

# Close Discretionary Funds

Interim Report & Financial Statements  
for the period ended 30 September 2020 (unaudited)

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# Authorised Status and Report of the Manager

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## Authorised Status

Close Discretionary Funds ("The Trust") is an authorised scheme under the Financial Services and Market Act 2000 (the "Act"). The scheme is classified as a UCITS scheme.

## Certification of Financial Statements by Directors of the Manager

This report has been prepared in accordance with the Financial Conduct Authority Collective Investment Schemes ("COLL") Sourcebook.



I.P. Wallace (Director)



R.C.S. Smith (Director)  
Close Asset Management (UK) Limited  
26 November 2020

# Investment Advisor's Report

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The six month period to the end of September 2020 saw risk assets rally dramatically. The global health crisis precipitated by the coronavirus pandemic caused a severe rout in risk asset prices in February and March, which unwound over the second and third quarters.

Over the period in review, the US was the best performing equity region for a sterling investor, gaining +27.6%, closely followed by emerging markets (+25.1%) and Europe (+21.2%). The UK was the worst performing region, rising +5.5%. while Japan gained +15%.

Bonds continued to prosper, still supported by a weak growth outlook, an increase in central bank accommodation and bond purchase programmes. UK gilts gained +2.8% and government bonds in the US and Europe rose +4.4% and +3.9% respectively in local currency terms. UK corporate bonds outperformed, gaining +10.8% as immediate liquidity fears receded.

Currency movements were dominated by a pronounced weakening in the US dollar, which fell -5.2% on a trade weighted basis. This translated to a +4.0% appreciation in the pound versus the dollar. Elsewhere, sterling appreciated 2% versus the yen, but weakened by the same amount versus the euro.

The price of oil has seesawed this year. Having collapsed in the first quarter after the pandemic induced a slump in demand, its weakness was compounded by production disputes within the OPEC+ group of countries. However, the oil price in dollar terms rallied +80.1% in the second and third quarters, as investor confidence recovered. Gold, on the same basis, appreciated by +17.3%.

Source: Market return figures produced by Close Asset Management (UK) Limited using Morningstar indices.

# Notes applicable to the Financial statements of all sub-funds

## for the period ended 30 September 2020

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### Accounting policies

#### Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with FRS 102 and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (changed to the Investment Association in January 2015) in May 2014 (the "SORP"), and amended in June 2017.

The Manager is confident that the Trust will continue in operation and be able to meet its liabilities as they fall due for at least the next twelve months from the approval of these financial statements. In this context, the impact of COVID-19 on the Trust has been considered and has been disclosed in the Covid-19 statement located in the General Information section. The Trust has adequate financial resources and its assets primarily consist of securities, which are readily realisable. As such, the financial statements have been prepared on the going concern basis.

No significant judgments, estimates or assumptions have been required in the preparation of the accounts for the current or preceding financial years. All accounting and distribution policies used to prepare the interim financial statements are as per the audited financial statements for the year ended 31 March 2020.

# Close Bond Income Portfolio Fund\*

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Bond Income Portfolio Fund ("the Bond Fund") is to generate income while maintaining its capital value over the medium term.

The Bond 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).

In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments) the Bond 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 Bond Fund may use derivatives for efficient portfolio management.

Currency hedging for exposure in foreign currencies was initiated in March 2015 and we have the discretion to hedge up to 80% of all non-sterling currency positions.

\*Effective 2 November 2020, the Fund has applied a new sustainability strategy to the investments made for the Fund. This means that potential investments will only be brought into the Fund if they meet the Manager's sustainability requirements. As a result of the new Fund strategy the name of the Fund has been changed to the Close Sustainable Bond Portfolio Fund. With the exception of some new wording in the Fund's Prospectus to reflect the sustainability strategy, the changes to the investment objective and policy will not change the way in which the Fund is managed or its aims. The emphasis of the Fund will still be on achieving an income return with some capital growth and the Fund will continue to invest in sterling denominated investment grade corporate bonds.

# Manager's Report

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## Fund Performance

The Bond Income Fund (X Income share class) returned +7.2% in the 6 months to 30th September 2020. Over the same time period, the IA Corporate Bond sector returned +9.1%.

## Macro Backdrop

In the UK, forward-looking data points weakened versus a very optimistic August, with September composite PMI data falling to, a still strong, 55.7 (versus 59.1 in August and April's record low of 13.8). The backward-looking data now fully reflects the Q2 20 'lockdown' and materially reduced economic activity - with Q2 UK GDP growth falling -21.5% YoY. Despite fears over a second lockdown over the next 6 months, consensus forecasts continue to indicate an improving outlook. Indeed, GDP growth is forecast to have rebounded sharply in Q3 20, albeit overall 2020 GDP growth will still be -9.9%; inflation will remain below 2% until 2023; and unemployment will peak at c. 7.4% in Q4 2020.

In the US, forward-looking data was broadly stable, with September composite PMI data of 54.4 (August 2020 = 54.6). While Q2 2020 QoQ Annualised GDP growth was a very weak -31.4%, consensus forecasts continue to indicate a strong rebound in Q3 2020 (and a more modest full year 2020 GDP growth decline of -4.4%). Inflation is forecast to remain below 2% until 2023; and US unemployment data is expected to improve steadily from the August unemployment figure of 8.4%.

In the Eurozone, the data is broadly aligned with the UK and US, albeit September composite PMI data was a relatively weak 50.1 (versus 51.9 in August and 13.5 in April), while Q2 2020 YoY GDP growth was -14.7%, consensus forecasts indicate improving data from here - including a strong rebound in Q3 GDP growth; inflation below 1.3% until 2023; and unemployment peaking at 9.3% in Q4 2020.

## Portfolio Activity

The average rating on the portfolio was maintained at 'A', and 62% of fund holdings are in AAA to A- rated bonds. The fund now offers a yield of 1.8% and duration of 6.1 years. We believe the very strong credit quality of the fund further de-risks the fund from any future volatility.

## Outlook & Strategy

The general market weakness in March and strong rally in April - August led to a clear valuation distinction between Sovereign, Investment Grade, and High Yield bonds. However, all sub-asset classes now appear rich or fair value:

- Sovereign bond yields remain at (or near) record lows across the US, UK and Eurozone given weakening macro data; Central Bank intervention; and COVID-19 concerns;
- Sterling Investment Grade bonds are Slightly Rich versus all historical timeframes, with sterling 'BBB' credit spreads at 193bps, versus their 5yr average of 184bps; 10yr average of 225bps; and 20yr average of 217bps.
- Sterling High Yield spreads are Fair Value versus history given current spread of 607bps (5yr average = 452bps; 10yr average = 516bps; 20yr average = 601bps). High Yield spreads in USD and EUR – which are significantly larger and more liquid markets - are also trading at Fair Value versus historical timeframes.

In order to ensure capital preservation and deliver a high level of monthly income, we continue to seek out the best risk:reward ideas across investment grade, unrated and high yield bond sectors. We maintain our focus on stock selection reinforced by in-depth credit research.

# Manager's Report

continued

## Fund Performance

Performance for the Bond Fund over the last five years.

|                                   | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|-----------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Bond Fund X Accumulation      | 7.2%                     | 3.6%                 | 6.8%                 | 0.3%                 | 3.9%                 | 9.6%                 |
| IA Sterling Corporate Bond Sector | 9.1%                     | 4.2%                 | 9.0%                 | 0.1%                 | 0.6%                 | 12.2%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

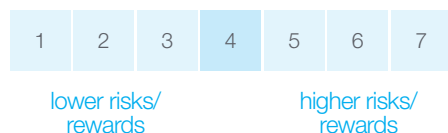
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Bond Fund currently has three types of unit class in issue; I Income, X Income and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Bond Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Bond 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 Bond Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Bond Fund carries the following risks:

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

**Currency risk:** The Bond 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 Bond Fund operates portfolio hedging to reduce this risk, it may not always be fully effective.

**Default risk:** The Bond 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 make its payments. There is a risk that the issuer will fail to do so. Although the Bond Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Derivatives risk:** The Bond Fund uses derivatives for efficient portfolio management purposes only (currency hedging). Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in disproportionately large movements in the price of the derivative instrument.



# Manager's Report

continued

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## **Risk and Reward Profile continued**

Focus risk: The Bond 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.

Geographical risk: The Bond Fund's value may fall where it has concentrated exposure to a particular country or region that is heavily affected by an adverse event.

Investment risk: The Bond Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

Liquidity risk: Certain securities or bonds become hard to value or sell at a desired time and price.

Management risk: Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Bond Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| A Income*       | n/a                            | n/a                             | n/a                         |
| A Accumulation* | n/a                            | n/a                             | n/a                         |
| I Income        | 14,294                         | 101.42                          | 14,093,002                  |
| X Income        | 108,544                        | 134.37                          | 80,781,292                  |
| X Accumulation  | 117,708                        | 175.87                          | 66,927,835                  |
| 31/3/2020       |                                |                                 |                             |
| A Income        | 0                              | 113.64                          | 0                           |
| A Accumulation  | 1,073                          | 142.76                          | 751,602                     |
| I Income        | 10,161                         | 95.69                           | 10,618,038                  |
| X Income        | 106,857                        | 126.80                          | 84,271,460                  |
| X Accumulation  | 110,180                        | 163.89                          | 67,227,419                  |
| 31/3/2019       |                                |                                 |                             |
| A Income        | 0                              | 112.91                          | 43                          |
| A Accumulation  | 1,326                          | 142.78                          | 928,725                     |
| I Income        | 8,586                          | 98.04                           | 8,756,740                   |
| X Income        | 135,614                        | 129.92                          | 104,386,469                 |
| X Accumulation  | 119,287                        | 163.11                          | 73,131,214                  |
| 31/3/2018       |                                |                                 |                             |
| A Income        | 7                              | 114.61                          | 6,608                       |
| A Accumulation  | 1,942                          | 140.99                          | 1,377,135                   |
| I Income**      | 698                            | 99.65                           | 700,875                     |
| X Income        | 151,226                        | 132.04                          | 114,526,211                 |
| X Accumulation  | 128,151                        | 160.27                          | 79,957,799                  |

\*\*Class I Income closed on 30 September 2016 and relaunched on 19 March 2018.

