds which provide a fixed or variable return and which are a form of loan, the value of which depends on the issuer being able to meet its payment obligations, and there is a risk that the issuer will fail to do so. Although the Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Investment risk/Focus risk:** The Fund invests in bonds and equities globally. Share/bond prices can rise or fall due to a number of factors affecting global stock markets. Moreover, the Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event

**Sustainability strategy risk:** The Fund is subject to screening criteria applied by the Investment Adviser which means that they will not invest in certain sectors, companies and investments that conflict with the sustainability policy. This investment strategy may result in the Fund having a narrower range of eligible investments, which may in turn affect the Funds' performance.

**Liquidity risk:** In extreme market conditions, some securities held by the Fund may become hard to value or sell. In these circumstances, performance may be affected and redemptions in the Fund may need to be deferred or the Fund suspended for a period of time.

A full list of the Fund's risks are contained in the "Risk Factors" section of the Prospectus

**CHARGES**

The charges you pay are used to pay the costs of running the Fund, including the costs of managing and distributing it. These charges reduce the potential growth of your investment.

**One-off charges taken before or after you invest**

Entry charge	0.00%
Exit charge	0.00%

There are no entry or exit charges in this fund

**Charges taken from the Fund over a year**

Ongoing charges	0.48%
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**Charges taken from the Fund under certain specific conditions**

Performance fee	None
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The figure for the ongoing charges excludes portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares or units in another fund and transaction costs paid to the custodian of the Fund.

The ongoing charges are based on the Fund's expenses for the twelve months ending 30 September 2022. Ongoing charges may vary from year to year. Following the recent changes to disclosure requirements; Closed-ended Funds are now included in the calculation of the synthetic element of the ongoing charge.

Further information about charges can be found in the Fees section of the Prospectus.

Note: If you invest through a third party provider (including platforms) you are advised to consult them directly as charges, performance, and terms and conditions may differ materially to those shown in this document.

**PRACTICAL INFORMATION**

The Trustee is The Bank of New York Mellon (International) Limited.

The Fund's Investment Adviser is Close Asset Management Limited.

This Key Investor Information Document may not contain all the information you need.

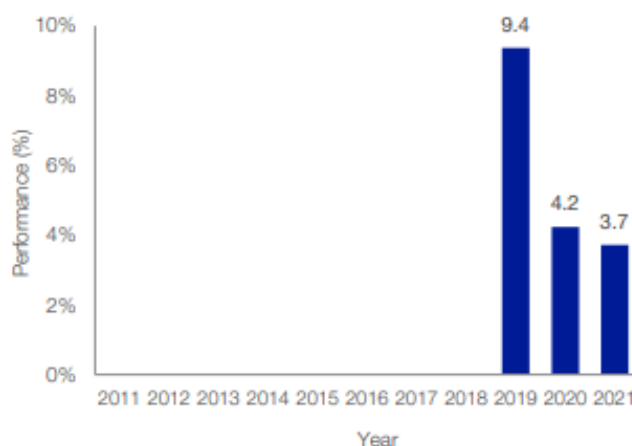
The Fund is a sub-fund of the Close Discretionary Funds ("CDF"), an umbrella structure comprising different sub-funds. This document is specific to the Fund and unit class stated at the beginning of this document. However, the prospectus, annual and half-yearly reports are prepared for the umbrella.

Investors may switch their units in the Fund for units in another sub-fund within CDF, subject to meeting certain conditions. These conditions, as well as other information about dealing, other unit classes of this Fund and other funds in this Trust may be obtained by contacting us (see below).

You can place an order to buy, sell or switch units of the Fund by contacting your adviser or distributor, or us directly at Close Asset Management (UK) Limited, PO Box 367, Darlington, DL1 9RG; or by calling us on 0370 606 6402\*.

\*Calls to this number are recorded for monitoring purposes.

For the latest published price of the units in the Fund, or to obtain the Prospectus or annual/semi-annual report, please

**PAST PERFORMANCE**

Past performance is calculated in GBP. This chart includes all charges except entry and exit charges. You should be aware that past performance is not a reliable guide to future performance.

