

Client Legal Name
Address Line 1
Address Line 2
Address Line 3

Client Number:

24 February 2025

Dear Unitholder,

Amendments to the Close Sustainable Select Fixed Income Fund (“the Fund”), a Sub-fund of the Close Discretionary Funds Umbrella Unit Trust.

We, Close Asset Management (UK) Limited, the authorised fund manager (the “Manager”) of the Trust, are writing to you to inform you that in order to comply with the FCA’s Sustainability Disclosure Requirements and investment label rules (“SDR”): (1) we are changing the name of the Fund to Close Select Fixed Income Fund, by removing the word “Sustainable”, and; (2) we are making some changes to the investment objective and policy of the Fund, which is set out in Appendix 1 of the Fund’s prospectus, in order to ensure that the wording does not provide any information which could be misinterpreted by investors, in accordance with SDR.¹ (see footnote)

Details of the current and revised investment objective and policy wording for the Fund are set out in the attached Appendix.

Although the Fund has been managed with a carbon intensity objective since 31 March 2023, we are making these changes as we do not believe that the investment management approach aligns sufficiently with SDR to qualify for a label. The changes are required in order for the Fund to comply with the SDR rules for non-labelled funds. No changes are being made to how the Fund is managed, its aims, how investments are selected or the Investment Adviser’s stewardship process. The holdings in the Fund will not change as a result of these amendments, and there will be no change to the risk profile of the Fund.

Further Information

You do not need to take any action in relation to these changes as they will take place automatically on 31 March 2025 (the “Effective Date”) but we are required to give you advance notice of the changes.

The unit classes currently in issue in the Fund are:

Fund Unit Class	ISIN	SEDOL
Close Sustainable Select Fixed Income Fund X Income	GB00BD6R7Y87	BD6R7Y8
Close Sustainable Select Fixed Income Fund X Accumulation	GB00BD6DSC14	BD6DSC1

Close Sustainable Select Fixed Income Fund S Accumulation	GB00BS6WK382	BS6WK38
Close Sustainable Select Fixed Income Fund S Income	GB00BS6WK275	BS6WK27
Close Sustainable Select Fixed Income Fund I Income	GB00B7W45Q93	B7W45Q9

Both The Bank of New York Mellon (International) Limited as the trustee of the Fund and the FCA have been advised of the changes that we are making to the Fund.

If you have any queries about these changes, please do not hesitate to contact us on 0370 606 6452 (individual holders) or at dsm@bnymellon.com (institutional holders). Calls may be recorded for training or monitoring purposes.

Yours faithfully,



Robin C S Smith

Director, Close Asset Management (UK) Limited

¹ Footnote:

What is SDR?

With SDR, the FCA aims to enhance transparency and trust in sustainable investment products. The SDR introduces measures such as:

- *an anti-greenwashing rule, which aims to ensure that sustainability claims are fair and not misleading;*
- *naming and marketing rules to ensure that sustainability features of investment funds are clearly identifiable, and that the names of funds and their disclosures accurately reflect their sustainability features; and*
- *four new sustainability labels, which may be used by funds on a voluntary basis if they comply with the relevant FCA standards.*

Additionally, the SDR requires that funds with sustainable features provide detailed disclosures, providing consumers with accessible information to make informed investment decisions.

Appendix

<u>Close Sustainable Select Fixed Income Fund</u>	<u>Close Select Fixed Income Fund</u>
	Sustainability Statement
	<p>This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal.</p> <p>This product has some sustainability characteristics, which are explained below. However, while the Fund has a carbon intensity target, the Fund is not otherwise operated in alignment with the FCA's more detailed requirements for use of a sustainable label.</p>
Existing Investment Objective	New Investment Objective
<p>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).</p> <p>The Fund also seeks to maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO₂e 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.</p>	<p>The investment objective of the Close Select Fixed Income Fund is to generate income while maintaining its capital value over the medium term (i.e. more than 5 years).</p> <p>The Fund also seeks to maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO₂e 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 the 2019 baseline.</p>
Existing Investment Policy	New Investment Policy
<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 (mainly corporate bonds, although the Fund may also hold government bonds) 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</p>	<p>The Close 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 (mainly corporate bonds, although the Fund may also hold government bonds) 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</p>

time hold a relatively small number of stocks as chosen by the Manager from a wide range of fixed income securities across different sectors.

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 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.

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.

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).

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

hold a relatively small number of **holdings** as chosen by the Manager from a wide range of fixed income securities across different sectors.

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 **Investment Adviser employs an** investment process **that seeks** to ensure that **the Fund** is invested in a way that contributes to reducing **the** greenhouse gas **intensity of the portfolio**. The investment universe is identified by the Investment Adviser using both quantitative and qualitative assessments.