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Income*           | n/a   | A Income          | 0.98% |
| A Accumulation*     | n/a   | A Accumulation    | 0.97% |
| I Income            | 0.13% | I Income          | 0.13% |
| X Income            | 0.45% | X Income          | 0.45% |
| X Accumulation      | 0.48% | X Accumulation    | 0.48% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*A Accumulation and A Income unit classes closed on 1 September 2020.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value   | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|---|---------------------------------|-------------------------------------|
| <b>UNITED KINGDOM - 80.69% (31/3/2020 - 90.36%)</b>                                  |   |                                 |                                     |
| <b>Sterling Denominated Fixed Rate Corporate Bonds - 59.20% (31/3/2020 - 60.87%)</b> |   |                                 |                                     |
| £6,175,000   | A2Dominion Housing 3.5% 15/11/2028                | 6,832                           | 2.84                                |
| £2,000,000   | America Movil 4.375% 7/8/2041                     | 2,625                           | 1.09                                |
| £4,900,000   | Aviva 4% 3/6/2055                                 | 5,153                           | 2.14                                |
| £600,000   | Bank of Ireland 3.125% 19/9/2027                  | 600                             | 0.25                                |
| £2,500,000   | Bupa Finance 4.125% 14/6/2035                     | 2,642                           | 1.10                                |
| £4,589,000   | Bupa Finance 5% 8/12/2026                         | 5,220                           | 2.17                                |
| £4,500,000   | Close Brothers 4.25% 24/1/2027+                   | 4,597                           | 1.91                                |
| £9,000,000   | Coventry Building Society 1% 21/9/2025            | 8,930                           | 3.71                                |
| £4,700,000   | Daimler 1.5% 13/1/2022                            | 4,735                           | 1.97                                |
| £5,000,000   | Direct Line Insurance 4% 5/6/2032                 | 5,513                           | 2.29                                |
| £1,000,000   | EDP Finance 8.625% 4/1/2024                       | 1,231                           | 0.51                                |
| £4,000,000   | Landesbank Baden-Wuerttemberg 1.5% 3/2/2025       | 4,085                           | 1.70                                |
| £3,400,000   | Legal & General 4.5% 1/11/2050                    | 3,680                           | 1.53                                |
| £4,450,000   | Legal & General 5.375% 27/10/2045                 | 5,093                           | 2.12                                |
| £4,600,000   | Lloyds Bank 1.5% 23/6/2023                        | 4,663                           | 1.94                                |
| £1,500,000   | M&G 3.875% 20/7/2049                              | 1,576                           | 0.66                                |
| £1,000,300   | Paragon Banking 6% 5/12/2020                      | 1,001                           | 0.42                                |
| £3,500,000   | Paragon Banking 6% 28/8/2024                      | 3,498                           | 1.45                                |
| £3,786,000   | Paragon Banking 7.25% 9/9/2026                    | 3,853                           | 1.60                                |
| £3,220,000   | Pension Insurance 4.625% 7/5/2031                 | 3,510                           | 1.46                                |
| £3,150,000   | Pension Insurance 8% 23/11/2026                   | 4,064                           | 1.69                                |
| £5,186,000   | Phoenix 5.625% 28/4/2031                          | 5,905                           | 2.45                                |
| £7,559,000   | Principality Building Society 2.375% 23/11/2023   | 7,761                           | 3.23                                |
| £7,800,000   | Rothesay Life 5.5% 17/9/2029                      | 8,525                           | 3.54                                |
| £7,900,000   | Scottish Widows 5.5% 16/6/2023                    | 8,690                           | 3.61                                |
| £2,300,000   | Shawbrook 9% 10/10/2030                           | 2,289                           | 0.95                                |
| £6,000,000   | Siemens Financieringsmaatschappij 0.875% 5/6/2023 | 6,062                           | 2.52                                |
| £3,800,000   | Society of Lloyd's 4.75% 30/10/2024               | 4,100                           | 1.70                                |
| £3,200,000   | Society of Lloyd's 4.875% 7/2/2047                | 3,501                           | 1.46                                |
| £3,500,000   | SSE 3.74% Perpetual                               | 3,583                           | 1.49                                |
| £3,060,000   | TSB Banking 5.75% 6/5/2026                        | 3,092                           | 1.29                                |
| £5,800,000   | Virgin Money UK 5.125% 11/12/2030                 | 5,807                           | 2.41                                |
|  |   | <b>142,416</b>                  | <b>59.20</b>                        |
| <b>Sterling Denominated Fixed Rate Government Bonds - 6.38% (31/3/2020 - 6.74%)</b>  |   |                                 |                                     |
| £10,650,000  | Treasury 1.625% 22/10/2071                        | 15,341                          | 6.38                                |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>Sterling Denominated Floating Rate Corporate Bonds - 15.11% (31/3/2020 - 22.75%)</b>           |   |                                 |                                     |
| £5,700,000  | Bank of Nova Scotia 1.2225% FRN 11/6/2021             | 5,704                           | 2.37                                |
| £5,900,000  | Commonwealth Bank of Australia 1.37156% FRN 12/7/2021 | 5,908                           | 2.46                                |
| £5,000,000  | Cooperatieve Rabobank 0.9915% FRN 22/3/2021           | 5,002                           | 2.08                                |
| £954,000  | Enel SPA 6.625% FRN 15/9/2076                         | 998                             | 0.42                                |
| £4,598,000  | Lloyds Bank 1.07763% FRN 10/1/2021                    | 4,598                           | 1.91                                |
| £4,000,000  | National Australia Bank 0.890801% FRN 4/2/2025        | 4,024                           | 1.67                                |
| £3,653,000  | NGG Finance 5.625% FRN 18/6/2073                      | 4,109                           | 1.71                                |
| £6,000,000  | Westpac Banking 1.03375% FRN 18/1/2023                | 5,995                           | 2.49                                |
|   |   | <b>36,338</b>                   | <b>15.11</b>                        |
| <b>EUROPE - 6.77% (31/3/2020 - 0.00%)</b>   |   |                                 |                                     |
| <b>Euro Denominated Fixed Rate Corporate Bonds - 6.77% (31/3/2020 - 0.00%)</b>                    |   |                                 |                                     |
| €4,000,000  | Coca-Cola 0.8% 15/3/2040                              | 3,581                           | 1.49                                |
| €5,000,000  | EDP - Energias de Portugal 1.625% 15/4/2027           | 4,903                           | 2.04                                |
| €1,000,000  | Glanbia Co-operative Society 1.375% 9/6/2021          | 880                             | 0.37                                |
| €2,000,000  | Raiffeisen Bank International 2.875% 18/6/2032        | 1,855                           | 0.77                                |
| €5,300,000  | Swiss Re Finance UK 2.714% 4/6/2052                   | 5,064                           | 2.10                                |
|   |   | <b>16,283</b>                   | <b>6.77</b>                         |
| <b>UNITED STATES - 4.29% (31/3/2020 - 6.74%)</b>  |   |                                 |                                     |
| <b>United States Dollar Denominated Fixed Rate Corporate Bonds - 4.29% (31/3/2020 - 5.94%)</b>    |   |                                 |                                     |
| \$2,500,000   | Beazley Insurance DAC 5.5% 10/9/2029                  | 2,023                           | 0.84                                |
| \$4,800,000   | Hikma Finance USA 3.25% 9/7/2025                      | 3,782                           | 1.57                                |
| \$3,666,000   | Louis Dreyfus 5.25% 13/6/2023                         | 2,899                           | 1.21                                |
| \$2,000,000   | Phoenix 4.75% 4/9/2031                                | 1,609                           | 0.67                                |
|   |   | <b>10,313</b>                   | <b>4.29</b>                         |
| <b>United States Dollar Denominated Floating Rate Corporate Bonds - 0.00% (31/3/2020 - 0.80%)</b> |   |                                 |                                     |
| <b>DERIVATIVES* - 0.01% (31/3/2020 - (0.39)%)</b>   |   |                                 |                                     |
| <b>Open Forward Currency Contracts - 0.01% (31/3/2020 - (0.39)%)</b>                              |   |                                 |                                     |
| £10,225,195   | Bought GBP 10,225,195 : Sold EUR 11,246,911           | 22                              | 0.01                                |
| £2,932,177  | Bought GBP 2,932,177 : Sold EUR 3,179,858             | 47                              | 0.02                                |
| £8,272,674  | Bought GBP 8,272,674 : Sold USD 10,754,938            | (46)                            | (0.02)                              |
|   |   | <b>23</b>                       | <b>0.01</b>                         |
| <b>Portfolio of investments</b>   |   | <b>220,714</b>                  | <b>91.76</b>                        |
| <b>Net other assets</b>   |   | <b>19,832</b>                   | <b>8.24</b>                         |
| <b>Total net assets</b>   |   | <b>240,546</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*The costs associated with derivatives for the period were £3,674.

\*Related party investment.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 13,565                                 |              | 6,914                                  |
| Revenue  | 3,597        |  | 4,415        |  |
| Expenses   | (538)        |  | (593)        |  |
| Interest payable and similar charges   | (1)          |  | —            |  |
| Net revenue before taxation for the period   | 3,058        |  | 3,822        |  |
| Taxation   | —            |  | —            |  |
| Net revenue after taxation for the period  |              | 3,058                                  |              | 3,822                                  |
| Total return before distributions  |              | 16,623                                 |              | 10,736                                 |
| Distributions  |              | (3,059)                                |              | (3,822)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>13,564</b>                          |              | <b>6,914</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 228,271                                |              | 264,813                                |
| Amounts received on creation of units                                       | 12,401       |  | 4,923        |  |
| Amounts paid on cancellation of units                                       | (15,160)     |  | (23,968)     |  |
|   |              | (2,759)                                |              | (19,045)                               |
| Dilution adjustment   |              | 1                                      |              | 6                                      |
| Change in net assets attributable to unitholders from investment activities |              | 13,564                                 |              | 6,914                                  |
| Retained distribution on accumulation units                                 |              | 1,469                                  |              | 1,692                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>240,546</b>                         |              | <b>254,380</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 220,760                            |              | 221,663                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 4,152        |                                    | 3,057        |                                    |
| Cash and bank balances                        | 18,317       |                                    | 6,061        |                                    |
| Total other assets                            |              | 22,469                             |              | 9,118                              |
| <b>Total assets</b>                           |              | <b>243,229</b>                     |              | <b>230,781</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Investment liabilities                        |              | (46)                               |              | (891)                              |
| Creditors                                     |              |                                    |              |                                    |
| Distribution payable                          | (763)        |                                    | (917)        |                                    |
| Other creditors                               | (1,874)      |                                    | (702)        |                                    |
| Total other liabilities                       |              | (2,637)                            |              | (1,619)                            |
| Total liabilities                             |              | (2,683)                            |              | (2,510)                            |
| <b>Net assets attributable to unitholders</b> |              | <b>240,546</b>                     |              | <b>228,271</b>                     |

# Distribution tables

For the period ended 30 September 2020

## 2nd Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 July 2020

Group 2: units purchased between 1 July 2020 and 30 September 2020

|                 | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|-----------------|-------------------------|--------------------------|---|--|
| A Income*       |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 0.0000   |
| Group 2         | n/a                     | n/a                      | n/a   | 0.0000   |
| A Accumulation* |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 0.8739   |
| Group 2         | n/a                     | n/a                      | n/a   | 0.8739   |
| I Income        |                         |                          |   |  |
| Group 1         | 0.7032                  | —                        | 0.7032  | 0.8108   |
| Group 2         | 0.3811                  | 0.3221                   | 0.7032  | 0.8108   |
| X Income        |                         |                          |   |  |
| Group 1         | 0.8216                  | —                        | 0.8216  | 0.9662   |
| Group 2         | 0.5828                  | 0.2388                   | 0.8216  | 0.9662   |
| X Accumulation  |                         |                          |   |  |
| Group 1         | 1.0557                  | —                        | 1.0557  | 1.2093   |
| Group 2         | 0.5513                  | 0.5044                   | 1.0557  | 1.2093   |

\*A Accumulation and A Income unit classes closed 1 September 2020.

## 1st Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 June 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/8/2020 | Distribution Paid<br>per Unit on<br>31/8/2019 |
|----------------|-------------------------|--------------------------|---|---|
| A Income       |                         |                          |   |   |
| Group 1        | 0.0000                  | —                        | 0.0000  | 0.0000  |
| Group 2        | 0.0000                  | 0.0000                   | 0.0000  | 0.0000  |
| A Accumulation |                         |                          |   |   |
| Group 1        | 0.8076                  | —                        | 0.8076  | 0.8931  |
| Group 2        | 0.3568                  | 0.4508                   | 0.8076  | 0.8931  |
| I Income       |                         |                          |   |   |
| Group 1        | 0.7491                  | —                        | 0.7491  | 0.8211  |
| Group 2        | 0.2168                  | 0.5323                   | 0.7491  | 0.8211  |
| X Income       |                         |                          |   |   |
| Group 1        | 0.8877                  | —                        | 0.8877  | 0.9830  |
| Group 2        | 0.3486                  | 0.5391                   | 0.8877  | 0.9830  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 1.1345                  | —                        | 1.1345  | 1.2218  |
| Group 2        | 0.4689                  | 0.6656                   | 1.1345  | 1.2218  |

### Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Diversified Income Portfolio Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Diversified Income Portfolio Fund (the “Diversified Income Fund”) is to achieve income with capital growth.

The Diversified Income Fund will invest primarily in equities and fixed interest securities.

The equity component of the Diversified Income Fund may include shares in smaller companies and companies listed in emerging markets.

The fixed interest component of the Diversified Income Fund may include government and corporate bonds (which may include emerging market and high yield bonds).

The Diversified Income Fund may also invest in money market instruments and deposits, cash and near cash.

Exposure to the above asset classes may be gained through investment in other transferable securities (including closed-ended funds and exchange-traded funds) and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager.

The Diversified Income Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Diversified Income Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

Currency hedging for exposure in foreign currencies was initiated in March 2015 and we have the discretion to hedge up to 50% of all non-sterling currency positions.



# Manager's Report

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## Market commentary

The Diversified Income Portfolio Fund X Acc units rose 9.8% in the 6 months to September 2020.

Performance benefited from the actions taken in the Covid-19 sell off. As a reminder 7.5% of Gilts and cash were reinvested into more attractive bond and equity ideas that the panic threw up. The recovery was very quick as central banks and governments enacted a number of measures to support markets, so the more attractive valuations were not around for very long.

In fact, by the end of September, in terms of valuations we now have BBB credit spreads back below the long term average (1.93% versus 2.13% long term average) and the UK stock market on a 2-year forward price/earnings ratio of 17.6x (the most expensive my Quant Model has seen in its 13 year history of tracking the data). Some equity risk was trimmed after the rally as a result.

It is well documented that a number of UK equities decided to cut or defer their dividends. However in August/September we have seen a reversal of this trend and in Diversified Income 3 companies decided to reinstate their dividends (Diploma, Bunzl and UDG Healthcare). This has reduced the impact from dividend cuts and deferrals on the Fund's yield to 0.14%, from a peak of 0.17%.

REIT dividend cuts have hurt the yield just 0.02% now (from a peak of 0.03%) after Schroder European increased their Q3 dividend from the Covid-hit Q2 level.

The 7.5% of the Fund that was invested (from cash and gilts) into attractive yields in the sell-off, added 0.35% to the yield, so we have more than offset these negative impacts to the yield through active management.

As we enter the final quarter of 2020 there remains much to keep an eye out for including asset class valuations, the government's response to Covid-19, the pick-up in unemployment/loan losses once support reduces, Brexit talks, the world's relationship with China and the US election. On the latter, IBD/TIPP, one of the only pollsters to call the 2016 Trump victory has Biden ahead by just 2.7%, much closer than a lot of polls are suggesting.

Given the strongly rising NAV Diversified Income's yield (based on end of month prices) fell from 5.3% in March to 4% in September. The Fund continues to use its proprietary multi-asset Quantitative Model combined with fundamental research, to focus in on those ideas with the best risk:reward, valuation and long-term prospects.

# Manager's Report

continued

## Fund Performance

Performance for the Diversified Income Fund over the last five years.

|  | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Diversified Income Fund X Accumulation | 9.8%                     | 0.3%                 | 4.1%                 | 1.1%                 | 4.2%                 | 10.2%                |
| IA Mixed Investments 20-60% Sector         | 11.5%                    | -1.2%                | 4.0%                 | 2.6%                 | 6.2%                 | 12.1%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Diversified Income Fund currently has five types of unit class in issue; A Income, A Accumulation, X Income, X Accumulation and I Income. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)

|                         |   |   |   |                          |   |   |
|-------------------------|---|---|---|--------------------------|---|---|
| 1                       | 2 | 3 | 4 | 5                        | 6 | 7 |
| lower risks/<br>rewards |   |   |   | higher risks/<br>rewards |   |   |

The Diversified Income Fund is ranked at 4 because funds of this type have experienced low to average rises and falls in value in the past.

The SRRI table demonstrates where the Diversified Income 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 Diversified Income Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Diversified Income Fund carries the following risks:

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

**Currency risk:** The Diversified Income 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 Diversified Income Fund operates portfolio hedging to reduce this risk, it may not always be fully effective.

**Default risk:** The Diversified Income 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 make its payments. There is a risk that the issuer will fail to do so. Although the Diversified Income Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Derivatives risk:** The Diversified Income Fund uses derivatives for efficient portfolio management purposes only (currency hedging). Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in disproportionately large movements in the price of the derivative instrument.