Fund launch date – 15 October 2012

Unit class launch date – 19 March 2018.

N.B. On 31 March 2023 the Investment Objective and Policy and the Fund name were changed to reflect the formal adoption of the sustainable screening process set out above.

**OTHER INFORMATION:**

Units can be bought or sold in the Fund on any business day, as defined in the Prospectus. An order must be received by the administrator by 11:45am on any business day to receive that day's fund price. Please note that if an order is placed by an intermediary or Financial Adviser they may require extra processing time.

Units will be in income units. Income from investments held by the Fund may be directly paid out.

**The Fund should be regarded as a long term investment and may not be appropriate for investors who plan to withdraw their money in the short to medium term i.e. within 5 years**

visit [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds) or please contact the registered office of the Fund at 10 Crown Place, London EC2A 4FT. Documents are available free of charge in English.

The assets of the Fund are ring-fenced and cannot be used to pay the debts of other CDF sub-funds.

This Fund is subject to UK tax laws, which may have an impact on your personal tax position. Please speak to a financial adviser for further information.

Details of the up-to-date remuneration policy, including but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding remuneration and benefits and the composition of the remuneration committee are available on [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds). A paper copy of the remuneration policy is available free of charge at the registered office.

Close Asset Management (UK) Limited may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant part of the prospectus for the Fund.

The Fund is authorised in the UK and regulated by the Financial Conduct Authority ("FCA"). Close Asset Management (UK) Limited is authorised in the UK and regulated by the FCA.

This Key Investor Information is accurate as at [XX.XX.2023].

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of the Close Brothers Group plc group of companies, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority.

Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.

CBAM4989. XX.X.2023



This document provides you with key investor information about this Fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

# Close Sustainable Select Fixed Income Fund – X (Income)

A sub-fund of Close Discretionary Funds Unit Trust (ISIN: GB00BD6R7Y87)

This Fund is managed by Close Asset Management (UK) Limited

## OBJECTIVE AND INVESTMENT POLICY

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

### Investment policy:

The Fund will hold at least 80% of its portfolio in sterling-denominated (or hedged back to sterling) fixed interest securities (mainly corporate bonds, although the Fund may also hold government bonds) and deposits (including money market instruments). The fixed interest securities in which the Fund invests may be investment grade, sub-investment grade or unrated. Investment grade securities for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase. The Fund may at any one time hold a relatively small number of stocks as chosen by the Investment Adviser from a wide range of fixed income securities across different sectors.

In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments), the Fund may also invest in collective investment schemes (which may include schemes managed by the Manager or an affiliate of the Manager) and closed-ended funds. The Fund may use derivatives for efficient portfolio management. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund uses a sustainable investment process to ensure that it is invested in a way that contributes to reducing greenhouse gas emissions. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments. The Investment Adviser first applies a quantitative screening process to exclude companies that derive more than 10% of their annual revenues from activities related to thermal coal and then then applies a qualitative assessment in order to identify and select companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. As part of this assessment, the Investment Adviser also considers whether companies follow good governance practices (e.g. with respect to sound management and company board, corporate culture, capital allocation and remuneration policies).

Investment opportunities are identified using in-depth fundamental analysis to determine the sustainability (both financial and non-financial) of holdings. This is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare.

Rather than focussing on a specific sustainability theme across all investments the Investment Adviser focuses on what it assesses to be most material to each individual company and its broader stakeholders. The Investment Adviser will also engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

Note: The screening criteria are applied to the corporate issuers of the bonds in which the Fund invests. Other assets in which the Fund may invest (including collective investment schemes and government

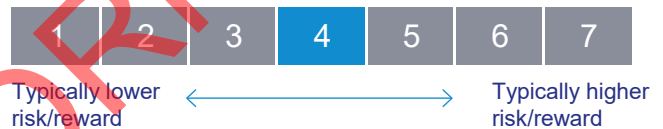
bonds) are not subject to the screening but will be assessed by the Manager to ensure that any such investments will not affect the ability of the Fund to meet its sustainable objective.

