

27 November 2017

Dear Investor,

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT ABOUT THE ACTION TO BE TAKEN PLEASE CONSULT YOUR ADVISER.

Introduction of single fund management fee

We are writing to you as a shareholder in one of the Close Asset Management (UK) Limited (CAM(UK)L) funds to inform you of changes to the way the costs of running our funds are charged. You do not need to take any action but it is important that you read this letter and understand the changes.

With effect from 1 February 2018, most charges, fees and expenses which are currently taken separately from each of our funds, will be replaced with a single fixed Fund Management Fee ("FMF") payable by each fund. The FMF will be paid to CAM(UK)L, who will then use it to pay all other permissible fund expenses.

Two charges will remain outside the FMF: (i) the synthetic costs (these are the underlying costs charged by any third party funds held in our funds); and (ii) the transaction costs associated with buying and selling of investments for the funds.

In addition to the FMF, we will disclose the estimated costs of both the synthetic and transaction costs to you, to provide a complete picture of your total fund costs.

Which funds are impacted?

Name of Fund	Name of Fund
Close Bond Income Portfolio Fund	Close Managed Balanced Fund
Close Select Fixed Income Fund	Close Managed Growth Fund
Close Diversified Income Portfolio Fund	Close Tactical Select Passive Conservative Fund
Close Conservative Portfolio Fund	Close Tactical Select Passive Balanced Fund
Close Balanced Portfolio Fund	Close Tactical Select Passive Growth Fund
Close Growth Portfolio Fund	Close Strategic Alpha Fund
Close Managed Income Fund	Close FTSE techMARK Fund
Close Managed Conservative Fund	

Why are we making these changes?

Currently, a number of different charges, fees and expenses are paid separately out of each fund to cover the cost of running them. These include fixed fees such as CAM(UK)L's Annual Management Charge ("AMC") and annual fees paid to the Trustee/Depositary.

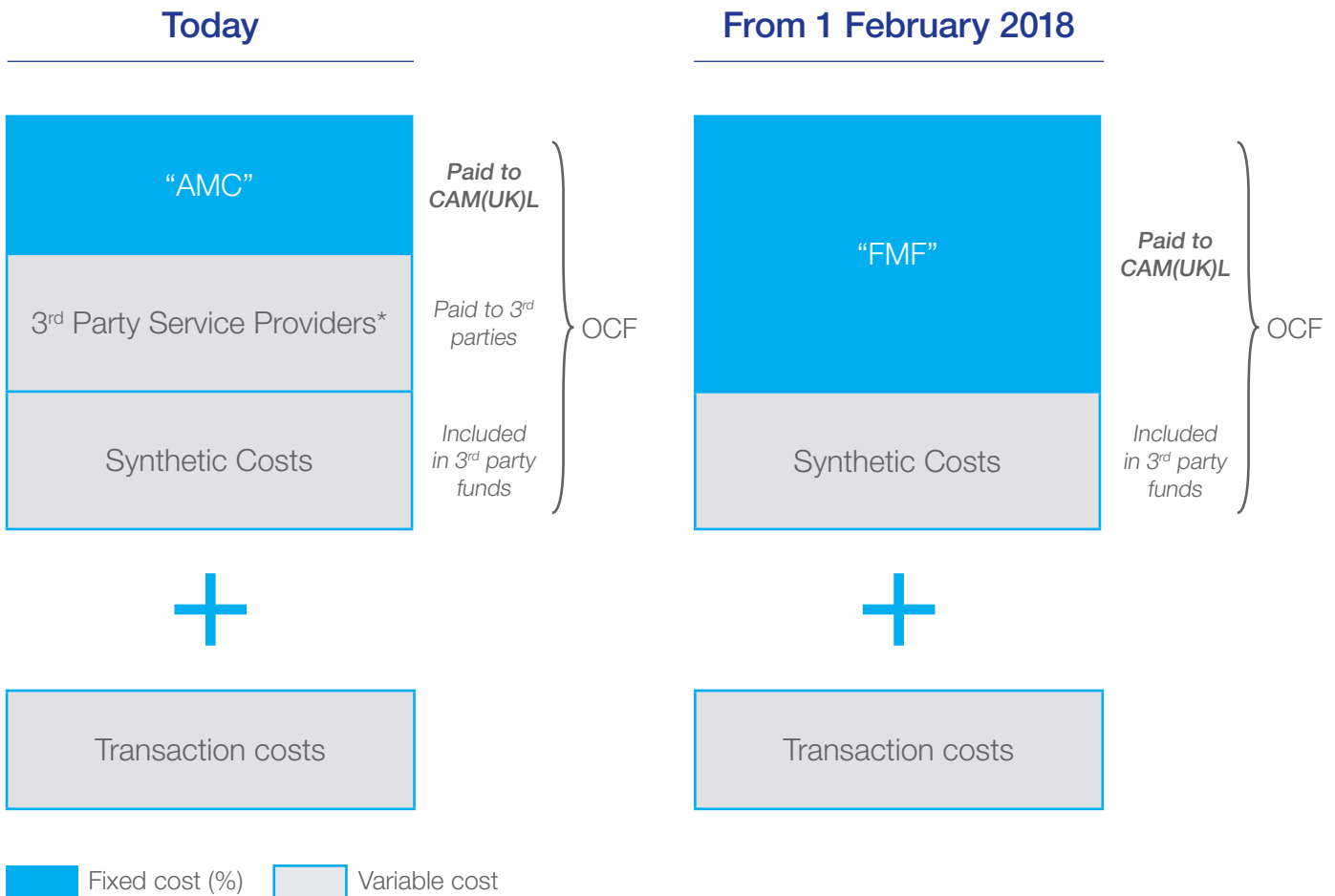
There are also variable expenses such as the costs of the third party service providers, regulatory and legal costs. You will find details of these costs included in the Prospectus and also in the Report and Accounts.