**Emerging Markets risk:** The Diversified Income Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

**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 more comprehensive list of the Diversified Income Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Diversified Income Fund invests a proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Diversified Income Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.02% (31/3/2020 - 0.03%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| A Income        | 417                            | 107.53                          | 388,044                     |
| A Accumulation  | 14,747                         | 149.90                          | 9,838,019                   |
| Y Accumulation* | n/a                            | n/a                             | n/a                         |
| I Income        | 2,150                          | 96.37                           | 2,231,018                   |
| X Income        | 101,440                        | 130.11                          | 77,965,403                  |
| X Accumulation  | 444,374                        | 174.66                          | 254,427,016                 |
| 31/3/2020       |                                |                                 |                             |
| A Income        | 549                            | 100.33                          | 547,095                     |
| A Accumulation  | 15,465                         | 136.99                          | 11,289,505                  |
| Y Accumulation  | 186                            | 169.03                          | 110,109                     |
| I Income**      | 1,621                          | 89.47                           | 1,811,360                   |
| X Income        | 97,796                         | 121.10                          | 80,758,237                  |
| X Accumulation  | 465,896                        | 159.22                          | 292,606,171                 |
| 31/3/2019       |                                |                                 |                             |
| A Income        | 949                            | 111.51                          | 850,811                     |
| A Accumulation  | 25,696                         | 146.18                          | 17,578,470                  |
| Y Accumulation  | 200                            | 179.78                          | 111,237                     |
| X Income        | 108,441                        | 133.95                          | 80,956,904                  |
| X Accumulation  | 535,658                        | 169.07                          | 316,821,273                 |
| 31/3/2018       |                                |                                 |                             |
| A Income        | 1,375                          | 110.74                          | 1,241,641                   |
| A Accumulation  | 29,124                         | 139.50                          | 20,878,351                  |
| Y Accumulation  | 194                            | 171.02                          | 113,581                     |
| X Income        | 113,799                        | 132.38                          | 85,965,694                  |
| X Accumulation  | 544,199                        | 160.56                          | 338,940,856                 |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Income            | 1.34% | A Income          | 1.35% |
| A Accumulation      | 1.34% | A Accumulation    | 1.35% |
| Y Accumulation*     | n/a   | Y Accumulation    | 0.95% |
| I Income            | 0.12% | I Income          | 0.13% |
| X Income            | 0.74% | X Income          | 0.75% |
| X Accumulation      | 0.73% | X Accumulation    | 0.74% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*Y Accumulation unit class closed 1 September 2020.

\*\*I Income unit class launched 15 July 2019.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value   | Investment                                | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|---|---------------------------------|-------------------------------------|
| <b>BONDS - 42.79% (31/3/2020 - 45.31%)</b>   |   |                                 |                                     |
| <b>Sterling Denominated Fixed Rate Corporate Bonds - 29.59% (31/3/2020 - 33.02%)</b> |   |                                 |                                     |
| £1,509,000   | Admiral 5.5% 25/7/2024                    | 1,735                           | 0.31                                |
| £1,700,000   | Bank of Ireland 3.125% 19/9/2027          | 1,699                           | 0.30                                |
| £10,732,000  | BHP Billiton Finance 6.5% 22/10/2077      | 11,704                          | 2.08                                |
| £3,042,700   | Burford Capital 5% 01/12/2026             | 2,578                           | 0.46                                |
| £2,391,500   | Burford Capital 6.125% 26/10/2024         | 2,152                           | 0.38                                |
| £2,900,600   | Burford Capital 6.5% 19/8/2022            | 2,793                           | 0.50                                |
| £9,450,000   | Close Brothers 4.25% 24/1/2027+           | 9,655                           | 1.71                                |
| £500,000   | Co-Operative 11% 18/12/2025               | 600                             | 0.11                                |
| £500,000   | Co-Operative 5.125% 17/5/2024             | 523                             | 0.09                                |
| £500,000   | Co-Operative 7.5% 08/7/2026               | 583                             | 0.10                                |
| £1,500,000   | Direct Line Insurance 4% 5/6/2032         | 1,654                           | 0.29                                |
| £120,000   | Edinburg Investment Trust 7.75% 30/9/2022 | 134                             | 0.02                                |
| £3,632,000   | GKN 5.375% 19/9/2022                      | 3,758                           | 0.67                                |
| £16,400,000  | Hiscox 6.125% 24/11/2045                  | 17,996                          | 3.20                                |
| £2,500,000   | J Sainsbury 2.875% Perpetual              | 2,521                           | 0.45                                |
| £4,600,000   | Just Group 9% 26/10/2026                  | 5,021                           | 0.89                                |
| £2,599,600   | National Grid 1.25% 06/10/2021            | 3,199                           | 0.57                                |
| £7,071,000   | Nestlé 1.75% 09/12/2020                   | 7,090                           | 1.26                                |
| £2,976,500   | Paragon 6% 05/12/2020                     | 2,978                           | 0.53                                |
| £1,099,800   | Paragon Banking 6% 28/8/2024              | 1,099                           | 0.19                                |
| £6,231,500   | Paragon Banking 6.125% 30/1/2022          | 6,238                           | 1.11                                |
| £3,160,000   | Paragon Banking 7.25% 09/9/2026           | 3,216                           | 0.57                                |
| £2,146,000   | Pension Insurance 4.625% 7/5/2031         | 2,339                           | 0.42                                |
| £2,945,000   | Pension Insurance 6.5% 03/7/2024          | 3,445                           | 0.61                                |
| £4,583,000   | Pension Insurance 8% 23/11/2026           | 5,913                           | 1.05                                |
| £14,704,000  | PGH Capital 6.625% 18/12/2025             | 17,546                          | 3.12                                |
| £2,963,000   | Phoenix 5.625% 28/04/2031                 | 3,374                           | 0.60                                |
| £1,000,000   | Phoenix 5.75% Perpetual                   | 999                             | 0.18                                |
| £1,700,000   | Reassure 5.867% 13/06/2029                | 1,943                           | 0.34                                |
| £1,100,000   | Rothsay Life 5.5% 17/9/2029               | 1,202                           | 0.21                                |
| £1,700,000   | Shawbrook 9% 10/10/2030                   | 1,691                           | 0.30                                |
| £3,050,000   | Society of Lloyd's 4.875% 07/2/2047       | 3,337                           | 0.59                                |
| £1,179,000   | Society of Lloyd's 4.75% 30/10/2024       | 1,272                           | 0.23                                |
| £8,584,000   | Tesco Personal Finance 5% 21/11/2020      | 8,590                           | 1.53                                |
| £13,574,000  | TP ICAP 5.25% 26/1/2024                   | 14,557                          | 2.58                                |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value  | Investment                                       | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|--|---------------------------------|-------------------------------------|
| <b>Sterling Denominated Fixed Rate Corporate Bonds continued</b>                                  |  |                                 |                                     |
| £750,000  | TP ICAP 5.25% 29/5/2026                          | 831                             | 0.15                                |
| £2,500,000  | Travis Perkins 4.375% 15/9/2021                  | 2,547                           | 0.45                                |
| £8,100,000  | Travis Perkins 4.5% 07/9/2023                    | 8,130                           | 1.44                                |
|   |  | <b>166,642</b>                  | <b>29.59</b>                        |
| <b>Sterling Denominated Floating Rate Corporate Bonds - 3.56% (31/3/2020 - 4.58%)</b>             |  |                                 |                                     |
| £228,000  | Enel 6.625% FRN 15/9/2076                        | 239                             | 0.04                                |
| £2,400,000  | Nationwide Building Society 5.875% FRN Perpetual | 2,463                           | 0.44                                |
| £10,032,000   | NGG Finance 5.625% 18/6/2073                     | 11,284                          | 2.00                                |
| £4,998,800  | Severn Trent 1.3% 11/7/2022                      | 6,077                           | 1.08                                |
|   |  | <b>20,063</b>                   | <b>3.56</b>                         |
| <b>Euro Denominated Fixed Rate Corporate Bonds - 0.00% (31/3/2020 - 0.12%)</b>                    |  |                                 |                                     |
| <b>United States Dollar Denominated Fixed Rate Corporate Bonds - 8.86% (31/3/2020 - 6.56%)</b>    |  |                                 |                                     |
| \$3,000,000   | Beazley 5.875% 4/11/2026                         | 2,486                           | 0.44                                |
| \$11,041,000  | Beazley Insurance DAC 5.5% 10/9/2029             | 8,935                           | 1.59                                |
| \$3,027,000   | British Telecom 9.625% 15/12/2030                | 3,754                           | 0.67                                |
| \$8,480,000   | Burford Capital Finance 6.125% 12/8/2025         | 5,838                           | 1.04                                |
| \$1,000,000   | Hikma Finance USA 3.25% 9/7/2025                 | 788                             | 0.14                                |
| \$6,655,000   | Louis Dreyfus 5.25% 13/6/2023                    | 5,264                           | 0.93                                |
| \$6,050,000   | Marks & Spencer 7.125% 01/12/2037 144A           | 4,945                           | 0.88                                |
| \$8,520,000   | Standard Life Aberdeen 4.25% 30/6/2028           | 6,886                           | 1.22                                |
| \$10,220,000  | Trafigura 6.875% Perpetual                       | 7,352                           | 1.30                                |
| \$4,800,000   | Trafigura Funding 5.25% 19/3/2023                | 3,662                           | 0.65                                |
|   |  | <b>49,910</b>                   | <b>8.86</b>                         |
| <b>United States Dollar Denominated Floating Rate Corporate Bonds - 0.78% (31/3/2020 - 1.03%)</b> |  |                                 |                                     |
| \$5,800,000   | Mellon Capital IV 4% FRN Perpetual               | <b>4,372</b>                    | <b>0.78</b>                         |
| <b>EQUITIES - 27.92% (31/3/2020 - 28.24%)</b>   |  |                                 |                                     |
| <b>UNITED KINGDOM - 15.45% (31/3/2020 - 15.34%)</b>   |  |                                 |                                     |
| 72,500  | Advanced Medical Solutions                       | 155                             | 0.03                                |
| 2,060,088   | AEW UK REIT                                      | 1,537                           | 0.27                                |
| 1,863,505   | Babcock International                            | 4,664                           | 0.83                                |
| 66,121  | British American Tobacco                         | 1,836                           | 0.33                                |
| 72,600  | Bunzl  | 1,820                           | 0.32                                |
| 510,773   | Burford Capital                                  | 3,191                           | 0.57                                |
| 587,709   | Clinigen   | 4,114                           | 0.73                                |
| 147,935   | CVS*   | 1,827                           | 0.32                                |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value                  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>UNITED KINGDOM continued</b>               |   |                                 |                                     |
| 2,000   | db x-trackers FTSE 100 Short Daily UCITS ETF      | 8                               | —                                   |
| 358,930                                       | Diploma   | 7,882                           | 1.40                                |
| 3,555,879                                     | Ediston Property Investment                       | 1,785                           | 0.32                                |
| 3,347,000                                     | GCP Student Living                                | 4,103                           | 0.73                                |
| 2,159,750                                     | Ground Rents Income                               | 1,728                           | 0.31                                |
| 840,000                                       | Hastings  | 2,120                           | 0.38                                |
| 175,193                                       | Imperial Brands                                   | 2,396                           | 0.43                                |
| 549,971                                       | Lancashire  | 3,803                           | 0.67                                |
| 1,355,563                                     | Mears   | 1,464                           | 0.26                                |
| 517,000                                       | Moneysupermarket.com                              | 1,377                           | 0.24                                |
| 1,085,000                                     | Pacific Industrial & Logistics REIT               | 1,530                           | 0.27                                |
| 11,857,023                                    | Real Estate Credit Investments                    | 14,525                          | 2.58                                |
| 12,564,000                                    | Residential Secure Income                         | 11,257                          | 2.00                                |
| 5,631,919                                     | Schroder European Real Estate Investment          | 3,492                           | 0.62                                |
| 86,794  | Schroders   | 1,608                           | 0.29                                |
| 7,572,853                                     | Tritax EuroBox                                    | 6,560                           | 1.16                                |
| 2,565   | Urban Logistics                                   | —                               | —                                   |
| 2,005,000                                     | Warehouse Reit                                    | 2,216                           | 0.39                                |
|   |   | <b>86,998</b>                   | <b>15.45</b>                        |
| <b>EUROPE - 8.29% (31/3/2020 - 7.52%)</b>     |   |                                 |                                     |
| <b>Germany - 0.81% (31/3/2020 - 0.47%)</b>    |   |                                 |                                     |
| 91,900  | Brenntag  | 4,551                           | 0.81                                |
| <b>Guernsey - 3.10% (31/3/2020 - 2.75%)</b>   |   |                                 |                                     |
| 20,545,270                                    | Starwood Capital                                  | 17,463                          | 3.10                                |
| <b>Ireland - 0.70% (31/3/2020 - 0.95%)</b>    |   |                                 |                                     |
| 743,251                                       | Greencoat Renewables                              | 809                             | 0.15                                |
| 1,747,500                                     | Hibernia REIT                                     | 1,577                           | 0.28                                |
| 198,751                                       | UDG Healthcare                                    | 1,532                           | 0.27                                |
|   |   | <b>3,918</b>                    | <b>0.70</b>                         |
| <b>Luxembourg - 0.00% (31/3/2020 - 0.01%)</b> |   |                                 |                                     |
| 3,800   | db x-trackers Euro Stoxx 50 Short Daily UCITS ETF | 41                              | —                                   |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|--|---------------------------------|-------------------------------------|
|                              | <b>Switzerland - 3.68%</b> (31/3/2020 - 3.34%)             |                                 |                                     |
| 398,000                      | IWG  | 1,035                           | 0.18                                |
| 110,697                      | Nestlé   | 10,191                          | 1.81                                |
| 35,824                       | Roche Holding  | 9,505                           | 1.69                                |
|                              |  | <b>20,731</b>                   | <b>3.68</b>                         |
|                              | <b>AUSTRALIA - 0.39%</b> (31/3/2020 - 0.28%)               |                                 |                                     |
| 131,559                      | BHP  | <b>2,176</b>                    | <b>0.39</b>                         |
|                              | <b>ASIA PACIFIC (ex JAPAN) - 0.20%</b> (31/3/2020 - 0.69%) |                                 |                                     |
| 2,316,173                    | Schroder Asian Income Maximiser Fund                       | <b>1,149</b>                    | <b>0.20</b>                         |
|                              | <b>JAPAN - 0.00%</b> (31/3/2020 - 1.05%)                   |                                 |                                     |
|                              | <b>NORTH AMERICA - 3.59%</b> (31/3/2020 - 3.36%)           |                                 |                                     |
|                              | <b>Canada - 0.42%</b> (31/3/2020 - 0.29%)                  |                                 |                                     |
| 109,937                      | Barrick Gold   | <b>2,381</b>                    | <b>0.42</b>                         |
|                              | <b>United States - 3.17%</b> (31/3/2020 - 3.07%)           |                                 |                                     |
| 4,000                        | db x-trackers S&P 500 Inverse Daily UCITS ETF              | 34                              | 0.01                                |
| 6,970                        | Mastercard 'A'   | 1,821                           | 0.32                                |
| 125,381                      | Philip Morris International                                | 7,269                           | 1.29                                |
| 7,030,000                    | Schroder US Equity Income Maximiser Fund                   | 3,972                           | 0.71                                |
| 30,450                       | Visa   | 4,701                           | 0.84                                |
|                              |  | <b>17,797</b>                   | <b>3.17</b>                         |
|                              | <b>ALTERNATIVE - 22.93%</b> (31/3/2020 - 19.92%)           |                                 |                                     |
| 361,490                      | 3i Infrastructure  | 1,047                           | 0.19                                |
| 4,376,680                    | BBGI   | 7,510                           | 1.33                                |
| 700,425                      | Foresight Solar Fund                                       | 725                             | 0.13                                |
| 19,485,795                   | GCP Asset Backed Income Fund                               | 16,914                          | 3.00                                |
| 7,535,199                    | GCP Infrastructure Investments Fund                        | 8,711                           | 1.55                                |
| 7,059,391                    | Greencoat UK Wind  | 9,446                           | 1.68                                |
| 9,323,542                    | HICL Infrastructure  | 15,458                          | 2.74                                |
| 1,679,800                    | Honeycomb Investment Trust                                 | 15,034                          | 2.67                                |
| 10,482,000                   | ICG-Longbow Secured UK Property Debt Investments           | 7,704                           | 1.37                                |
| 11,984,679                   | International Public Partnership                           | 19,319                          | 3.43                                |
| 36,750                       | Invesco Physical Gold ETC                                  | 5,234                           | 0.93                                |
| 86,900                       | iShares Physical Gold ETC                                  | 2,494                           | 0.44                                |
| 1,041,265                    | NextEnergy Solar Fund                                      | 1,062                           | 0.19                                |
| 112,672                      | WisdomTree Physical Gold ETC                               | 15,710                          | 2.79                                |
| 160,300                      | WisdomTree Physical Silver ETC                             | 2,776                           | 0.49                                |
|                              |  | <b>129,144</b>                  | <b>22.93</b>                        |