To help achieve its sustainability objectives, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities: Thermal coal; Tobacco products manufacture; Controversial weapons; Civilian firearms; Gambling; Adult entertainment.

In addition, the Fund will not invest in (i) Companies that the Investment Adviser deems to be in violation of the UN Global Compact principles or (ii) Governments that the Investment Adviser deems to be in violation of the UN Universal Declaration of Human Rights.

## RISK AND REWARD PROFILE

The Risk and Reward profile demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data (the past 5 years), may change over time and may not be a reliable indication of the future risk profile of the Fund.



The Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. Past performance is not a reliable guide to future performance the lowest category does not mean risk free.

## INVESTING IN THE FUND CARRIES THE FOLLOWING MAIN RISKS:

**Counterparty risk:** The Fund could lose money if a counterparty with which it transacts becomes unwilling or unable to meet its obligations to the Fund.

**Currency/Derivatives risk:** The Fund invests in overseas assets, denominated in currencies other than Sterling. The Manager aims to remove some of the impact of changes in some exchange rates by hedging, a currency transaction which may protect against such movements. While the Fund may operate hedging (via derivatives) to reduce this risk, it may not always be fully effective.

**Default risk:** The Fund may invest in bonds which provide a fixed or variable return and which are a form of loan, the value of which depends on the issuer being able to meet its payment obligations, and there is a risk that the issuer will fail to do so. Although the Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Investment risk/Focus risk:** The Fund invests in bonds and equities globally. Share/bond prices can rise or fall due to a number of factors affecting global stock markets. Moreover, the Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event

**Sustainability strategy risk:** The Fund is subject to screening criteria applied by the Investment Adviser which means that they will not invest in certain sectors, companies and investments that conflict with the sustainability policy. This investment strategy may result in the Fund having a narrower range of eligible investments, which may in turn affect the Funds' performance.

**Liquidity risk:** In extreme market conditions, some securities held by the Fund may become hard to value or sell. In these circumstances, performance may be affected and redemptions in the Fund may need to be deferred or the Fund suspended for a period of time.

A full list of the Fund's risks are contained in the "Risk Factors" section of the Prospectus

## CHARGES

The charges you pay are used to pay the costs of running the Fund, including the costs of managing and distributing it. These charges reduce the potential growth of your investment.

### One-off charges taken before or after you invest

Entry charge	0.00%
Exit charge	0.00%

There are no entry or exit charges in this fund

### Charges taken from the Fund over a year

Ongoing charges	0.45%
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### Charges taken from the Fund under certain specific conditions

Performance fee	None
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The figure for the ongoing charges excludes portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares or units in another fund and transaction costs paid to the custodian of the Fund.

The ongoing charges are based on the Fund's expenses for the twelve months ending 30 September 2022 adjusted to reflect the fee reduction of 3bps that occurred on 31 January 2023. Ongoing charges may vary from year to year. Following the recent changes to disclosure requirements; Closed-ended Funds are now included in the calculation of the synthetic element of the ongoing charge.

Further information about charges can be found in the Fees section of the Prospectus.

Note: If you invest through a third party provider (including platforms) you are advised to consult them directly as charges, performance, and terms and conditions may differ materially to those shown in this document.

## PRACTICAL INFORMATION

The Trustee is The Bank of New York Mellon (International) Limited.

The Fund's Investment Adviser is Close Asset Management Limited.

This Key Investor Information Document may not contain all the information you need.

The Fund is a sub-fund of the Close Discretionary Funds ("CDF"), an umbrella structure comprising different sub-funds. This document is specific to the Fund and unit class stated at the beginning of this document. However, the prospectus, annual and half-yearly reports are prepared for the umbrella.

