

**STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S.172 COMPANIES ACT 2006**

The Directors provide the following statement pursuant to the Companies Act 2006 (as amended by Companies (Miscellaneous Reporting) Regulations 2018) (the “**Act**”) to describe how they have acted in accordance with their duty under s.172 of the Act to promote the success of the Company for the benefit of its member(s) as a whole, and in so doing, how they have had regard to those factors set out in s.172(1)(a)-(f) of the Act during the financial year.

Section 172 requires a Director to have regard to the following matters, among others, when discharging their duty: the likely consequences of any decision in the long term; the interests of the Company’s employees; the need to foster the Company’s business relationships with suppliers, customers and others; the impact of the Company’s operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Company. During the financial year, the Directors received refresher training on their legal duties including under s.172 of the Act.

The Board is collectively responsible for managing the affairs of the Company to achieve its long-term prosperity by making important decisions, monitoring performance and establishing ethical standards. When making decisions the Board seeks to understand the impact on each of its stakeholders, including the likely consequences of a decision in the long term, while acknowledging that a decision will not necessarily be favourable for all stakeholders.

The Company is part of the Close Brothers Group (the “**Group**”), and as such it follows a range of group-wide policies in place to protect employees and provide a safe working environment, to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with customers, suppliers and colleagues, and to ensure that it continues to operate in a socially responsible and compliant manner, and manages environmental sustainability. In doing so, and by balancing the interests of the Company’s stakeholders when making decisions, the Board seeks to maintain a reputation for high standards of business conduct. Further information on these group-wide policies can be found in the annual report and accounts of the Company’s ultimate holding company, CBG.

**Governance Framework**

The Company is part of the group of subsidiaries which collectively form CBAM. In light of the nature, scale, and breadth of its business, CBAM has chosen to operate a governance framework which places emphasis on the formal delegation of the day-to-day management of the division to its executive management. Whilst the Board remains responsible for the Company’s long-term success, collective responsibility for the overall strategic direction and operation of the division has been formally delegated by the Board to the CBAM Management Committee (Manco) which comprises the Board’s directors and CBAM senior management. The Manco has in turn formally delegated certain of its responsibilities to and conferred powers upon various functional sub-committees to assist the Board and Manco in dealing with and making decisions on complex technical or specialised matters. This approach to governance ensures a clear and appropriate apportionment of significant responsibilities, and that the division’s strategic aims are implemented within a prudent and effective governance, control and decision making framework.

The Company acts as the Authorised Fund Manager (**AFM**) of CBAM’s UK authorised investment funds (the “**Funds**”). Although both are wholly owned subsidiaries of CBAM, CAM (UK) is a separate and distinct company from Close Asset Management Limited (CAM), which is appointed by CAM (UK) to act as the investment manager of the Funds. This distinction is important as it helps ensure accountability and separation of governance and other responsibilities – fund governance and oversight by CAM (UK), investment management by CAM. To reinforce this separation and provide independent oversight, the Company has appointed two independent Non-Executive Directors. Their role is to represent the interests of our unitholders by overseeing the Company’s governance of the funds; both how they are managed and how they are administered. This includes oversight of outsourced functions such as transfer agency, custody and fund accounting, as well as the separate role of Trustee and Depositary. The Board holds the investment manager to account and provides scrutiny, robust challenge and oversight.

The Board reserves for itself the review of and decisions relating to the Company’s structure, capital and financial resources, financial reporting and controls, and material or significant matters such as acquisitions, disposals and investments, and internal corporate governance.

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Throughout the year, both generally and in relation to specific matters, the Board has had regard to the interests of its stakeholders and has engaged with them in a range of direct and indirect ways. Where engagement has taken place at operational level, the outcome of that engagement has been brought to the Board for its consideration.

The table and example case studies below set out in more detail the ways in which the Board has engaged with the Company's stakeholders during the financial year, how the Directors have had regard to employee interests and the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions taken throughout the year, as well as matters set out in s.172(1)(a)-(f) when discharging their duties under s.172 of the Act.