# Portfolio statement

continued

| Holding/<br>Nominal<br>Value   | Investment                                  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|---|---------------------------------|-------------------------------------|
| <b>DERIVATIVES** - (0.03)% (31/3/2020 - (0.31)%)</b>                   |   |                                 |                                     |
| <b>Open Forward Currency Contracts - (0.03)% (31/3/2020 - (0.31)%)</b> |   |                                 |                                     |
| £5,964,119   | Bought GBP 5,964,119 : Sold EUR 6,560,062   | 12                              | —                                   |
| £36,993,558  | Bought GBP 36,993,558 : Sold USD 48,093,687 | (205)                           | (0.03)                              |
|  |   | <b>(193)</b>                    | <b>(0.03)</b>                       |
| <b>Portfolio of investments</b>  |   | <b>527,143</b>                  | <b>93.61</b>                        |
| <b>Net other assets</b>  |   | <b>35,985</b>                   | <b>6.39</b>                         |
| <b>Total net assets</b>  |   | <b>563,128</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*Security is listed on the Alternative Investments Market.

\*\*The costs associated with derivatives for the period were £8,949.

\*Related party investment.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 43,956                                 |              | 8,310                                  |
| Revenue  | 13,939       |  | 15,825       |  |
| Expenses   | (2,133)      |  | (2,496)      |  |
| Interest payable and similar charges   | (1)          |  | (1)          |  |
| Net revenue before taxation for the period   | 11,805       |  | 13,328       |  |
| Taxation   | (1,244)      |  | (1,189)      |  |
| Net revenue after taxation for the period  |              | 10,561                                 |              | 12,139                                 |
| Total return before distributions  |              | 54,517                                 |              | 20,449                                 |
| Distributions  |              | (12,268)                               |              | (14,136)                               |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>42,249</b>                          |              | <b>6,313</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 581,513                                |              | 670,944                                |
| Amounts received on creation of units                                       | 9,484        |  | 26,442       |  |
| Amounts paid on cancellation of units                                       | (79,796)     |  | (40,752)     |  |
|   |              | (70,312)                               |              | (14,310)                               |
| Dilution adjustment   |              | 27                                     |              | 5                                      |
| Change in net assets attributable to unitholders from investment activities |              | 42,249                                 |              | 6,313                                  |
| Retained distribution on accumulation units                                 |              | 9,651                                  |              | 11,741                                 |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>563,128</b>                         |              | <b>674,693</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 527,348                            |              | 543,534                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 11,393       |                                    | 6,472        |                                    |
| Cash and bank balances                        | 36,432       |                                    | 39,142       |                                    |
| Total other assets                            |              | 47,825                             |              | 45,614                             |
| <b>Total assets</b>                           |              | <b>575,173</b>                     |              | <b>589,148</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Investment liabilities                        |              | (205)                              |              | (1,784)                            |
| Creditors                                     |              |                                    |              |                                    |
| Distribution payable                          | (1,114)      |                                    | (1,021)      |                                    |
| Other creditors                               | (10,726)     |                                    | (4,830)      |                                    |
| Total other liabilities                       |              | (11,840)                           |              | (5,851)                            |
| Total liabilities                             |              | (12,045)                           |              | (7,635)                            |
| <b>Net assets attributable to unitholders</b> |              | <b>563,128</b>                     |              | <b>581,513</b>                     |

# Distribution tables

For the period ended 30 September 2020

## 2nd Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 July 2020

Group 2: units purchased between 1 July 2020 and 30 September 2020

|                 | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|-----------------|-------------------------|--------------------------|---|--|
| A Income        |                         |                          |   |  |
| Group 1         | 1.1527                  | —                        | 1.1527  | 1.2231   |
| Group 2         | 0.8242                  | 0.3285                   | 1.1527  | 1.2231   |
| A Accumulation  |                         |                          |   |  |
| Group 1         | 1.5896                  | —                        | 1.5896  | 1.6193   |
| Group 2         | 0.6091                  | 0.9805                   | 1.5896  | 1.6193   |
| Y Accumulation* |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 1.9939   |
| Group 2         | n/a                     | n/a                      | n/a   | 1.9939   |
| I Income        |                         |                          |   |  |
| Group 1         | 1.0316                  | —                        | 1.0316  | 0.8590   |
| Group 2         | 0.5133                  | 0.5183                   | 1.0316  | 0.8590   |
| X Income        |                         |                          |   |  |
| Group 1         | 1.3937                  | —                        | 1.3937  | 1.4717   |
| Group 2         | 0.6206                  | 0.7731                   | 1.3937  | 1.4717   |
| X Accumulation  |                         |                          |   |  |
| Group 1         | 1.8510                  | —                        | 1.8510  | 1.8762   |
| Group 2         | 1.0127                  | 0.8383                   | 1.8510  | 1.8762   |

\*Y Accumulation unit class closed 1 September 2020.

# Distribution tables

continued

## 1st Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 June 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/8/2020 | Distribution Paid<br>per Unit on<br>31/8/2019 |
|----------------|-------------------------|--------------------------|---|---|
| A Income       |                         |                          |   |   |
| Group 1        | 1.0803                  | —                        | 1.0803  | 1.1363  |
| Group 2        | 0.2923                  | 0.7880                   | 1.0803  | 1.1363  |
| A Accumulation |                         |                          |   |   |
| Group 1        | 1.4747                  | —                        | 1.4747  | 1.4894  |
| Group 2        | 0.4348                  | 1.0399                   | 1.4747  | 1.4894  |
| Y Accumulation |                         |                          |   |   |
| Group 1        | 1.8203                  | —                        | 1.8203  | 1.8324  |
| Group 2        | 1.8203                  | 0.0000                   | 1.8203  | 1.8324  |
| I Income*      |                         |                          |   |   |
| Group 1        | 0.9644                  | —                        | 0.9644  | n/a   |
| Group 2        | 0.3414                  | 0.6230                   | 0.9644  | n/a   |
| X Income       |                         |                          |   |   |
| Group 1        | 1.3045                  | —                        | 1.3045  | 1.3656  |
| Group 2        | 0.4163                  | 0.8882                   | 1.3045  | 1.3656  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 1.7151                  | —                        | 1.7151  | 1.7236  |
| Group 2        | 0.6338                  | 1.0813                   | 1.7151  | 1.7236  |

\*I Income unit class launched 15 July 2019.

### Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Conservative Portfolio Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Conservative Portfolio Fund ("the Conservative Fund") is to achieve income and moderate capital growth.

The Conservative Fund will invest primarily in equities and fixed interest securities.

The equity component of the Conservative Fund may include shares in smaller companies and companies listed in emerging markets.

The fixed interest component of the Conservative Fund may include government and corporate bonds (which may include emerging market and high yield bonds).

The Conservative Fund may also invest in money market instruments and deposits, cash and near cash.

Exposure to the above asset classes may be gained through investment in other transferable securities (including closed-ended funds and exchange-traded funds) and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager.

The Conservative Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Conservative Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

Currency hedging for exposure in foreign currencies was initiated in March 2015 and we have the discretion to hedge up to 50% of all non-sterling currency positions.

# Manager's Report

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## Market commentary

The Conservative Fund returned 10.9% over the six-month period, underperforming the IA Mixed 20-60 by -0.6%. Global markets were supported by central bank and government stimulus schemes as well as tentative returns of economic activity during the summer; however uncertainty remained with vaccine news, COVID-19 case spikes, Brexit and the US election dominating sentiment. Performance was helped by security selection; top contributors to performance were North American stocks Adobe Systems and Kirkland Lake Gold, as well as the WisdomTree Physical Silver ETC. In June, software company Adobe reported strong demand for its Digital Media subscription based products. As more businesses have adapted to remote working, Adobe have been a key beneficiary of broader market shifts to cloud based software. In currency markets, the pound's recovery as economic data improved was capped by heightened Brexit risk in September, when sterling depreciated against major currencies as talks deteriorated and the UK again warned of a possible no deal scenario. Through this volatility, the Fund's 50% hedging ratio on non-sterling investments contributed 0.2% over the period.

Activity within the Equity portfolio over the six months included the divesting of remaining travel exposure, and a number of the 'Special Situations' basket where stock specific events had played out. The Conservative Fund reduced cyclicalities across the portfolio as we stayed cautious on the macroeconomic outlook, preferring high quality defensive stocks. The Conservative Fund increased exposure to positive ecommerce and healthcare trends introducing positions in eBay, Cerner and Hoya. The net impact of this activity and market movements was a decrease in the Equity weighting from 46% to 44%. In Fixed income, the Conservative Fund purchased a range of corporate bonds, the majority investment grade providing positive yield without compromising credit risk or duration, which stayed short at 2 years. The Conservative Fund also increased precious metals holdings, adding to WisdomTree Physical Silver and Platinum ETCs; both being beneficiaries of industrial production growth, with Silver holding further quality as a 'safe haven'. The overall Alternatives weighting thus increased from 5% to 6%.

# Manager's Report

continued

## Fund Performance

Performance for the Conservative Fund over the last five years.

|                                      | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--------------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Conservative Fund X Accumulation | 10.9%                    | 0.4%                 | 6.0%                 | 4.7%                 | 6.9%                 | 8.2%                 |
| IA Mixed Investments 20-60% Sector   | 11.5%                    | (1.2)%               | 4.0%                 | 2.6%                 | 6.2%                 | 12.1%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

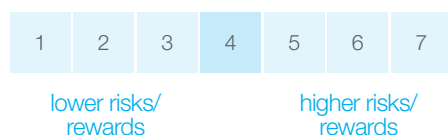
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Conservative Fund currently has four types of unit class in issue; A Income, A Accumulation, X Income and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Conservative Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Conservative 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 Conservative Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Conservative Fund carries the following risks:

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

**Currency risk:** The Conservative 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 Conservative Fund operates portfolio hedging to reduce this risk, it may not always be fully effective.

**Derivatives risk:** The Conservative Fund uses derivatives for efficient portfolio management purposes only (currency hedging). Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in disproportionately large movements in the price of the derivative instrument.

**Focus risk:** The Conservative 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.

**Investment risk:** The Conservative Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**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.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Conservative Fund's risks are contained in the "Risk Factors" section of the prospectus.



