

Information on Close Asset Management (UK)'s funds sustainability strategy

The following information summarises Close Asset Management (UK)'s Funds sustainability policy and investment process and will be set out in the prospectus of the Trust as of the Effective Date.

INTRODUCTION

Set out below is a summary of the Funds sustainability policy and process which is applied by the Manager to the Close Sustainable Bond Portfolio Fund and the Close Sustainable Balanced Portfolio Fund (each a "Fund" and together the "Funds" for the purposes of this section of the prospectus).

In the context of these Funds, 'sustainable' reflects both what an investee entity produces, and how that entity operates. As such, both an ethical screen ('what' is produced) and an ESG (environmental, social and governance) screen ('how' it operates) are applied when considering direct investments in equities and in corporate bonds. For government bonds, only the ESG screen is applied.

The first step in the process is to apply the ethical screen in order to exclude entities exposed to certain sectors or practices. The second step involves the remaining securities being subjected to our ESG screen to seek out securities which the Manager believes have positive attributes regarding environmental, social and governance factors. The entities that pass this second step are eligible for investment in a 'sustainable' context.

Once the sustainability screens have been undertaken, each remaining investment will then also be subject to further fundamental analysis and an assessment of valuation (using a combination of quantitative and qualitative measures), in line with the Manager's wider investment process.

In short, the aim of the process is to seek out entities which are well prepared for long-term economic, social and environmental trends, and display good governance practices. The process is outlined below.

Further information on the policy and process applied to the Funds can be found on the Manager's website at <https://www.closebrothersam.com/funds/>.

1. ETHICAL SCREEN

What is excluded?

Those with exposure to the following sectors/practices are ineligible for investment:

1. Adult entertainment
2. Alcohol
3. Animal testing for cosmetic purposes
4. Gambling
5. Gas utilities
6. Nuclear power
7. Oil & gas equipment & services
8. Oil & gas producers
9. Tobacco
10. Weapons / arms

Methodology for exclusion

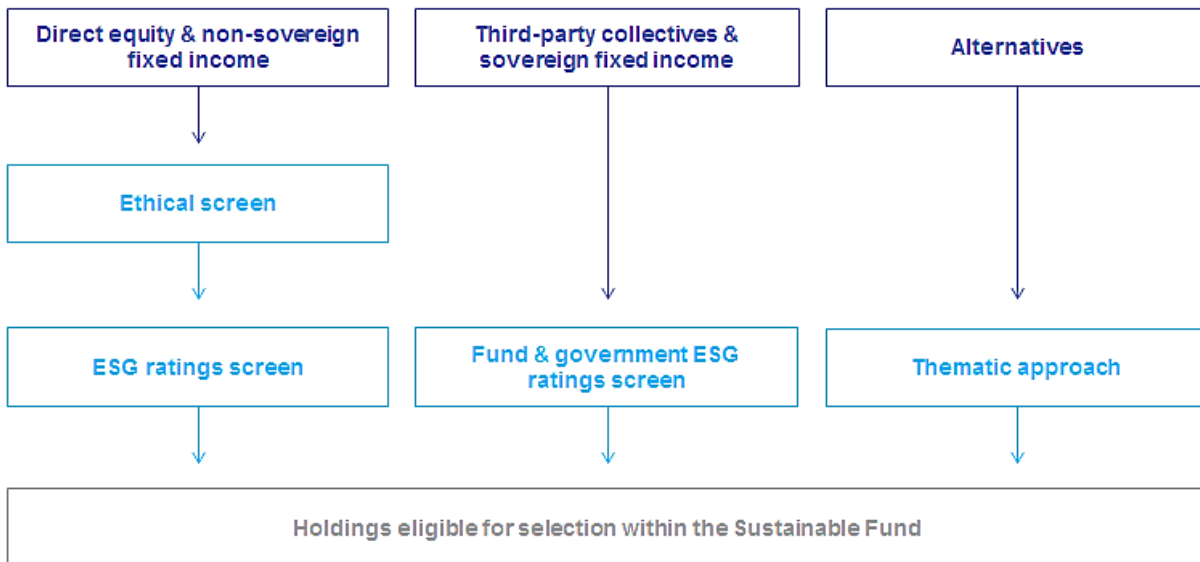
Entities with 10% or more revenue exposure to the above sectors/practices will be excluded from the Funds. To determine revenue exposure, we rely on external data providers to provide such analysis. Where such analysis is not available, we will use standard industry classifications for eligibility.

2. ESG RATING / POSITIVE SCREEN

Securities which pass the ethical screening process are then assessed for environmental, social and governance attributes, using external data providers of alphabetical ESG ratings. These ESG ratings reflect how well an entity conducts itself with respect to environmental, social and governance risks and opportunities and, by extension, how vulnerable the entity is to disruption based on these factors. The Funds’ approach is to only invest in securities with positive ESG attributes. The Funds will not try to predict future upgrades in ESG ratings, so will not invest in securities without the required minimum rating.

As well as ESG ratings being available for corporate issuers of equity/fixed income securities, ESG ratings are available for sovereign issuers. This means that both corporate and sovereign securities are eligible for ESG screening.

3. APPROACH BY SECURITY TYPE SUMMARY



4. PROCESS ONCE SECURITIES HAVE BEEN ADDED TO THE PORTFOLIO

Divesting

Holdings will be monitored to ensure that they continue to meet our ethical, ESG and valuation requirements.

On the ethical screen, revenue exposures and industry classifications will be monitored given that both are subject to change, which could change a holding from an eligible, to an illegible investment.

We will also monitor ESG ratings, which are subject to change and may no longer meet our definition of having positive attributes. The ethical and ESG criteria are an essential part of the process and any change to ethical positioning and/or ESG ratings - which results in a holding no longer meeting our criteria – will be sold within 90 days of the change occurring.

Current and new investment objective and policy of the Fund

The following changes will take place on the Effective Date.

CURRENT NAME, INVESTMENT OBJECTIVE AND POLICY	NEW NAME, INVESTMENT OBJECTIVE AND POLICY (AS OF THE EFFECTIVE DATE)
Close Bond Income Portfolio Fund	Close Sustainable Bond Portfolio Fund
<p>The investment objective of the Close Bond Income Portfolio Fund is to generate income while maintaining its capital value over the medium term.</p> <p>The Close Bond Income Portfolio Fund will invest primarily in sterling denominated fixed interest securities being mainly bonds of duration between two and twelve years (including government bonds and corporate bonds) and deposits (including money market instruments).</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.</p> <p>The Fund may use derivatives for efficient portfolio management.</p>	<p>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).</p> <p>The Close Sustainable Bond Portfolio Fund will invest at least 80% in sterling denominated investment grade corporate bonds of duration between two and twelve years. The Fund may also invest in sterling denominated 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>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>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. For government bonds only the ESG</p>

screen is applied when selecting investments.

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.

The Fund may use derivatives for efficient portfolio management.

IMPORTANT INFORMATION

The information contained in this document is believed to be correct but cannot be guaranteed. Past performance is not a reliable indicator of future results. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. Opinions constitute our judgment as at the date shown and are subject to change without notice. This document is not intended as an offer or solicitation to buy or sell securities, nor does it constitute a personal recommendation. Where links to third party websites are provided, Close Brothers Asset Management accepts no responsibility for the content of such websites nor the services, products or items offered through such websites.

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