The fixed and variable fees and expenses and the synthetic costs payable by each fund are added together and are quoted as the fund's Ongoing Charges Figure ("OCF"). This figure can change as the variable fund expenses change. While the OCF is useful - as it allows you to compare the costs on different funds across different fund managers- there is no certainty that it will remain the same over time.

In their recent communications with the fund management industry, the Financial Conduct Authority ("FCA") has raised concerns about this uncertainty and the lack of clear disclosure around costs. The purpose of the FMF is therefore to provide investors with a more transparent fee structure.

What is changing?

What you pay



* Including the Trustee/Depositary fees and all other permitted expenses and charges of the Fund. This diagram is for illustrative purposes only and is not to scale.

From 1 February 2018, rather than applying the AMC and all other 3rd party costs and permitted expenses separately to each fund, CAM(UK)L will take one fee from each fund – the FMF. The FMF will be paid to CAM(UK)L, who will then use it to pay all permissible expenses.

The FMF is calculated as a percentage of the scheme property (the assets under management) of each fund.

We believe that the introduction of the FMF and the separate disclosure of the synthetic and transaction costs will make our fund charges more transparent, whilst also removing a number of variable elements. Details of the new fee structure for each fund can be found in Appendix 1.

The method of paying for the portfolio transaction costs is not changing; they will continue to be deducted directly from the funds.

Will payments from the funds increase?

Some funds will see small increases in costs from the last published OCF of 31 March 2017. The increase will be as part of the annual management fee portion of the new FMF and reflects the increased costs of running the funds and will be paid to CAM(UK)L. These costs are as a result of enhancements to the management, monitoring, transaction processing, governance and oversight, some of which are a result of changes in regulation. This will ensure we continue to act in the best interests of all clients.

The additional benefit is that the FMF will be fixed and cannot be increased without first notifying you.

How will we monitor the FMF?

We will review the FMF of each fund regularly, and at least annually, to ensure that the level of each fund's FMF is appropriate. Where the underlying fees and expenses that make up the FMF reduce or increase, we may carry out a review where we reasonably consider this to be appropriate.