Investment opportunities are identified using in-depth fundamental analysis, both financial and non-financial. 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 theme across every investment **the Investment Adviser focuses** on what **they** assess to be most material to the company.

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

specific sustainability theme across every investment we focus on what we assess to be most material to the company and its broader stakeholders.

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.

The Fund will maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO₂e 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:

- Thermal coal. This factor identifies companies with an industry tie to thermal coal, in particular reserve ownership, production and power generation.

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:

- Tobacco products manufacture
- Controversial weapons including: non-detectable fragments, landmines, incendiary weapons, blinding laser weapons, cluster munitions, nuclear/biological/chemical weapons

deepen knowledge and insight, with respect to sustainability considerations, where deemed material.

The Fund will maintain a weighted average carbon intensity (tonnes of Scope 1 and 2 CO₂e per US\$m of revenue) below a suitable benchmark, targeting a level 50% below this benchmark by 2030 from 2019 baseline.

Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Scope 3 emissions are complex to measure and verify and not all companies are required or currently able to provide robust and verifiable Scope 3 emissions data. As such, the Fund focusses on Scope 1 and 2 emissions. As data improves, the Fund may also consider the Scope 3 emissions to the extent that it can verify these.

In seeking to achieve the target weighted average carbon intensity, the Investment Adviser will consider the carbon intensity of assets at the point of investment and on an ongoing basis. The Fund will:

- not invest in companies that derive more than 10% of their revenues: thermal coal.
- comprise of sectors which are low carbon emitters as a result of their business model (e.g. financial services) alongside sectors which are not traditionally low carbon emitting but which, in the Investment Adviser's opinion, will not cause the Fund to breach its overall target.

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:

<ul style="list-style-type: none"> • Civilian firearms • Gambling • Adult entertainment <p>In addition, the Fund will not invest in:</p> <ul style="list-style-type: none"> • Companies that the Investment Manager deems to be in violation of the UN Global Compact principles (https://www.unglobalcompact.org/what-is-gc/mission/principles) • Governments that the Investment Manager deems to be in violation of the UN Universal Declaration of Human Rights (https://www.ohchr.org/en/human-rights/universal-declaration/translations/english) <p>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>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>	<ul style="list-style-type: none"> • Tobacco products manufacture • Controversial weapons including: non-detectable fragments, landmines, incendiary weapons, blinding laser weapons, cluster munitions, nuclear/biological/chemical weapons • Civilian firearms • Gambling • Adult entertainment <p>In addition, the Fund will not invest in:</p> <ul style="list-style-type: none"> • Companies that the Investment Manager deems to be in violation of the UN Global Compact principles (https://www.unglobalcompact.org/what-is-gc/mission/principles) • Governments that the Investment Manager deems to be in violation of the UN Universal Declaration of Human Rights (https://www.ohchr.org/en/human-rights/universal-declaration/translations/english) <p>If the Fund is not on track to meet the portfolio-level carbon intensity target, the Investment Adviser will seek to verify data by examining different sources of carbon intensity information and engaging with holdings as necessary to determine whether there are any data issues.</p> <p>If the data is accurate, the Investment Adviser will adjust the portfolio within 90 days in order for the Fund level criteria to continue to be satisfied.</p> <p>The Investment Adviser will monitor all companies to check if changes mean that they may no longer meet the Investment Adviser's 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 the Investment Adviser's 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</p>
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<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 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>The Fund may use derivatives for efficient portfolio management.</p>	<p>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 assessed by the Investment Adviser to ensure that any such investments will not affect the ability of the Fund to meet its carbon intensity objective.</p> <p>The Fund may use derivatives for efficient portfolio management.</p>
<p>Existing Comparator Benchmark</p>	<p>New Comparator Benchmark</p>
<p>IA Sterling Strategic Bond.</p> <p>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. 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.</p> <p>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>IA Sterling Strategic Bond.</p> <p>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.</p> <p>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>Key Metrics and Progress</p>
	<p>The Manager and Investment Adviser consider that a retail investor may find the following metrics reasonably useful in understanding the Fund's investment policy and the strategy:</p>

	<ol style="list-style-type: none"> 1. The Weighted Average Carbon Intensity of the Fund compared to the benchmark. 2. The percentage of Fund assets (by NAV) with available carbon intensity data which are, individually, outperforming the benchmark. 3. Percentage of Fund assets (by NAV) with available carbon intensity data on track to achieve a carbon intensity 50% below the benchmark 2019 baseline by 2030. <p>The Manager and the Investment Adviser will keep the metrics under review and update these from time to time to reflect the current and any future targets of the Fund and to ensure that investors have the most accurate and reliable way of understanding the Fund's progress against these targets as we move towards and beyond 2030.</p>
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