# Collective Investment Schemes

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## **Collective Investment Schemes**

The Conservative Fund invests a proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Conservative Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.04% (31/3/2020 - 0.03%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| A Income        | 402                            | 144.39                          | 278,427                     |
| A Accumulation  | 15,320                         | 158.99                          | 9,636,013                   |
| Y Income*       | n/a                            | n/a                             | n/a                         |
| X Income        | 26,115                         | 161.68                          | 16,152,349                  |
| X Accumulation  | 811,218                        | 181.84                          | 446,115,948                 |
| 31/3/2020       |                                |                                 |                             |
| A Income        | 389                            | 130.97                          | 297,092                     |
| A Accumulation  | 14,104                         | 143.87                          | 9,803,746                   |
| Y Income        | 188                            | 156.79                          | 119,761                     |
| X Income        | 24,039                         | 146.64                          | 16,392,890                  |
| X Accumulation  | 722,430                        | 163.95                          | 440,635,620                 |
| 31/3/2019       |                                |                                 |                             |
| A Income        | 505                            | 137.83                          | 366,361                     |
| A Accumulation  | 16,439                         | 151.00                          | 10,886,627                  |
| Y Income        | 200                            | 164.93                          | 121,475                     |
| X Income        | 27,495                         | 154.26                          | 17,823,457                  |
| X Accumulation  | 722,087                        | 170.84                          | 422,671,287                 |
| 31/3/2018       |                                |                                 |                             |
| A Income        | 503                            | 133.68                          | 377,298                     |
| A Accumulation  | 18,827                         | 145.38                          | 12,949,774                  |
| Y Income        | 206                            | 159.95                          | 128,490                     |
| X Income        | 29,885                         | 149.60                          | 19,976,068                  |
| X Accumulation  | 656,640                        | 163.54                          | 401,518,166                 |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Income            | 1.61% | A Income          | 1.60% |
| A Accumulation      | 1.61% | A Accumulation    | 1.60% |
| Y Income*           | n/a   | Y Income          | 1.14% |
| X Income            | 0.92% | X Income          | 0.91% |
| X Accumulation      | 0.89% | X Accumulation    | 0.88% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*Y Income unit class closed on 1 September 2020.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>BONDS - 38.74% (31/3/2020 - 44.02%)</b>  |   |                                 |                                     |
| <b>Sterling Denominated Fixed Rate Corporate Bonds - 20.87% (31/3/2020 - 14.67%)</b>  |   |                                 |                                     |
| £2,498,900  | A2D Funding 4.75% 18/10/2022                          | 2,650                           | 0.31                                |
| £2,900,000  | A2D Funding II 4.5% 30/9/2026                         | 3,326                           | 0.39                                |
| £7,000,000  | Admiral 5.5% 25/7/2024                                | 8,048                           | 0.94                                |
| £19,650,000   | British American Tobacco 1.75% 05/7/2021              | 19,788                          | 2.32                                |
| £11,830,000   | Bupa Finance 5% 25/4/2023                             | 12,784                          | 1.50                                |
| £4,300,000  | Close Brothers 4.25% 24/1/2027*                       | 4,393                           | 0.51                                |
| £23,000,000   | Coventry Building Society 1% 21/9/2025                | 22,822                          | 2.68                                |
| £12,300,000   | Daimler 1.5% 13/1/2022                                | 12,392                          | 1.46                                |
| £10,100,000   | EDP Finance 8.625% 04/1/2024                          | 12,435                          | 1.46                                |
| £9,400,000  | Jaguar 2.75% 24/1/2021                                | 9,221                           | 1.08                                |
| £4,900,000  | Just 3.5% 07/2/2025                                   | 4,456                           | 0.52                                |
| £8,000,000  | Nestlé 1.75% 09/12/2020                               | 8,021                           | 0.94                                |
| £3,000,000  | New York Life Global Funding 1% 15/12/2021            | 3,017                           | 0.35                                |
| £12,000,000   | Paragon Banking 7.25% 09/9/2026                       | 12,213                          | 1.43                                |
| £8,000,000  | Rothsay Life 3.375% 12/7/2026                         | 8,299                           | 0.97                                |
| £12,000,000   | SSE 4.25% 14/9/2021                                   | 12,418                          | 1.46                                |
| £4,115,000  | Tesco 6.125% 24/2/2022                                | 4,396                           | 0.52                                |
| £9,200,000  | Travis Perkins 4.5% 07/9/2023                         | 9,234                           | 1.08                                |
| £8,000,000  | TSB Banking 5.75% 06/5/2026                           | 8,084                           | 0.95                                |
|   |   | <b>177,997</b>                  | <b>20.87</b>                        |
| <b>Sterling Denominated Fixed Rate Government Bonds - 13.65% (31/3/2020 - 19.62%)</b> |   |                                 |                                     |
| £18,500,000   | Treasury 0.5% 22/7/2022                               | 18,667                          | 2.19                                |
| £13,000,000   | Treasury 1.5% 22/1/2021                               | 13,052                          | 1.53                                |
| £12,300,000   | Treasury 1.625% 22/10/2028                            | 13,812                          | 1.62                                |
| £12,349,201   | Treasury 1.75% 07/9/2022                              | 12,768                          | 1.50                                |
| £12,629,728   | Treasury 2.25% 07/9/2023                              | 13,484                          | 1.58                                |
| £12,200,000   | Treasury 2.75% 07/9/2024                              | 13,555                          | 1.59                                |
| £11,500,000   | Treasury 4% 07/3/2022                                 | 12,156                          | 1.42                                |
| £18,000,000   | Treasury 8% 07/6/2021                                 | 18,975                          | 2.22                                |
|   |   | <b>116,469</b>                  | <b>13.65</b>                        |
| <b>Sterling Denominated Floating Rate Corporate Bonds - 4.22% (31/3/2020 - 9.73%)</b> |   |                                 |                                     |
| £4,000,000  | Bank of Nova Scotia 0.76275% FRN 11/6/2021            | 4,003                           | 0.47                                |
| £4,000,000  | Commonwealth Bank of Australia 1.20238% FRN 12/7/2021 | 4,006                           | 0.47                                |
| £2,441,000  | Enel 6.625% FRN 15/9/2076                             | 2,554                           | 0.30                                |
| £12,000,000   | Lloyds Bank 0.9415% FRN 10/1/2021                     | 12,000                          | 1.41                                |
| £13,430,000   | Westpac Banking 0.94213% FRN 18/1/2023                | 13,417                          | 1.57                                |
|   |   | <b>35,980</b>                   | <b>4.22</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value                        | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>EQUITIES - 43.90%</b> (31/3/2020 - 46.01%)       |   |                                 |                                     |
| <b>UNITED KINGDOM - 7.81%</b> (31/3/2020 - 10.15%)  |   |                                 |                                     |
| 1,250,000   | 3i  | 12,458                          | 1.46                                |
| 526,826   | Admiral   | 13,750                          | 1.61                                |
| 750,000   | GlaxoSmithKline   | 10,890                          | 1.28                                |
| 230,000   | London Stock Exchange   | 20,410                          | 2.39                                |
| 420,000   | Schroders non-voting shares   | 7,778                           | 0.91                                |
| 200,000   | Tate & Lyle   | 1,330                           | 0.16                                |
|   |   | <b>66,616</b>                   | <b>7.81</b>                         |
| <b>Emerging Markets - 0.28%</b> (31/3/2020 - 0.28%) |   |                                 |                                     |
| 300,000   | Capital International Portfolios SICAV-Capital Emerging Markets Total | <b>2,385</b>                    | <b>0.28</b>                         |
| <b>EUROPE - 7.90%</b> (31/3/2020 - 11.05%)          |   |                                 |                                     |
| <b>Austria - 0.00%</b> (31/3/2020 - 0.08%)          |   |                                 |                                     |
| <b>Belgium - 0.00%</b> (31/3/2020 - 0.10%)          |   |                                 |                                     |
| <b>France - 0.00%</b> (31/3/2020 - 2.22%)           |   |                                 |                                     |
| <b>Germany - 4.45%</b> (31/3/2020 - 4.08%)          |   |                                 |                                     |
| 114,279   | Deutsche Boerse   | 15,591                          | 1.83                                |
| 95,000  | LEG Immobilien  | 10,506                          | 1.23                                |
| 47,100  | Uniper  | 1,178                           | 0.14                                |
| 200,000   | Vonovia   | 10,660                          | 1.25                                |
|   |   | <b>37,935</b>                   | <b>4.45</b>                         |
| <b>Italy - 0.15%</b> (31/3/2020 - 0.53%)            |   |                                 |                                     |
| 40,000  | Moncler   | <b>1,269</b>                    | <b>0.15</b>                         |
| <b>Netherlands - 0.00%</b> (31/3/2020 - 0.11%)      |   |                                 |                                     |
| <b>Norway - 1.46%</b> (31/3/2020 - 1.71%)           |   |                                 |                                     |
| 800,000   | Marine Harvest  | 10,965                          | 1.29                                |
| 50,000  | Yara International  | 1,486                           | 0.17                                |
|   |   | <b>12,451</b>                   | <b>1.46</b>                         |
| <b>Spain - 0.00%</b> (31/3/2020 - 0.20%)            |   |                                 |                                     |
| <b>Sweden - 0.00%</b> (31/3/2020 - 0.12%)           |   |                                 |                                     |
| <b>Switzerland - 1.84%</b> (31/3/2020 - 1.90%)      |   |                                 |                                     |
| 250,000   | UBS   | 2,167                           | 0.25                                |
| 18,956  | Partners  | 13,528                          | 1.59                                |
|   |   | <b>15,695</b>                   | <b>1.84</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|--|---------------------------------|-------------------------------------|
| 750,000                      | <b>SOUTH AFRICA - 1.65%</b> (31/3/2020 - 1.40%)<br>Anglo American  | <b>14,069</b>                   | <b>1.65</b>                         |
| 140,000                      | <b>AUSTRALIA - 0.76%</b> (31/3/2020 - 0.68%)<br>Rio Tinto (UK Regd.)   | <b>6,517</b>                    | <b>0.76</b>                         |
| 3,300,000                    | <b>ASIA PACIFIC (ex Japan) - 1.61%</b> (31/3/2020 - 1.45%)<br>HSBC Index Tracker Investment Funds - Pacific Index Fund | <b>13,771</b>                   | <b>1.61</b>                         |
| 430,000                      | <b>JAPAN - 4.09%</b> (31/3/2020 - 3.29%)<br>Asahi Breweries  | 11,504                          | 1.35                                |
| 26,300                       | cocokara fine  | 1,309                           | 0.15                                |
| 100,000                      | Hoya   | 8,689                           | 1.02                                |
| 190,000                      | Secom  | 13,353                          | 1.57                                |
|                              |  | <b>34,855</b>                   | <b>4.09</b>                         |
|                              | <b>MIDDLE EAST - 1.45%</b> (31/3/2020 - 1.42%)   |                                 |                                     |
| 133,034                      | <b>Israel - 1.45%</b> (31/3/2020 - 1.42%)<br>CheckPoint Software Technologies  | <b>12,380</b>                   | <b>1.45</b>                         |
|                              | <b>NORTH AMERICA - 18.35%</b> (31/3/2020 - 16.29%)   |                                 |                                     |
| 370,000                      | <b>Canada - 2.02%</b> (31/3/2020 - 1.47%)<br>Kirkland Lake Gold  | 13,884                          | 1.63                                |
| 37,000                       | Open Text  | 1,209                           | 0.14                                |
| 110,600                      | Pretium Resources  | 1,090                           | 0.13                                |
| 76,400                       | Shaw Communications 'B'  | 1,072                           | 0.12                                |
|                              |  | <b>17,255</b>                   | <b>2.02</b>                         |
| 17,683                       | <b>United States - 16.33%</b> (31/3/2020 - 14.82%)<br>Accenture  | 3,088                           | 0.36                                |
| 72,239                       | Adobe Systems  | 27,359                          | 3.21                                |
| 65,000                       | Air Products & Chemicals   | 14,976                          | 1.76                                |
| 12,399                       | Alphabet class 'A' shares  | 14,047                          | 1.65                                |
| 277,985                      | Amdocs   | 12,345                          | 1.45                                |
| 100,000                      | Cerner   | 5,588                           | 0.65                                |
| 300,000                      | eBay   | 12,088                          | 1.42                                |
| 18,700                       | Ingredion  | 1,094                           | 0.13                                |
| 135,000                      | Microsoft  | 21,941                          | 2.57                                |
| 127,786                      | Visa   | 19,729                          | 2.31                                |
| 55,000                       | Zoetis   | 7,033                           | 0.82                                |
|                              |  | <b>139,288</b>                  | <b>16.33</b>                        |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value                                      | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>ALTERNATIVE - 5.74%</b> (31/3/2020 - 4.29%)                    |   |                                 |                                     |
| 13,094,921  | ASI Global Absolute Return Strategies Fund          | 11,423                          | 1.34                                |
| 7,303   | Aviva Investors - Multi-Strategy Target Income Fund | 6                               | 0.00                                |
| 58,950  | WisdomTree Physical Gold ETC                        | 8,219                           | 0.96                                |
| 210,000   | WisdomTree Physical Platinum ETC                    | 13,747                          | 1.61                                |
| 900,000   | WisdomTree Physical Silver ETC                      | 15,586                          | 1.83                                |
|   |   | <b>48,981</b>                   | <b>5.74</b>                         |
| <b>DERIVATIVES - (0.04)%</b> (31/3/2020 - (0.56)%)                |   |                                 |                                     |
| <b>Forward Currency Contracts - (0.04)%</b> (31/3/2020 - (0.56)%) |   |                                 |                                     |
| CHF1,792,725  | Bought CHF 1,792,725 : Sold GBP 1,533,819           | (24)                            | 0.00                                |
| €2,795,479  | Bought EUR 2,795,479 : Sold GBP 2,567,168           | (31)                            | 0.00                                |
| €2,919,161  | Bought EUR 2,919,161 : Sold GBP 2,663,614           | (15)                            | 0.00                                |
| £571,337  | Bought GBP 571,337 : Sold SEK 6,510,517             | 9                               | 0.00                                |
| £8,492,753  | Bought GBP 8,492,753 : Sold CAD 14,542,192          | 72                              | 0.01                                |
| £6,745,629  | Bought GBP 6,745,629 : Sold NOK 79,168,750          | 201                             | 0.02                                |
| £9,321,385  | Bought GBP 9,321,385 : Sold CHF 11,057,161          | 9                               | 0.00                                |
| £4,419,182  | Bought GBP 4,419,182 : Sold JPY 599,988,750         | 21                              | 0.00                                |
| £12,993,696   | Bought GBP 12,993,696 : Sold JPY 1,794,621,500      | (161)                           | (0.02)                              |
| £25,292,999   | Bought GBP 25,292,999 : Sold EUR 27,820,311         | 53                              | 0.01                                |
| £81,462,332   | Bought GBP 81,462,332 : Sold USD 105,905,572        | (452)                           | (0.06)                              |
| SEK6,510,517  | Bought SEK 6,510,517 : Sold GBP 570,605             | (8)                             | 0.00                                |
|   |   | <b>(326)</b>                    | <b>(0.04)</b>                       |
| <b>Portfolio of investments</b>                                   |   | <b>753,587</b>                  | <b>88.34</b>                        |
| <b>Net other assets</b>   |   | <b>99,468</b>                   | <b>11.66</b>                        |
| <b>Total net assets</b>   |   | <b>853,055</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*The costs associated with derivatives for the period were £31,580.