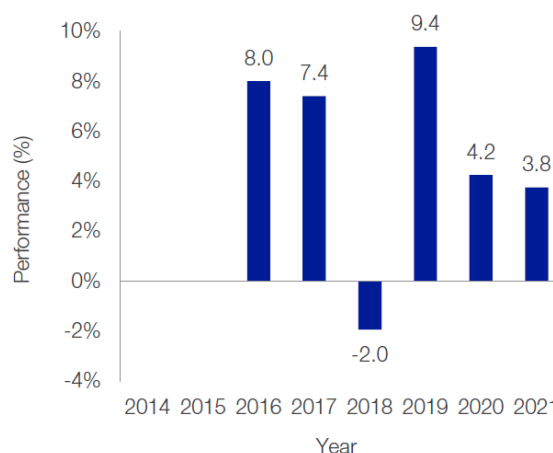
Investors may switch their units in the Fund for units in another sub-fund within CDF, subject to meeting certain conditions. These conditions, as well as other information about dealing, other unit classes of this Fund and other funds in this Trust may be obtained by contacting us (see below).

You can place an order to buy, sell or switch units of the Fund by contacting your adviser or distributor, or us directly at Close Asset Management (UK) Limited, PO Box 367, Darlington, DL1 9RG; or by calling us on 0370 606 6402\*.

\*Calls to this number are recorded for monitoring purposes.

For the latest published price of the units in the Fund, or to obtain the Prospectus or annual/semi-annual report, please

## PAST PERFORMANCE



Past performance is calculated in GBP. This chart includes all charges except entry and exit charges. You should be aware that past performance is not a reliable guide to future performance.

Fund launch date – 15 October 2012

Unit class launch date – 29 March 2016.

N.B. On 31 March 2023 the Investment Objective and Policy and the Fund name were changed to reflect the formal adoption of the sustainable screening process set out above.

### OTHER INFORMATION:

Units can be bought or sold in the Fund on any business day, as defined in the Prospectus. An order must be received by the administrator by 11:45am on any business day to receive that day's fund price. Please note that if an order is placed by an intermediary or Financial Adviser they may require extra processing time.

Units will be in income units. Income from investments held by the Fund may be directly paid out.

**The Fund should be regarded as a long term investment and may not be appropriate for investors who plan to withdraw their money in the short to medium term i.e. within 5 years**

visit [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds) or please contact the registered office of the Fund at 10 Crown Place, London EC2A 4FT. Documents are available free of charge in English.

The assets of the Fund are ring-fenced and cannot be used to pay the debts of other CDF sub-funds.

This Fund is subject to UK tax laws, which may have an impact on your personal tax position. Please speak to a financial adviser for further information.

Details of the up-to-date remuneration policy, including but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding remuneration and benefits and the composition of the remuneration committee are available on [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds). A paper copy of the remuneration policy is available free of charge at the registered office.

Close Asset Management (UK) Limited may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant part of the prospectus for the Fund.

The Fund is authorised in the UK and regulated by the Financial Conduct Authority ("FCA"). Close Asset Management (UK) Limited is authorised in the UK and regulated by the FCA.

This Key Investor Information is accurate as at [XX.XX.2023].

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of the Close Brothers Group plc group of companies, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority.

Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.

CBAM3587. XX.X.2023

# Close Sustainable Select Fixed Income Fund – X (Accumulation)<sup>1</sup>

A sub-fund of Close Discretionary Funds Unit Trust (ISIN: GB00BD6DSC14)

This Fund is managed by Close Asset Management (UK) Limited

## OBJECTIVE AND INVESTMENT POLICY<sup>1,2</sup>

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

### Investment policy:

The Fund will hold at least 80% of its portfolio in sterling-denominated (or hedged back to sterling) fixed interest securities (mainly corporate bonds, although the Fund may also hold government bonds) and deposits (including money market instruments). The fixed interest securities in which the Fund invests may be investment grade, sub-investment grade or unrated. Investment grade securities for the purposes of this Fund are those which are rated at least BBB- (or equivalent) by a single rating agency at the time of purchase. The Fund may at any one time hold a relatively small number of stocks as chosen by the Investment Adviser from a wide range of fixed income securities across different sectors.