When carrying out these reviews, we reserve the right to increase or decrease the FMF and we will notify you of any such change in accordance with the rules of the FCA. Currently, we would need to seek FCA approval and give you 60 days' notice before we could implement any increase to the FMF.

Practical information

If you require any further information regarding this change, please do not hesitate to contact us on 0370 606 6452. We are open from 9.00am to 5.30pm, Monday to Friday. For your security and to improve the quality of our service we may record and monitor telephone calls.

Please note that you may redeem your investments with us at any time on the terms set out in the Prospectus.

Please be aware that Close Asset Management (UK) Limited as authorised fund manager of the funds is not in a position to give you investment advice, so if you are uncertain as to how the changes may affect you, you should consult your Financial Adviser.

Yours faithfully,

Appendix 1 – Details of Fund Management Fee

Name of Fund	Unit/Share Class	Current		With effect from 1 February 2018			Estimated Transaction Costs ³
		Ongoing Charge ("OCF") 30 Sept. 2017 ¹	Fund Management Fee ("FMF")	Estimated Costs ²	Estimated OCF	Change	
Close Bond Income Portfolio Fund	A Accumulation	0.93%	0.97%	0.00%	0.97%	0.00%	
Close Bond Income Portfolio Fund	A Income	0.94%	0.98%	0.00%	0.98%	0.00%	
Close Bond Income Portfolio Fund	X Accumulation	0.44%	0.48%	0.00%	0.48%	0.00%	
Close Bond Income Portfolio Fund	X Income	0.41%	0.45%	0.00%	0.45%	0.00%	
Close Select Fixed Income Fund	I Income	0.09%	0.13%	0.00%	0.13%	0.00%	
Close Select Fixed Income Fund	X Income	0.44%	0.48%	0.00%	0.48%	0.00%	
Close Diversified Income Portfolio Fund	A Accumulation	1.31%	1.32%	0.03%	1.35%	0.03%	
Close Diversified Income Portfolio Fund	A Income	1.31%	1.32%	0.03%	1.35%	0.03%	
Close Diversified Income Portfolio Fund	X Accumulation	0.70%	0.71%	0.03%	0.74%	0.03%	
Close Diversified Income Portfolio Fund	X Income	0.71%	0.72%	0.03%	0.75%	0.03%	
Close Diversified Income Portfolio Fund	Y Accumulation	0.91%	0.92%	0.03%	0.95%	0.03%	
Close Conservative Portfolio Fund	A Accumulation	1.59%	1.57%	0.06%	1.63%	0.13%	
Close Conservative Portfolio Fund	A Income	1.59%	1.57%	0.06%	1.63%	0.13%	
Close Conservative Portfolio Fund	X Accumulation	0.87%	0.85%	0.06%	0.91%	0.13%	
Close Conservative Portfolio Fund	X Income	0.90%	0.88%	0.06%	0.94%	0.13%	
Close Conservative Portfolio Fund	Y Accumulation	1.11%	1.09%	0.06%	1.15%	0.13%	
Close Conservative Portfolio Fund	Y Income	1.13%	1.11%	0.06%	1.17%	0.13%	
Close Balanced Portfolio Fund	A Accumulation	1.62%	1.57%	0.09%	1.66%	0.15%	
Close Balanced Portfolio Fund	X Accumulation	0.88%	0.83%	0.09%	0.92%	0.15%	
Close Balanced Portfolio Fund	Y Accumulation	1.15%	1.10%	0.09%	1.19%	0.15%	
Close Balanced Portfolio Fund	I Accumulation	0.14%	0.09%	0.09%	0.18%	0.15%	

¹ The OCF does not include transaction costs.

² Based on the costs as at 30 September 2017.

³ Based on the costs for the 12 months ending 31 March 2017.

Appendix 1 – Details of Fund Management Fee (continued)...