**Our Stakeholders**

Our stakeholders:	Why we focus on them and the impact of our engagement:	Stakeholders' key priorities and areas of focus:	How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:
<p><b>People</b></p>	<p>The Company does not directly employ its workforce, which is provided by its immediate parent, Close Asset Management Holdings Limited (CAMHL).</p> <p>Notwithstanding this, the Board has input and opinions and recognises that employee culture, values and performance ensures the delivery of good client and investor outcomes and reduces conduct risk, and therefore underpins the Company's ability to achieve its strategy and long-term success.</p> <p>Engagement with employees helps to build a deep and diverse talent pool by attracting, retaining, developing and motivating the right people to meet its current and future business needs, and creates a healthy workplace culture.</p> <p>Regularly listening to employees' feedback ensures they feel valued with their views recognised and acted upon.</p>	<p><u>Wellbeing</u> – employees expect the Company to be committed to their wellbeing and need to be supported in a range of ways to ensure their physical and mental health in both their professional and personal lives.</p> <p><u>Recognition</u> – our people need to work for an organisation where they are valued, and their efforts are recognised and rewarded.</p> <p><u>Learning</u> – employees want to feel challenged in their role and be provided with opportunities for development</p> <p><u>Communication</u> – staff expect regular, open and honest communication and that their views and needs are taken into account.</p> <p><u>Leadership and Management</u> – employees expect clear strategic direction and accountability from management and that leadership and management are accessible.</p>	<ul style="list-style-type: none"> <li>• Established competitive remuneration structures which reward performance and a wide range of employee benefits and wellbeing initiatives, including flexible working, employee assistance programme.</li> <li>• Review and analysis of annual employee opinion survey results, and consideration of follow-up action plans.</li> <li>• Analysis of results of additional employee opinion surveys undertaken and regular updates and communication issued in response to COVID-19 (with a focus on well-being and return to work planning).</li> <li>• Regular communications to employees on the performance and operation of the business and participation by directors and management in employee engagement activities, including strategy updates, town halls and Q&amp;A sessions.</li> <li>• Regular review of culture MI and KPI's, including consideration of employee and conduct metrics.</li> <li>• Business Principles embedded through establishment of the CBAM Business Principles Committee, 1:1's, annual performance appraisals, and monthly and annual Business Principles awards.</li> <li>• Updates from management on various metrics and feedback tools in relation to employees.</li> <li>• Implementation of comprehensive whistle-blowing procedures and encouragement to employees to report relevant matters.</li> <li>• Oversight of and participation in employee training, development and mentoring programmes.</li> </ul>

**STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S.172 COMPANIES ACT 2006 (continued)**

**Our Stakeholders (continued)**

Our stakeholders:	Why we focus on them and the impact of our engagement:	Stakeholders' key priorities and areas of focus:	How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:
<b>People (continued)</b>		<p><u>Purpose and Values</u> – all staff should feel they are part of a unified and purposeful culture at work and should be encouraged and supported to speak up should they observe conduct which is not in line with CBAM's Business Principles.</p>	<ul style="list-style-type: none"> <li>• Encouragement to participate in Group-wide SAYE and BAYE share schemes to encourage employee ownership in the wider Group.</li> <li>• Engagement with employees via Group-wide diversity and inclusion initiatives and working groups.</li> </ul>
<b>Clients, unitholders and investors</b>	<p>Our clients are the central focus of our business and engaging with them is critical to the Company's long-term success which is contingent upon our ability to understand the needs our clients and provide financial planning and investment management solutions that achieve their current and future financial goals, and to developing a seamless integrated client experience.</p>	<p>Our priorities and key areas of focus in respect of our clients, unitholders and end investors are to:</p> <ul style="list-style-type: none"> <li>• Maintain strong governance oversight of the management of our funds, ensuring they remain fit for purpose and are distributed in accordance with their target market;</li> <li>• Deliver a good quality service to our end unitholders, investors and partners;</li> <li>• Deliver consistently strong investment performance over the longer-term;</li> <li>• Maintain liquidity of assets, particularly in times of market volatility;</li> <li>• Deliver value for money;</li> <li>• Maintain efficient and reliable systems and processes;</li> <li>• Maintain safe custody over their assets;</li> <li>• Keep their personal data secure.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing measuring and monitoring of the customer outcomes and experience against key customer principles and conduct risk framework.</li> <li>• Analysis of feedback obtained through client surveys.</li> <li>• Monitoring and analysis of complaints and incidents and the proactive implementation of actions.</li> <li>• Establishment of a dedicated Proposition team in order to develop and review new and existing products and services across all distribution channels.</li> <li>• Continued progress toward implementing strategic technology enhancements to improve operating efficiency, and to enhance our propositions and client experience.</li> <li>• CBAM is developing environmental, social and governance (ESG) and socially responsible investment (SRI) capabilities and the Company's clients will have access to these.</li> <li>• Investor 'value for money' considerations remain a strong focus in the Board's decision making.</li> <li>• Specific consideration of issues for customers, clients and partners arising from COVID-19, including information in relation to customer forbearance.</li> </ul>

**STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S.172 COMPANIES ACT 2006 (continued)**

**Our Stakeholders (continued)**

Our stakeholders:	Why we focus on them and the impact of our engagement:	Stakeholders' key priorities and areas of focus:	How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:
<p><b>Key Outsource Providers, Suppliers and Third Parties</b></p>	<p>Our business is supported by a large number of suppliers who enable us to provide high standards of service to our clients, investors and partners.</p> <p>The Company has materially outsourced administration and transfer agency services to Bank of New York Mellon (BNYM). BNYM also acts as Trustee and Depository to the Company's range of investment funds. Investment management of the funds has been materially outsourced to fellow CBAM subsidiary CAM.</p> <p>Effective engagement with key outsource providers and suppliers enables the Company to develop and maintain long-term and sustainable relationships and helps ensure that the Company secures services from suppliers who operate responsibly and in line with our policies and standards.</p>	<p>Suppliers and other third parties need to engage with a financially stable and operationally resilient organisation committed to building strong business partnerships.</p>	<ul style="list-style-type: none"> <li>• Attendance and presentation by material outsource providers to the Company's Board at least annually.</li> <li>• Active review and monitoring of performance against agreed service levels by the Board and other various governance committees.</li> <li>• Regular, periodic due diligence visits undertaken across all outsource providers.</li> <li>• Review meetings and other engagement activities with key suppliers and review of material contracts and ongoing relationship management through the broader Group Third Party Management (TPM) function and CBAM Third Party Oversight Committee (TPOC).</li> <li>• Additional engagement with key outsource providers and suppliers during the COVID-19 crisis.</li> <li>• Annual key outsource supplier surveys and due diligence questionnaires.</li> <li>• Established processes for the management of supply chain risks and issues, with escalation to the Board and senior management as appropriate.</li> <li>• Regular review of fees, costs and charges for services against good service indicators.</li> </ul>
<p><b>Communities and Environment</b></p>	<p>As part of the broader Group, the Company is committed to contributing long-term value and making a lasting, positive impact on the society in which we operate and the environment more broadly.</p>	<p>The Company's activities should be beneficial to, and not adversely impact, the environment and communities in which it operates.</p> <p>Reduction in environmental impact and commitment to sustainability is a globally recognised priority which should remain a key focus in the context of the Company's overall strategy.</p>	<ul style="list-style-type: none"> <li>• Actively encouraging employees to contribute community and charity events and to fundraise and volunteer for charities, including the broader Group's charity partners.</li> <li>• Board and management participation in local charitable and volunteering activities.</li> <li>• Participation in the wider Group's SME Apprentice Programme.</li> <li>• Cycle to work scheme.</li> <li>• Consideration of the Group's wider environmental strategy, activities and goals, and the contribution that the Company can make.</li> </ul>

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**Our Stakeholders (continued)**

Our stakeholders:	Why we focus on them and the impact of our engagement:	Stakeholders' key priorities and areas of focus:	How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:
<b>Communities and Environment (continued)</b>	Participating in local communities helps the Board and our employees develop our understanding of the clients, customers and partners so that we can support them and help them to achieve their ambition.		<ul style="list-style-type: none"> <li>• Emphasis on the development and promotion of environmentally and socially responsible investment products and services.</li> </ul>
<b>Regulator</b>	Engagement with regulators and applicable regulatory requirements helps the Company develop and maintain open and transparent relationships with our regulators, maintain a reputation for high standards of business conduct and also helps the Board ensure that the business is aligned to the evolving regulatory framework.	<p>The Company, at all times, should act in accordance with FCA's Principles and comply with its regulatory requirements.</p> <p>Senior management must make it clear where risk management and control responsibility lies, to ensure that it can be adequately monitored and controlled.</p> <p>The Company must be open, transparent and timely in its communications and disclosures and work collaboratively and constructively with the Regulator.</p>	<ul style="list-style-type: none"> <li>• Regular reporting and discussion of regulatory developments, correspondence and interactions and consideration of the regulatory horizon at all levels.</li> <li>• Maintaining a transparent, constructive and proactive relationship with the FCA.</li> <li>• Detailed and comprehensive regulatory reporting to the Board and Risk and Compliance Committee.</li> <li>• Ongoing consideration of relevant processes, policies and standards that support the Company in meeting its regulatory and compliance responsibilities.</li> <li>• Participation in broader Group-led regulatory programmes, including support of the ICAAP, RRP and ILAAP processes.</li> <li>• Oversight of training for all employees on applicable regulatory requirements with the Senior Managers and Certification Regime (SM&amp;CR) being of particular focus during the year.</li> </ul>
<b>Shareholder</b>	<p>The Company is a wholly owned member of the Group, forming part of the Asset Management division.</p> <p>As such it operates as part of the broader Group in delivering its purpose and strategic objectives, in line with Group-wide processes, governance and culture.</p>	<p>The Company maintains a focus on:</p> <ul style="list-style-type: none"> <li>• the broader Group's purpose and strategic aims;</li> <li>• alignment with Group-wide risk, governance, compliance and financial priorities;</li> <li>• Consistency of approach to stakeholder considerations and outcomes;</li> </ul>	<ul style="list-style-type: none"> <li>• The Company's board comprises directors who are also directors of the Company's sole member, CAMHL.</li> <li>• Engagement with senior management at Group level, including representation on the Board and other governance forums to ensure the Board has a clear understanding of its role and contribution as part of the wider Group.</li> <li>• Updates to Group level committees, including the CBG Board, on the operation and performance of the Company.</li> </ul>

**STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH S.172 COMPANIES ACT 2006 (continued)**

**Our Stakeholders (continued)**

Our stakeholders:	Why we focus on them and the impact of our engagement:	Stakeholders' key priorities and areas of focus:	How the board has directly (or indirectly through its established governance framework) engaged and considered stakeholder interests:
<b>Shareholder (continued)</b>	Engagement supports the Company's understanding of, and contribution to, broader Group activities and strategic aims, and ensures delivery of long-term sustainable value for our shareholder in line with Group policies and standards.	<ul style="list-style-type: none"> <li>• Long-term value creation within the Group and the expectation of the Shareholder of a financial return on its investment in the Company through the payment of dividends.</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in Group-wide initiatives and programmes (including those that support consideration of the Company's other stakeholder groups including customers, employees and suppliers).</li> <li>• Budget and financial plans developed as part of wider Group process.</li> <li>• Participation in broader enterprise-wide risk, regulatory and compliance initiatives.</li> </ul>

Below are some examples of the ways in which the Board has engaged directly with stakeholders during the financial year, how stakeholder interests have been considered in the Board's decision-making and wider role, and how the Directors have had regard to the matters set out in s.172(1)(a)-(f) when discharging their duties under s.172.

**Case Study 1: Value for Money**

In 2019 and as a result of its Asset Management Market Study (AMMS), the FCA introduced new rules requiring all UK authorised fund managers (AFM's) to assess the overall value their authorised funds deliver to investors, and to publish an annual summary of those assessments. The Company's compliance with the new regulatory obligations under the AMMS has been of key strategic importance to the Board, who believe that the assessment of value process will improve transparency and strengthen fund governance across the UK funds industry, and it welcomes the opportunity to share with investors how CBAM's funds have performed against the different assessment criteria.

In July 2020, the Company published its first Assessment of Value report covering the period to 31 March 2020. Throughout the period in preparation of its publication, the Board extensively considered the assessment methodology and criteria to be used and the assessment results, and refined the report over an extended period, ensuring that investor outcomes remained in focus at all stages. Following consideration of the results of the assessment and investor outcomes (particularly in relation to costs and charges and economies of scale), the Board took the decision to convert certain of its residual legacy share classes to newer share classes, where it judged this to be beneficial to the underlying clients, and reduce its Fund Management Fee across some of its funds.

**Case Study 2: Operational Resilience**

Engaging with clients and investors is critical to CBAM's long-term success which is contingent upon our ability to understand the needs of our clients and provide financial planning and investment solutions that achieve their current and future financial goals, and align with their values and principles. During the year following client research and clear feedback, the Board made the decision to develop its environmental, social and governance (ESG) and socially responsible investment (SRI) capabilities, which is a key strategic initiative for the Company.

The Board recognises that ESG/SRI investing is a popular and growing market and, given CBAM's expertise in multi-asset investing and proven SRI capability, it considers that the Company's current fund range should be enhanced to include a dedicated sustainable investment offering. At the time of writing, the Company is in the process of developing its proposals alongside its consideration of the evolving regulation in this area.

By order of the Board

17 September 2020