\*Related party investment.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 78,286                                 |              | 40,346                                 |
| Revenue  | 8,882        |  | 8,674        |  |
| Expenses   | (3,570)      |  | (3,457)      |  |
| Interest payable and similar charges   | —            |  | (1)          |  |
| Net revenue before taxation for the period   | 5,312        |  | 5,216        |  |
| Taxation   | (370)        |  | (219)        |  |
| Net revenue after taxation for the period  |              | 4,942                                  |              | 4,997                                  |
| Total return before distributions  |              | 83,228                                 |              | 45,343                                 |
| Distributions  |              | (4,942)                                |              | (4,997)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>78,286</b>                          |              | <b>40,346</b>                          |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 761,150                                |              | 766,728                                |
| Amounts received on creation of units                                       | 30,267       |  | 35,369       |  |
| Amounts paid on cancellation of units                                       | (21,467)     |  | (27,441)     |  |
|   |              | 8,800                                  |              | 7,928                                  |
| Dilution adjustment   |              | —                                      |              | 1                                      |
| Change in net assets attributable to unitholders from investment activities |              | 78,286                                 |              | 40,346                                 |
| Retained distribution on accumulation units                                 |              | 4,819                                  |              | 4,865                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>853,055</b>                         |              | <b>819,868</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 754,278                            |              | 718,696                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 5,061        |                                    | 5,480        |                                    |
| Cash and bank balances                        | 95,253       |                                    | 46,354       |                                    |
| Total other assets                            |              | 100,314                            |              | 51,834                             |
| <b>Total assets</b>                           |              | <b>854,592</b>                     |              | <b>770,530</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Investment liabilities                        |              | (691)                              |              | (5,038)                            |
| Creditors                                     |              |                                    |              |                                    |
| Bank overdrafts                               | (85)         |                                    | (2)          |                                    |
| Distribution payable                          | (152)        |                                    | (76)         |                                    |
| Other creditors                               | (609)        |                                    | (4,264)      |                                    |
| Total other liabilities                       |              | (846)                              |              | (4,342)                            |
| Total liabilities                             |              | (1,537)                            |              | (9,380)                            |
| <b>Net assets attributable to unitholders</b> |              | <b>853,055</b>                     |              | <b>761,150</b>                     |



# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|----------------|-------------------------|--------------------------|---|--|
| A Income       |                         |                          |   |  |
| Group 1        | 0.3462                  | —                        | 0.3462  | 0.3920   |
| Group 2        | 0.1386                  | 0.2076                   | 0.3462  | 0.3920   |
| A Accumulation |                         |                          |   |  |
| Group 1        | 0.3808                  | —                        | 0.3808  | 0.4300   |
| Group 2        | 0.1721                  | 0.2087                   | 0.3808  | 0.4300   |
| Y Income*      |                         |                          |   |  |
| Group 1        | n/a                     | n/a                      | n/a   | 0.8641   |
| Group 2        | n/a                     | n/a                      | n/a   | 0.8641   |
| X Income       |                         |                          |   |  |
| Group 1        | 0.9349                  | —                        | 0.9349  | 0.9922   |
| Group 2        | 0.5630                  | 0.3719                   | 0.9349  | 0.9922   |
| X Accumulation |                         |                          |   |  |
| Group 1        | 1.0720                  | —                        | 1.0720  | 1.1258   |
| Group 2        | 0.5424                  | 0.5296                   | 1.0720  | 1.1258   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

\*Y Income unit class closed on 1 September 2020.

# Close Balanced Portfolio Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Balanced Portfolio Fund ("the Balanced Fund") is to generate capital growth with some income.

The Balanced Fund will invest primarily in equities and fixed interest securities.

The equity component of the Balanced Fund may include shares in smaller companies and companies listed in emerging markets.

The fixed interest component of the Balanced Fund may include government and corporate bonds (which may include emerging market and high yield bonds).

The Balanced Fund may also invest in money market instruments and deposits, cash and near cash.

Exposure to the above asset classes may be gained through investment in other transferable securities (including closed-ended funds and exchange-traded funds), and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager.

The Balanced Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Balanced Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

Currency hedging for exposure in foreign currencies was initiated in March 2015 and we have the discretion to hedge up to 50% of all non-sterling currency positions.

# Manager's Report

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## Market commentary

The Balanced Fund returned 14.2% over the six-month period, underperforming the IA Mixed 40-85 by -1.1%. Global markets were supported by central bank and government stimulus schemes as well as the tentative returns of economic activity during the summer; however uncertainty remained – with vaccine news, Covid-19 case spikes, Brexit and the US election dominating sentiment. Performance was helped by security selection; top contributors to performance were US technology stocks Adobe Systems and Microsoft, as well as Canadian miner Kirkland Lake Gold. In June, software company Adobe reported strong demand for its Digital Media subscription based products. As more businesses have adapted to remote working, Adobe have been a key beneficiary of broader market shifts to cloud based software. In currency markets, the pound's recovery as economic data improved was capped by heightened Brexit risk in September, when sterling depreciated against major currencies as talks deteriorated and the UK again warned of a possible no deal scenario. Through this volatility, the Balanced Fund's 50% hedging ratio on non-sterling investments contributed 0.4% over the period.

Activity within the Equity portfolio over the six months included the divesting of remaining travel exposure, and a number of the 'Special Situations' basket where stock specific events had played out. The Balanced Fund reduced cyclical exposure across the portfolio as we stayed cautious on the macroeconomic outlook, preferring high quality defensive stocks. The Balanced Fund increased exposure to positive ecommerce and healthcare trends introducing positions in eBay, Cerner and Hoya. The net impact of this activity and market movements was a decrease in the Equity weighting from 66% to 62%. In Fixed income, the Balanced Fund purchased a range of corporate bonds, the majority investment grade, providing positive yield without compromising credit risk or duration which stayed short at 2.3 years. The Balanced Fund also increased precious metals holdings, adding to WisdomTree Silver and Platinum ETCs; both being beneficiaries of industrial production growth, with Silver holding further quality as a 'safe haven'. The overall Alternatives weighting thus increased from 5% to 6%.

# Manager's Report

continued

## Fund Performance

Performance for the Balanced Fund over the last five years.

|                                    | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|------------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Balanced Fund X Accumulation   | 14.2%                    | (0.8)%               | 7.6%                 | 7.4%                 | 9.7%                 | 9.5%                 |
| IA Mixed Investments 40-85% Sector | 15.3%                    | (0.2)%               | 4.2%                 | 5.3%                 | 9.1%                 | 15.4%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

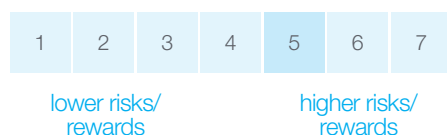
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Balanced Fund currently has three types of unit class in issue; A Accumulation, I Accumulation and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Balanced Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past.

The SRRI table demonstrates where the Balanced 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 Balanced Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

Effective from 1 July 2020, the synthetic risk and reward indicator for the Balanced Fund changed from 4 to 5.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Balanced Fund carries the following risks:

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

**Currency risk:** The Balanced 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 Balanced Fund operates portfolio hedging to reduce this risk, it may not always be fully effective.

**Derivatives risk:** The Balanced Fund uses derivatives for efficient portfolio management purposes only (currency hedging). Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in disproportionately large movements in the price of the derivative instrument.

**Focus risk:** The Balanced 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.

**Investment risk:** The Balanced Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Balanced Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Balanced Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Balanced Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.06% (31/3/2020 - 0.06%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value £'000 | Net Asset Value per Unit (p) | Number of Units in issue |
|-----------------|-----------------------------|------------------------------|--------------------------|
| 30/9/2020       |                             |                              |                          |
| A Accumulation  | 23,629                      | 184.40                       | 12,814,075               |
| Y Accumulation* | n/a                         | n/a                          | n/a                      |
| I Accumulation  | 459                         | 176.96                       | 259,694                  |
| X Accumulation  | 1,307,044                   | 210.25                       | 621,666,194              |
| 31/3/2020       |                             |                              |                          |
| A Accumulation  | 22,599                      | 161.80                       | 13,966,950               |
| Y Accumulation  | 12                          | 195.62                       | 6,201                    |
| I Accumulation  | 1                           | 154.21                       | 640                      |
| X Accumulation  | 1,128,716                   | 183.80                       | 614,105,457              |
| 31/3/2019       |                             |                              |                          |
| A Accumulation  | 25,519                      | 174.05                       | 14,661,678               |
| Y Accumulation  | 13                          | 209.42                       | 6,201                    |
| I Accumulation  | 1                           | 163.61                       | 640                      |
| X Accumulation  | 1,161,639                   | 196.23                       | 591,988,950              |
| 31/3/2018       |                             |                              |                          |
| A Accumulation  | 24,990                      | 164.30                       | 15,209,343               |
| Y Accumulation  | 147                         | 196.61                       | 74,861                   |
| I Accumulation  | 2,869                       | 152.38                       | 1,883,038                |
| X Accumulation  | 1,068,364                   | 183.87                       | 581,037,705              |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Accumulation      | 1.63% | A Accumulation    | 1.63% |
| Y Accumulation*     | n/a   | Y Accumulation    | 1.16% |
| I Accumulation      | 0.15% | I Accumulation    | 0.15% |
| X Accumulation      | 0.89% | X Accumulation    | 0.89% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*Y Accumulation unit class closed on 1 September 2020.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value  | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|--|---------------------------------|-------------------------------------|
| <b>BONDS - 19.63% (31/3/2020 - 25.37%)</b>  |  |                                 |                                     |
| <b>Sterling Denominated Fixed Rate Corporate Bonds - 6.37% (31/3/2020 - 8.57%)</b>    |  |                                 |                                     |
| £6,700,000  | A2Dominion Housing 3.5% 15/11/2028                     | 7,413                           | 0.56                                |
| £8,500,000  | British American Tobacco 1.75% 5/7/2021                | 8,560                           | 0.64                                |
| £10,700,000   | Bupa Finance 5% 25/4/2023                              | 11,563                          | 0.87                                |
| £6,800,000  | Close Brothers 4.25% 24/1/2027*                        | 6,947                           | 0.52                                |
| £3,000,000  | Daily Mail & General Trust 6.375% 21/6/2027            | 3,433                           | 0.26                                |
| £8,000,000  | Jaguar 2.75% 24/1/2021                                 | 7,848                           | 0.59                                |
| £11,800,000   | PGH Capital 4.125% 20/7/2022                           | 12,239                          | 0.92                                |
| £9,589,000  | Tesco 6.125% 24/2/2022                                 | 10,244                          | 0.77                                |
| £16,500,000   | Travis Perkins 4.5% 7/9/2023                           | 16,560                          | 1.24                                |
|   |  | <b>84,807</b>                   | <b>6.37</b>                         |
| <b>Sterling Denominated Fixed Rate Government Bonds - 10.23% (31/3/2020 - 13.94%)</b> |  |                                 |                                     |
| £23,500,000   | UK Treasury 1.5% 22/1/2021                             | 23,595                          | 1.77                                |
| £20,000,000   | UK Treasury 1.625% 22/10/2028                          | 22,459                          | 1.69                                |
| £20,000,000   | UK Treasury 1.75% 7/9/2022                             | 20,679                          | 1.55                                |
| £22,000,000   | UK Treasury 2.25% 7/9/2023                             | 23,488                          | 1.76                                |
| £20,000,000   | UK Treasury 2.75% 7/9/2024                             | 22,220                          | 1.67                                |
| £22,500,000   | UK Treasury 4% 7/3/2022                                | 23,784                          | 1.79                                |
|   |  | <b>136,225</b>                  | <b>10.23</b>                        |
| <b>Sterling Denominated Floating Rate Corporate Bonds - 3.03% (31/3/2020 - 2.86%)</b> |  |                                 |                                     |
| £7,000,000  | Bank of Nova Scotia 0.436998% FRN 11/6/2021            | 7,005                           | 0.53                                |
| £7,000,000  | Commonwealth Bank of Australia 0.538498% FRN 12/7/2021 | 7,010                           | 0.53                                |
| £4,088,000  | Enel SPA 6.625% FRN 15/9/2076                          | 4,277                           | 0.32                                |
| £7,700,000  | Lloyds Bank 0.253129% FRN 10/1/2021                    | 7,700                           | 0.58                                |
| £14,200,000   | Westpac Banking 0.315999% FRN 18/1/2023                | 14,187                          | 1.07                                |
|   |  | <b>40,179</b>                   | <b>3.03</b>                         |
| <b>EQUITIES - 61.60% (31/3/2020 - 66.00%)</b>   |  |                                 |                                     |
| <b>UNITED KINGDOM - 13.71% (31/3/2020 - 17.76%)</b>                                   |  |                                 |                                     |
| 2,700,000   | 3i   | 26,908                          | 2.02                                |
| 1,128,983   | Admiral  | 29,466                          | 2.21                                |
| 1,400,000   | Anglo American   | 26,261                          | 1.97                                |
| 1,550,000   | GlaxoSmithKline  | 22,506                          | 1.69                                |
| 490,000   | London Stock Exchange                                  | 43,483                          | 3.27                                |
| 310,000   | Rio Tinto (UK Regd.)                                   | 14,431                          | 1.08                                |
| 950,000   | Schroders  | 17,594                          | 1.32                                |
| 300,000   | Tate & Lyle  | 1,995                           | 0.15                                |
|   |  | <b>182,644</b>                  | <b>13.71</b>                        |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|--|---------------------------------|-------------------------------------|
| 3,000,000                    | <b>EMERGING MARKETS - 1.79%</b> (31/3/2020 - 1.82%)<br>Capital International Portfolios SICAV-Capital Emerging Markets Total | <b>23,850</b>                   | <b>1.79</b>                         |
|                              | <b>EUROPE - 10.81%</b> (31/3/2020 - 14.51%)  |                                 |                                     |
|                              | <b>Austria - 0.00%</b> (31/3/2020 - 0.10%)   |                                 |                                     |
|                              | <b>Belgium - 0.00%</b> (31/3/2020 - 0.29%)   |                                 |                                     |
|                              | <b>France - 0.00%</b> (31/3/2020 - 2.93%)  |                                 |                                     |
|                              | <b>Germany - 5.43%</b> (31/3/2020 - 5.18%)   |                                 |                                     |
| 269,683                      | Deutsche Boerse  | 36,791                          | 2.76                                |
| 140,000                      | LEG Immobilien   | 15,483                          | 1.16                                |
| 99,000                       | Uniper   | 2,477                           | 0.19                                |
| 330,000                      | Vonovia  | 17,589                          | 1.32                                |
|                              |  | <b>72,340</b>                   | <b>5.43</b>                         |
|                              | <b>Italy - 0.21%</b> (31/3/2020 - 0.48%)   |                                 |                                     |
| 90,000                       | Moncler  | <b>2,856</b>                    | <b>0.21</b>                         |
|                              | <b>Netherlands - 0.00%</b> (31/3/2020 - 0.14%)   |                                 |                                     |
|                              | <b>Norway - 1.97%</b> (31/3/2020 - 2.27%)  |                                 |                                     |
| 1,650,000                    | Mowi   | 22,616                          | 1.70                                |
| 120,000                      | Yara International   | 3,565                           | 0.27                                |
|                              |  | <b>26,181</b>                   | <b>1.97</b>                         |
|                              | <b>Spain - 0.00%</b> (31/3/2020 - 0.31%)   |                                 |                                     |
|                              | <b>Sweden - 0.00%</b> (31/3/2020 - 0.17%)  |                                 |                                     |
|                              | <b>Switzerland - 3.20%</b> (31/3/2020 - 2.64%)   |                                 |                                     |
| 37,800                       | Partners   | 26,976                          | 2.03                                |
| 1,800,000                    | UBS  | 15,602                          | 1.17                                |
|                              |  | <b>42,578</b>                   | <b>3.20</b>                         |
|                              | <b>ASIA PACIFIC (ex JAPAN) - 2.19%</b> (31/3/2020 - 2.04%)   |                                 |                                     |
| 7,000,000                    | HSBC Index Tracker Investment Funds - Pacific Index Fund   | <b>29,211</b>                   | <b>2.19</b>                         |