Name of Fund	Unit/Share Class	Current		With effect from 1 February 2018			Change	Estimated Transaction Costs ³
		Ongoing Charge ("OCF") 30 Sept. 2017 ¹	Fund Management Fee ("FMF")	Estimated Synthetic Costs ² +	Estimated OCF 1 February 2018			
Close Growth Portfolio Fund	A Accumulation	1.64%	1.58%	0.10%	1.68%	0.04%	0.14%	
Close Growth Portfolio Fund	X Accumulation	0.92%	0.86%	0.10%	0.96%	0.04%	0.14%	
Close Growth Portfolio Fund	Y Accumulation	1.23%	1.17%	0.10%	1.27%	0.04%	0.14%	
Close Managed Income Fund	X Accumulation	1.14%	0.54%	0.60%	1.14%	0.00%	0.00%	
Close Managed Income Fund	X Income	1.15%	0.55%	0.60%	1.15%	0.00%	0.00%	
Close Managed Conservative Fund	A Accumulation	1.87%	1.29%	0.58%	1.87%	0.00%	0.01%	
Close Managed Conservative Fund	A Income	1.88%	1.30%	0.58%	1.88%	0.00%	0.01%	
Close Managed Conservative Fund	X Accumulation	1.11%	0.53%	0.58%	1.11%	0.00%	0.01%	
Close Managed Conservative Fund	X Income	1.27%	0.69%	0.58%	1.27%	0.00%	0.01%	
Close Managed Balanced Fund	A Accumulation	1.91%	1.29%	0.62%	1.91%	0.00%	0.02%	
Close Managed Balanced Fund	X Accumulation	1.14%	0.52%	0.62%	1.14%	0.00%	0.02%	
Close Managed Balanced Fund	Y Accumulation	1.45%	0.83%	0.62%	1.45%	0.00%	0.02%	
Close Managed Growth Fund	A Accumulation	1.92%	1.30%	0.62%	1.92%	0.00%	0.02%	
Close Managed Growth Fund	X Accumulation	1.12%	0.50%	0.62%	1.12%	0.00%	0.02%	
Close Tactical Select Passive Conservative Fund	X Accumulation	0.50%	0.32%	0.18%	0.50%	0.00%	0.03%	
Close Tactical Select Passive Conservative Fund	X Income	0.50%	0.32%	0.18%	0.50%	0.00%	0.03	
Close Tactical Select Passive Balanced Fund	X Accumulation	0.54%	0.34%	0.20%	0.54%	0.00%	0.06%	
Close Tactical Select Passive Growth Fund	X Accumulation	0.53%	0.32%	0.21%	0.53%	0.00%	0.04%	
Close Strategic Alpha Fund	A Accumulation	2.34%	1.68%	0.66%	2.34%	0.00%	0.03%	
Close Strategic Alpha Fund	I Accumulation	1.59%	0.93%	0.66%	1.59%	0.00%	0.03%	
Close Strategic Alpha Fund	X Accumulation	1.59%	0.93%	0.66%	1.59%	0.00%	0.03%	
Close FTSE techMARK Fund	A Accumulation	1.37%	1.37%	0.00%	1.37%	0.00%	0.21%	
Close FTSE techMARK Fund	X Accumulation	0.67%	0.67%	0.00%	0.67%	0.00%	0.21%	

Appendix 2 – Questions and Answers

What is the Fund Management Fee (“FMF”)?

Currently Close Asset Management (UK) Limited (“CAM(UK)L”) receives an annual management charge (“AMC”) from each fund. All other permitted fees, charges and expenses are paid directly by each fund to the relevant service provider

From 1 February 2018 CAM(UK)L will be paid a single fixed fee by each fund, the FMF, from which we will settle all of the other permitted fees, charges and expenses (excluding transaction and synthetic costs) which are currently charged directly to the funds.

You should be aware that as this charge is fixed in nature, CAM(UK)L could make a profit or a loss on the provision of these services. However, we will review the FMF of each fund regularly, and at least annually, to ensure that the level of each fund’s FMF is appropriate. Where the underlying fees and expenses that make up the FMF reduce or increase, we may carry out a review where we reasonably consider this to be appropriate.