In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments), the Fund may also invest in collective investment schemes (which may include schemes managed by the Manager or an affiliate of the Manager) and closed-ended funds. The Fund may use derivatives for efficient portfolio management. There may be occasions where the Investment Adviser considers that it is prudent, given market conditions, to maintain higher levels of liquidity in the Fund. In such circumstances, the Investment Adviser may hold up to 20% of the Fund in cash.

The Fund uses a sustainable investment process to ensure that it is invested in a way that contributes to reducing greenhouse gas emissions. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments. The Investment Adviser first applies a quantitative screening process to exclude companies that derive more than 10% of their annual revenues from activities related to thermal coal and then then applies a qualitative assessment in order to identify and select companies considered by the Investment Adviser as having operations and/or business models that aim to minimise their harmful effects on society and the environment. As part of this assessment, the Investment Adviser also considers whether companies follow good governance practices (e.g. with respect to sound management and company board, corporate culture, capital allocation and remuneration policies).

Investment opportunities are identified using in-depth fundamental analysis to determine the sustainability (both financial and non-financial) of holdings. This is supported by a variety of qualitative information and available data including publicly available sources, third-party data, and proprietary models. When making an investment decision, the Investment Adviser considers a broad range of environmental and social characteristics, such as carbon emissions goals, supply chain management practices, and/or the effect that products and services have on addressing environmental and social challenges such as climate change, education and healthcare.

Rather than focussing on a specific sustainability theme across all investments the Investment Adviser focuses on what it assesses to be most material to each individual company and its broader stakeholders. The Investment Adviser will also engage with company management where it identifies opportunities to effect positive change, or to deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

Note: The screening criteria are applied to the corporate issuers of the bonds in which the Fund invests. Other assets in which the Fund may invest (including collective investment schemes and government

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

To help achieve its sustainability objectives, the Fund will not invest in companies that derive more than 10% of their revenues from the following business activities: Thermal coal; Tobacco products manufacture; Controversial weapons; Civilian firearms; Gambling; Adult entertainment.

In addition, the Fund will not invest in (i) Companies that the Investment Adviser deems to be in violation of the UN Global Compact principles or (ii) Governments that the Investment Adviser deems to be in violation of the UN Universal Declaration of Human Rights.

**The Fund should be regarded as a long term investment and may not be appropriate for investors who plan to withdraw their money in the short to medium term i.e. within 5 years**

## RISK AND REWARD PROFILE

The Risk and Reward profile demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data (the past 5 years), may change over time and may not be a reliable indication of the future risk profile of the Fund.



The Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past. Past performance is not a reliable guide to future performance the lowest category does not mean risk free.

## INVESTING IN THE FUND CARRIES THE FOLLOWING MAIN RISKS:

**Counterparty risk:** The Fund could lose money if a counterparty with which it transacts becomes unwilling or unable to meet its obligations to the Fund.

**Currency/Derivatives risk:** The Fund invests in overseas assets, denominated in currencies other than Sterling. The Manager aims to remove some of the impact of changes in some exchange rates by hedging, a currency transaction which may protect against such movements. While the Fund may operate hedging (via derivatives) to reduce this risk, it may not always be fully effective.

**Default risk:** The Fund may invest in bonds which provide a fixed or variable return and which are a form of loan, the value of which depends on the issuer being able to meet its payment obligations, and there is a risk that the issuer will fail to do so. Although the Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Investment risk/Focus risk:** The Fund invests in bonds and equities globally. Share/bond prices can rise or fall due to a number of factors affecting global stock markets. Moreover, the Fund's value may fall where it has concentrated exposure to an issuer or type of security that is heavily affected by an adverse event

**Sustainability strategy risk:** The Fund is subject to screening criteria applied by the Investment Adviser which means that they will not invest in certain sectors, companies and investments that conflict with the sustainability policy. This investment strategy may result in the Fund having a narrower range of eligible investments, which may in turn affect the Funds' performance.