# Portfolio statement

continued

| Holding/<br>Nominal<br>Value                       | Investment                                 | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>JAPAN - 5.31%</b> (31/3/2020 - 4.43%)           |  |                                 |                                     |
| 840,000  | Asahi Breweries                            | 22,473                          | 1.69                                |
| 55,200   | Cocokara Fine                              | 2,747                           | 0.21                                |
| 200,000  | Hoya                                       | 17,379                          | 1.30                                |
| 400,000  | Secom                                      | 28,112                          | 2.11                                |
|  |  | <b>70,711</b>                   | <b>5.31</b>                         |
| <b>MIDDLE EAST - 1.88%</b> (31/3/2020 - 1.89%)     |  |                                 |                                     |
| <b>Israel - 1.88%</b> (31/3/2020 - 1.89%)          |  |                                 |                                     |
| 268,965  | CheckPoint Software Technologies           | <b>25,030</b>                   | <b>1.88</b>                         |
| <b>NORTH AMERICA - 25.91%</b> (31/3/2020 - 23.55%) |  |                                 |                                     |
| <b>Canada - 2.63%</b> (31/3/2020 - 1.98%)          |  |                                 |                                     |
| 743,724  | Kirkland Lake Gold                         | 27,908                          | 2.10                                |
| 77,700   | Open Text                                  | 2,539                           | 0.19                                |
| 232,400  | Pretium Resources                          | 2,291                           | 0.17                                |
| 160,500  | Shaw Communications 'B'                    | 2,251                           | 0.17                                |
|  |  | <b>34,989</b>                   | <b>2.63</b>                         |
| <b>United States - 23.28%</b> (31/3/2020 - 21.57%) |  |                                 |                                     |
| 191,600  | Accenture                                  | 33,463                          | 2.51                                |
| 135,000  | Adobe Systems                              | 51,129                          | 3.84                                |
| 135,000  | Air Products & Chemicals                   | 31,105                          | 2.34                                |
| 27,000   | Alphabet 'A'                               | 30,589                          | 2.30                                |
| 540,800  | Amdocs                                     | 24,016                          | 1.80                                |
| 430,000  | Cerner                                     | 24,028                          | 1.81                                |
| 350,000  | eBay                                       | 14,102                          | 1.06                                |
| 39,300   | Ingredion                                  | 2,299                           | 0.17                                |
| 270,000  | Microsoft                                  | 43,881                          | 3.30                                |
| 254,126  | Visa                                       | 39,236                          | 2.95                                |
| 125,000  | Zoetis                                     | 15,984                          | 1.20                                |
|  |  | <b>309,832</b>                  | <b>23.28</b>                        |
| <b>ALTERNATIVE - 6.27%</b> (31/3/2020 - 4.94%)     |  |                                 |                                     |
| 25,800,000   | ASI Global Absolute Return Strategies Fund | 22,505                          | 1.69                                |
| 122,000  | WisdomTree Physical Gold ETC               | 17,011                          | 1.28                                |
| 340,000  | WisdomTree Physical Platinum ETC           | 22,257                          | 1.67                                |
| 1,250,000  | WisdomTree Physical Silver ETC             | 21,647                          | 1.63                                |
|  |  | <b>83,420</b>                   | <b>6.27</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value                                      | Investment                                     | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|--|---------------------------------|-------------------------------------|
| <b>DERIVATIVES* - (0.05)% (31/3/2020 - (0.81)%)</b>               |  |                                 |                                     |
| <b>Forward Currency Contracts - (0.05)% (31/3/2020 - (0.81)%)</b> |  |                                 |                                     |
| CHF3,601,500  | Bought CHF 3,601,500 : Sold GBP 3,081,371      | (48)                            | 0.00                                |
| €8,834,357  | Bought EUR 8,834,357 : Sold GBP 8,060,986      | (46)                            | 0.00                                |
| €6,446,706  | Bought EUR 6,446,706 : Sold GBP 5,920,193      | (71)                            | (0.01)                              |
| £17,168,829   | Bought GBP 17,168,829 : Sold CAD 29,398,292    | 145                             | 0.01                                |
| £24,286,632   | Bought GBP 24,286,632 : Sold CHF 28,809,150    | 23                              | 0.00                                |
| £52,396,212   | Bought GBP 52,396,212 : Sold EUR 57,631,714    | 110                             | 0.01                                |
| £26,493,515   | Bought GBP 26,493,515 : Sold JPY 3,659,146,000 | (329)                           | (0.02)                              |
| £8,844,717  | Bought GBP 8,844,717 : Sold JPY 1,200,840,000  | 42                              | 0.00                                |
| £14,174,513   | Bought GBP 14,174,513 : Sold NOK 166,356,375   | 422                             | 0.03                                |
| £1,200,231  | Bought GBP 1,200,231 : Sold SEK 13,676,908     | 18                              | 0.00                                |
| £176,405,211  | Bought GBP 176,405,211 : Sold USD 229,336,607  | (978)                           | (0.07)                              |
| SEK13,676,908   | Bought SEK 13,676,908 : Sold GBP 1,198,693     | (17)                            | 0.00                                |
|   |  | <b>(729)</b>                    | <b>(0.05)</b>                       |
| <b>Portfolio of investments</b>                                   |  | <b>1,164,124</b>                | <b>87.45</b>                        |
| <b>Net other assets</b>   |  | <b>167,008</b>                  | <b>12.55</b>                        |
| <b>Total net assets</b>   |  | <b>1,331,132</b>                | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*The costs associated with derivatives for the period were £67,609.

\*Related party investment.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 157,688                                |              | 83,744                                 |
| Revenue  | 14,996       |  | 15,162       |  |
| Expenses   | (5,417)      |  | (5,290)      |  |
| Interest payable and similar charges   | —            |  | (2)          |  |
| Net revenue before taxation for the period   | 9,579        |  | 9,870        |  |
| Taxation   | (718)        |  | (446)        |  |
| Net revenue after taxation for the period  |              | 8,861                                  |              | 9,424                                  |
| Total return before distributions  |              | 166,549                                |              | 93,168                                 |
| Distributions  |              | (8,861)                                |              | (9,424)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>157,688</b>                         |              | <b>83,744</b>                          |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 1,151,328                              |              | 1,187,172                              |
| Amounts received on creation of units                                       | 43,922       |  | 45,609       |  |
| Amounts paid on cancellation of units                                       | (30,703)     |  | (30,564)     |  |
|   |              | 13,219                                 |              | 15,045                                 |
| Dilution adjustment   |              | 2                                      |              | 1                                      |
| Change in net assets attributable to unitholders from investment activities |              | 157,688                                |              | 83,744                                 |
| Retained distribution on accumulation units                                 |              | 8,895                                  |              | 9,508                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>1,331,132</b>                       |              | <b>1,295,470</b>                       |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |                                    |
| Fixed assets                                  |              |                                    |                                    |
| Investments                                   |              | 1,165,613                          | 1,110,330                          |
| Current assets                                |              |                                    |                                    |
| Debtors                                       | 6,046        |                                    | 7,800                              |
| Cash and bank balances                        | 162,017      |                                    | 45,083                             |
| Total other assets                            |              | 168,063                            | 52,883                             |
| <b>Total assets</b>                           |              | <b>1,333,676</b>                   | <b>1,163,213</b>                   |
| <b>LIABILITIES</b>                            |              |                                    |                                    |
| Investment liabilities                        |              | (1,489)                            | (10,818)                           |
| Creditors                                     |              |                                    |                                    |
| Bank overdrafts                               | (125)        |                                    | (4)                                |
| Other creditors                               | (930)        |                                    | (1,063)                            |
| Total other liabilities                       |              | (1,055)                            | (1,067)                            |
| Total liabilities                             |              | (2,544)                            | (11,885)                           |
| <b>Net assets attributable to unitholders</b> |              | <b>1,331,132</b>                   | <b>1,151,328</b>                   |

# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                 | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|-----------------|-------------------------|--------------------------|---|--|
| A Accumulation  |                         |                          |   |  |
| Group 1         | 0.5837                  | —                        | 0.5837  | 0.7158   |
| Group 2         | 0.2476                  | 0.3361                   | 0.5837  | 0.7158   |
| Y Accumulation* |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 1.3759   |
| Group 2         | n/a                     | n/a                      | n/a   | 1.3759   |
| I Accumulation  |                         |                          |   |  |
| Group 1         | 1.7513                  | —                        | 1.7513  | 1.8521   |
| Group 2         | 0.7067                  | 1.0446                   | 1.7513  | 1.8521   |
| X Accumulation  |                         |                          |   |  |
| Group 1         | 1.4180                  | —                        | 1.4180  | 1.5689   |
| Group 2         | 0.6964                  | 0.7216                   | 1.4180  | 1.5689   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

\*Y Accumulation unit class closed on 1 September 2020.

# Close Growth Portfolio Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Growth Portfolio Fund ("the Growth Fund") is to generate capital growth.

The Growth Fund will invest primarily in equities and fixed interest securities.

The equity component of the Growth Fund may include shares in smaller companies and companies listed in emerging markets.

The fixed interest component of the Growth Fund may include government and corporate bonds (which may include emerging market and high yield bonds).

The Growth Fund may also invest in money market instruments and deposits, cash and near cash.

Exposure to the above asset classes may be gained through investment in other transferable securities (including closed-ended funds and exchange-traded funds) and collective investment schemes which may include schemes managed by the Manager or an affiliate of the Manager.

The Growth Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through transferable securities.

The Growth Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

Currency hedging for exposure in foreign currencies was initiated in March 2015 and we have the discretion to hedge up to 50% of all non-sterling currency positions.

# Manager's Report

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## Market commentary

The Growth Fund returned 18.1% over the six-month period, outperforming the IA Flexible by 1.9%. Global markets were supported by central bank and government stimulus schemes as well as the tentative returns of economic activity during the summer; however uncertainty remained - with vaccine news, COVID-19 case spikes, Brexit and the US election dominating sentiment. Outperformance was helped by security selection; top contributors to performance were North American stocks Adobe Systems, Zoetis and Kirkland Lake Gold. In June, software company Adobe reported strong demand for its Digital Media subscription based products. As more businesses have adapted to remote working, Adobe have been a key beneficiary of broader market shifts to cloud based software. In currency markets, the pound's recovery as economic data improved was capped by heightened Brexit risk in September, when sterling depreciated against major currencies as talks deteriorated and the UK again warned of a possible no deal scenario. Through this volatility, the Growth Fund's 50% hedging ratio on non-sterling investments contributed 0.5% over the period.

Activity within the Equity portfolio over the six months included the divesting of remaining travel exposure, and a number of the 'Special Situations' basket where stock specific events had played out. The Growth Fund reduced cyclicity across the portfolio as we stayed cautious on the macroeconomic outlook, preferring high quality defensive stocks. The Growth Fund increased exposure to positive ecommerce and healthcare trends introducing positions in eBay, Cerner and Hoya. The net impact of this activity and market movements was a decrease in the Equity weighting from 84% to 78%. In Fixed Income, we increased corporate bond exposure slightly, leaving overall duration short at 3.8 years. The Growth Fund also increased precious metals holdings, adding to WisdomTree Silver and Platinum ETCs; both being beneficiaries of industrial production growth, with Silver holding further quality as a 'safe haven'. The overall Alternatives weighting thus increased from 5% to 6%.

# Manager's Report

continued

## Fund Performance

Performance for the Growth Fund over the last five years.

|                                | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Growth Fund X Accumulation | 18.1%                    | 2.1%                 | 9.6%                 | 8.2%                 | 12.0%                | 9.7%                 |
| IA Flexible Investment Sector  | 16.2%                    | 0.9%                 | 3.2%                 | 5.4%                 | 10.5%                | 16.5%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

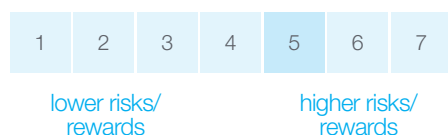
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Growth Fund currently has two types of unit class in issue; A Accumulation and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Growth Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past.

The SRRI table demonstrates where the Growth 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 Growth Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Growth Fund carries the following risks:

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

**Currency risk:** The Growth 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 Growth Fund operates portfolio hedging to reduce this risk, it may not always be fully effective.

**Derivatives risk:** The Growth Fund uses derivatives for efficient portfolio management purposes only (currency hedging). Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in disproportionately large movements in the price of the derivative instrument.

**Focus risk:** The Growth 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.

**Investment risk:** The Growth Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Growth Fund's risks are contained in the "Risk Factors" section of the prospectus.