When carrying out these reviews, we reserve the right to increase or decrease the FMF and we will notify you of any such change in accordance with the rules of the Financial Conduct Authority (“FCA”). Currently, we would need to seek FCA approval and give you 60 days’ notice before we could implement any increase to the FMF.

What will you pay each year?

Some funds will see small increases in costs. These increases, where applicable, are detailed in Appendix 1 and reflect the increased costs of running the funds. These increases are not as a result of the introduction of the FMF.

Ongoing Charge (“OCF”)

i. Fund Management Fee (“FMF”)

From 1 February 2018, most charges, fees and expenses which are currently taken separately from our funds, will be replaced with a single fixed Fund Management Fee (“FMF”). The FMF will be paid to CAM(UK)L, who will then use it to pay all permissible fund expenses.

Two charges will remain outside the FMF: (i) the synthetic costs (these are the underlying costs charged by any third party funds held in our funds); and (ii) the transaction costs associated with the execution of portfolio trades for our funds.

ii. Synthetic Costs

Some funds may invest in other funds (referred to as underlying funds). The synthetic costs element represents an estimate of the charges of the underlying funds. This is a variable cost and changes from year to year depending on the number of underlying funds held within a fund’s portfolio.

Other Costs

iii. Transaction Costs

This includes the expenses that arise from selling or buying investments in the fund, including redemption fees and transfer fees. These are third party costs, which occur as part of the day-to-day active management of the funds and also as a result of the funds receiving subscriptions and redemptions (although in the case of subscriptions and redemptions over a certain threshold, the dilution adjustment will cover the portfolio transaction costs). This is a variable cost and changes from year to year depending on the number of trades undertaken by our Fund Managers.

What is the benefit to you?

This enhanced disclosure should be easier for you to understand exactly what you will be charged over the year. This should allow you to focus on making the right investment decisions, rather than trying to understand the fee structures.

The benefit to you is that the FMF will be fixed and cannot be increased without notification.

How will we notify you of changes to the FMF?

The FMF rates will be reviewed annually after the funds’ year end, which is 31 March. If we need to decrease or increase the FMF of a fund we will notify the investors of that fund.

Where the underlying fees and expenses that make up the FMF reduce or increase, we may carry out a review where we reasonably consider this to be appropriate.

When carrying out these reviews, we reserve the right to increase or decrease the FMF and we will notify you of any such change in accordance with the rules of the FCA. Currently, we would need to seek FCA approval and give you 60 days’ notice before we could implement any increase to the FMF.

Any notification regarding a decrease in the FMF may be either in the funds’ Report & Accounts or at www.closebrothersam.com/funds

Will you have to pay for this change?

No, the cost of making these changes and the notifications are being paid for by CAM(UK)L.

Where can you find the FMF and OCF for your funds?

The OCF is shown on the Key Investor Information Document (“KIID”), the fund Factsheet and in the fund Report & Accounts.

The FMF will be available on the fund Factsheet, the fund Report & Accounts and also at www.closebrothersam.com/funds

If you invest in Class A units/shares?

We would like to take this opportunity to remind you that if you invest in Class A units/shares, you are entitled to a free switch into Class X units/shares. Class X units/shares are available at a lower FMF/OCF. Please contact us if you need any further information on this matter.

What happens if you invest in a unit/share class that is currently subsidised by CAM(UK)L?

When we wrote to you in 2015 we confirmed that we will continue to operate a subsidy until such time that charging the fees to the funds would not have a material impact on the OCF. Details regarding which funds are currently subsidised can be found in the KIID and the fund Report & Accounts.

In considering the overall fee structure of our funds for the change to the FMF, we have decided it is in the best interests of investors to no longer consider these funds as being subsidised. Instead, we will simply set the fee level at the lower “subsidised” level. This means that we would be required to seek approval of the FCA should we wish to increase the fees at a future date.

As such, from 1 February 2018, for those funds which currently have a subsidy, the current lower level of fee will become the actual fee.