**Liquidity risk:** In extreme market conditions, some securities held by the Fund may become hard to value or sell. In these circumstances, performance may be affected and redemptions in the Fund may need to be deferred or the Fund suspended for a period of time.

A full list of the Fund's risks are contained in the "Risk Factors" section of the Prospectus

## CHARGES

The charges you pay are used to pay the costs of running the Fund, including the costs of managing and distributing it. These charges reduce the potential growth of your investment.

### One-off charges taken before or after you invest

Entry charge	0.00%
Exit charge	0.00%

There are no entry or exit charges in this fund

### Charges taken from the Fund over a year

Ongoing charges	0.48%
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### Charges taken from the Fund under certain specific conditions

Performance fee	None
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The figure for the ongoing charges excludes portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares or units in another fund and transaction costs paid to the custodian of the Fund.

The ongoing charges are based on the Fund's expenses for the twelve months ending 30 September 2022. Ongoing charges may vary from year to year. Following the recent changes to disclosure requirements; Closed-ended Funds are now included in the calculation of the synthetic element of the ongoing charge.

Further information about charges can be found in the Fees section of the Prospectus.

Note: If you invest through a third party provider (including platforms) you are advised to consult them directly as charges, performance, and terms and conditions may differ materially to those shown in this document.

## PRACTICAL INFORMATION

**The Trustee** is The Bank of New York Mellon (International) Limited.

The Fund's **Investment Adviser** is Close Asset Management Limited.

This Key Investor Information Document may not contain all the information you need.

The Fund is a sub-fund of the Close Discretionary Funds ("CDF"), an umbrella structure comprising different sub-funds. This document is specific to the Fund and unit class stated at the beginning of this document. However, the prospectus, annual and half-yearly reports are prepared for the umbrella.

Investors may switch their units in the Fund for units in another sub-fund within CDF, subject to meeting certain conditions. These conditions, as well as other information about dealing, other unit classes of this Fund and other funds in this Trust may be obtained by contacting us (see below).

You can place an order to buy, sell or switch units of the Fund by contacting your adviser or distributor, or us directly at Close Asset Management (UK) Limited, PO Box 367, Darlington, DL1 9RG; or by calling us on 0370 606 6402\*.

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For the latest published price of the units in the Fund, or to obtain the Prospectus or annual/semi-annual report, please

## PAST PERFORMANCE

Past performance is calculated in GBP. This chart includes all charges except entry and exit charges. You should be aware that past performance is not a reliable guide to future performance.

Fund launch date – 15 October 2012

Unit class launch date – 19 March 2018.

<sup>1</sup> N.B. On 31 March 2023 the Investment Objective and Policy and the Fund name were changed to reflect the formal adoption of the sustainable screening process set out above.

<sup>2</sup> A summary of the Manager's Sustainability Policy and Investment Process can be found in Appendix 1 of the Prospectus.

### OTHER INFORMATION:

Units can be bought or sold in the Fund on any business day, as defined in the Prospectus. An order must be received by the administrator by 11:45am on any business day to receive that day's fund price. Please note that if an order is placed by an intermediary or Financial Adviser they may require extra processing time.

Units will be in income units. Income from investments held by the Fund may be directly paid out.

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The assets of the Fund are ring-fenced and cannot be used to pay the debts of other CDF sub-funds.

This Fund is subject to UK tax laws, which may have an impact on your personal tax position. Please speak to a financial adviser for further information.

Details of the up-to-date remuneration policy, including but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding remuneration and benefits and the composition of the remuneration committee are available on [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds). A paper copy of the remuneration policy is available free of charge at the registered office.

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The Fund is authorised in the UK and regulated by the Financial Conduct Authority ("FCA"). Close Asset Management (UK) Limited is authorised in the UK and regulated by the FCA.

This Key Investor Information is accurate as at 31 March 2023].

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of the Close Brothers Group plc group of companies, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority.

Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86.

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