# Collective Investment Schemes

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## **Collective Investment Schemes**

The Growth Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Growth Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.06% (31/3/2020 - 0.06%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| A Accumulation  | 7,633                          | 205.29                          | 3,717,975                   |
| X Accumulation  | 371,874                        | 228.01                          | 163,094,508                 |
| 31/3/2020       |                                |                                 |                             |
| A Accumulation  | 6,559                          | 173.79                          | 3,773,817                   |
| X Accumulation  | 311,591                        | 192.33                          | 162,010,173                 |
| 31/3/2019       |                                |                                 |                             |
| A Accumulation  | 8,012                          | 184.16                          | 4,350,489                   |
| X Accumulation  | 331,543                        | 202.34                          | 163,855,302                 |
| 31/3/2018       |                                |                                 |                             |
| A Accumulation  | 7,957                          | 171.86                          | 4,629,725                   |
| X Accumulation  | 321,664                        | 187.47                          | 171,586,186                 |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Accumulation      | 1.64% | A Accumulation    | 1.64% |
| X Accumulation      | 0.92% | X Accumulation    | 0.92% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>BONDS - 4.56%</b> (31/3/2020 - 7.60%)  |   |                                 |                                     |
| <b>Sterling Denominated Fixed Rate Corporate Bonds - 1.76%</b> (31/3/2020 - 2.68%)  |   |                                 |                                     |
| £1,500,000  | Enel 6.625% Subordinated Floating Rate Notes 15/9/2076                | 1,569                           | 0.41                                |
| £3,000,000  | PGH Capital 4.125% 20/7/2022  | 3,112                           | 0.82                                |
| £1,200,000  | Tesco 6.125% 24/2/2022  | 1,282                           | 0.34                                |
| £700,000  | Travis Perkins 4.375% 15/9/2021                                       | 713                             | 0.19                                |
|   |   | <b>6,676</b>                    | <b>1.76</b>                         |
| <b>Sterling Denominated Fixed Rate Government Bonds - 2.80%</b> (31/3/2020 - 4.92%) |   |                                 |                                     |
| £5,000,000  | UK Treasury 1.625% 22/10/2028   | 5,615                           | 1.48                                |
| £4,700,000  | UK Treasury 2.25% 7/9/2023  | 5,018                           | 1.32                                |
|   |   | <b>10,633</b>                   | <b>2.80</b>                         |
| <b>EQUITIES - 77.33%</b> (31/3/2020 - 84.09%)                                       |   |                                 |                                     |
| <b>UNITED KINGDOM - 12.96%</b> (31/3/2020 - 17.44%)                                 |   |                                 |                                     |
| 950,000   | 3i  | 9,468                           | 2.50                                |
| 461,628   | Admiral   | 12,048                          | 3.18                                |
| 560,000   | GlaxoSmithKline   | 8,131                           | 2.14                                |
| 161,000   | London Stock Exchange   | 14,287                          | 3.76                                |
| 240,000   | Schroders   | 4,445                           | 1.17                                |
| 120,000   | Tate & Lyle   | 798                             | 0.21                                |
|   |   | <b>49,177</b>                   | <b>12.96</b>                        |
| <b>EMERGING MARKETS - 2.10%</b> (31/3/2020 - 2.20%)                                 |   |                                 |                                     |
| 1,000,000   | Capital International Portfolios SICAV-Capital Emerging Markets Total | <b>7,950</b>                    | <b>2.10</b>                         |
| <b>EUROPE - 14.14%</b> (31/3/2020 - 20.05%)   |   |                                 |                                     |
| <b>Austria - 0.00%</b> (31/3/2020 - 0.07%)  |   |                                 |                                     |
| <b>Belgium - 0.00%</b> (31/3/2020 - 0.12%)  |   |                                 |                                     |
| <b>France - 0.00%</b> (31/3/2020 - 4.81%)   |   |                                 |                                     |
| <b>Germany - 8.25%</b> (31/3/2020 - 8.21%)  |   |                                 |                                     |
| 89,883  | Deutsche Boerse   | 12,262                          | 3.23                                |
| 80,000  | LEG Immobilien  | 8,847                           | 2.33                                |
| 35,200  | Uniper  | 881                             | 0.23                                |
| 175,000   | Vonovia   | 9,327                           | 2.46                                |
|   |   | <b>31,317</b>                   | <b>8.25</b>                         |
| <b>Italy - 0.25%</b> (31/3/2020 - 0.58%)  |   |                                 |                                     |
| 30,000  | Moncler   | <b>952</b>                      | <b>0.25</b>                         |
| <b>Netherlands - 0.00%</b> (31/3/2020 - 0.26%)                                      |   |                                 |                                     |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|--|---------------------------------|-------------------------------------|
|                              | <b>Norway - 2.22% (31/3/2020 - 2.53%)</b>                  |                                 |                                     |
| 528,000                      | MOWI   | 7,237                           | 1.91                                |
| 40,000                       | Yara International   | 1,188                           | 0.31                                |
|                              |  | <b>8,425</b>                    | <b>2.22</b>                         |
|                              | <b>Spain - 0.00% (31/3/2020 - 0.20%)</b>                   |                                 |                                     |
|                              | <b>Sweden - 0.00% (31/3/2020 - 0.22%)</b>                  |                                 |                                     |
|                              | <b>Switzerland - 3.42% (31/3/2020 - 3.05%)</b>             |                                 |                                     |
| 13,939                       | Partners   | 9,948                           | 2.62                                |
| 350,000                      | UBS  | 3,034                           | 0.80                                |
|                              |  | <b>12,982</b>                   | <b>3.42</b>                         |
|                              | <b>AFRICA - 0.84% (31/3/2020 - 0.44%)</b>                  |                                 |                                     |
|                              | <b>South Africa - 0.84% (31/3/2020 - 0.44%)</b>            |                                 |                                     |
| 170,000                      | Anglo American   | 3,189                           | 0.84                                |
|                              | <b>AUSTRALIA - 0.86% (31/3/2020 - 0.82%)</b>               |                                 |                                     |
| 70,000                       | Rio Tinto (UK Regd.)                                       | 3,259                           | 0.86                                |
|                              | <b>ASIA PACIFIC (ex JAPAN) - 2.81% (31/3/2020 - 2.69%)</b> |                                 |                                     |
| 2,555,000                    | HSBC Index Tracker Investment Funds - Pacific Index Fund   | 10,662                          | 2.81                                |
|                              | <b>JAPAN - 6.29% (31/3/2020 - 5.34%)</b>                   |                                 |                                     |
| 235,000                      | Asahi Breweries  | 6,287                           | 1.65                                |
| 19,600                       | cocokara fine  | 975                             | 0.26                                |
| 70,000                       | Hoya   | 6,083                           | 1.60                                |
| 150,000                      | Secom  | 10,542                          | 2.78                                |
|                              |  | <b>23,887</b>                   | <b>6.29</b>                         |
|                              | <b>MIDDLE EAST - 2.91% (31/3/2020 - 3.07%)</b>             |                                 |                                     |
|                              | <b>Israel - 2.91% (31/3/2020 - 3.07%)</b>                  |                                 |                                     |
| 118,476                      | CheckPoint Software Technologies                           | 11,026                          | 2.91                                |
|                              | <b>NORTH AMERICA - 34.42% (31/3/2020 - 32.04%)</b>         |                                 |                                     |
|                              | <b>Canada - 3.17% (31/3/2020 - 2.46%)</b>                  |                                 |                                     |
| 253,919                      | Kirkland Lake Gold   | 9,528                           | 2.51                                |
| 27,600                       | Open Text  | 902                             | 0.24                                |
| 82,700                       | Pretium Resources  | 815                             | 0.21                                |
| 57,100                       | Shaw Communications 'B'                                    | 801                             | 0.21                                |
|                              |  | <b>12,046</b>                   | <b>3.17</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value   | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|---|---------------------------------|-------------------------------------|
| <b>United States - 31.25% (31/3/2020 - 29.58%)</b>                     |   |                                 |                                     |
| 67,563   | Accenture   | 11,800                          | 3.11                                |
| 47,776   | Adobe Systems                                       | 18,094                          | 4.77                                |
| 49,000   | Air Products & Chemicals                            | 11,290                          | 2.97                                |
| 9,869  | Alphabet 'A'  | 11,181                          | 2.95                                |
| 173,951  | Amdocs  | 7,725                           | 2.03                                |
| 150,000  | Cerner  | 8,382                           | 2.21                                |
| 200,000  | eBay  | 8,058                           | 2.12                                |
| 14,000   | Ingredion   | 819                             | 0.22                                |
| 95,000   | Microsoft   | 15,440                          | 4.07                                |
| 82,587   | Visa  | 12,751                          | 3.36                                |
| 102,000  | Zoetis  | 13,043                          | 3.44                                |
|  |   | <b>118,583</b>                  | <b>31.25</b>                        |
| <b>ALTERNATIVE - 7.31% (31/3/2020 - 5.50%)</b>                         |   |                                 |                                     |
| 5,594,754  | ASI Global Absolute Return Strategies Fund          | 4,880                           | 1.29                                |
| 5,927  | Aviva Investors - Multi-Strategy Target Income Fund | 5                               | 0.00                                |
| 47,948   | WisdomTree Physical Gold ETC                        | 6,685                           | 1.76                                |
| 115,000  | WisdomTree Physical Platinum ETC                    | 7,528                           | 1.98                                |
| 500,000  | WisdomTree Physical Silver ETC                      | 8,659                           | 2.28                                |
|  |   | <b>27,757</b>                   | <b>7.31</b>                         |
| <b>DERIVATIVES* - (0.08)% (31/3/2020 - (1.13)%)</b>                    |   |                                 |                                     |
| <b>Open Forward Exchange Contracts - (0.08)% (31/3/2020 - (1.13)%)</b> |   |                                 |                                     |
| CHF 893,423  | Bought CHF 893,423 : Sold GBP 764,394               | (12)                            | 0.00                                |
| € 5,871,597  | Bought EUR 5,871,597 : Sold GBP 5,392,053           | (65)                            | (0.02)                              |
| £5,894,233   | Bought GBP 5,894,233 : Sold CAD 10,092,732          | 50                              | 0.01                                |
| £7,220,942   | Bought GBP 7,220,942 : Sold CHF 8,565,585           | 7                               | 0.00                                |
| £21,856,321  | Bought GBP 21,856,321 : Sold EUR 24,040,235         | 46                              | 0.01                                |
| £8,858,297   | Bought GBP 8,858,297 : Sold JPY 1,223,461,750       | (110)                           | (0.03)                              |
| £3,065,681   | Bought GBP 3,065,681 : Sold JPY 416,225,000         | 14                              | 0.01                                |
| £4,560,653   | Bought GBP 4,560,653 : Sold NOK 53,525,200          | 136                             | 0.04                                |
| £426,598   | Bought GBP 426,598 : Sold SEK 4,861,186             | 6                               | 0.00                                |
| £67,481,397  | Bought GBP 67,481,397 : Sold USD 87,729,578         | (374)                           | (0.10)                              |
| SEK 4,861,186  | Bought SEK 4,861,186 : Sold GBP 426,052             | (6)                             | 0.00                                |
|  |   | <b>(308)</b>                    | <b>(0.08)</b>                       |
| <b>Portfolio of investments</b>  |   | <b>338,213</b>                  | <b>89.12</b>                        |
| <b>Net other assets</b>  |   | <b>41,294</b>                   | <b>10.88</b>                        |
| <b>Total net assets</b>  |   | <b>379,507</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*The costs associated with derivatives for the period were £25,144.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 56,787                                 |              | 31,127                                 |
| Revenue  | 4,474        |  | 4,452        |  |
| Expenses   | (1,588)      |  | (1,556)      |  |
| Interest payable and similar charges   | —            |  | (5)          |  |
| Net revenue before taxation for the period   | 2,886        |  | 2,891        |  |
| Taxation   | (264)        |  | (154)        |  |
| Net revenue after taxation for the period  |              | 2,622                                  |              | 2,737                                  |
| Total return before distributions  |              | 59,409                                 |              | 33,864                                 |
| Distributions  |              | (2,622)                                |              | (2,737)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>56,787</b>                          |              | <b>31,127</b>                          |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 318,150                                |              | 339,555                                |
| Amounts received on creation of units                                       | 12,530       |  | 7,475        |  |
| Amounts paid on cancellation of units                                       | (10,578)     |  | (15,539)     |  |
|   |              | 1,952                                  |              | (8,064)                                |
| Dilution adjustment   |              |  |              | 2                                      |
| Change in net assets attributable to unitholders from investment activities |              | 56,787                                 |              | 31,127                                 |
| Retained distribution on accumulation units                                 |              | 2,618                                  |              | 2,700                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>379,507</b>                         |              | <b>365,320</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 338,780                            |              | 309,713                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 1,734        |                                    | 1,637        |                                    |
| Cash and bank balances                        | 40,436       |                                    | 11,211       |                                    |
| Total other assets                            |              | 42,170                             |              | 12,848                             |
| <b>Total assets</b>                           |              | <b>380,950</b>                     |              | <b>322,561</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Investment liabilities                        |              | (567)                              |              | (4,094)                            |
| Creditors                                     |              |                                    |              |                                    |
| Other creditors                               | (805)        |                                    | (316)        |                                    |
| Bank overdraft                                | (71)         |                                    | (1)          |                                    |
| Total other liabilities                       |              | (876)                              |              | (317)                              |
| Total liabilities                             |              | (1,443)                            |              | (4,411)                            |
| <b>Net assets attributable to unitholders</b> |              | <b>379,507</b>                     |              | <b>318,150</b>                     |

# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|----------------|-------------------------|--------------------------|---|--|
| A Accumulation |                         |                          |   |  |
| Group 1        | 0.7259                  | —                        | 0.7259  | 0.8093   |
| Group 2        | 0.3420                  | 0.3839                   | 0.7259  | 0.8093   |
| X Accumulation |                         |                          |   |  |
| Group 1        | 1.5889                  | —                        | 1.5889  | 1.6636   |
| Group 2        | 0.8447                  | 0.7442                   | 1.5889  | 1.6636   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.



# Close Managed Income Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Managed Income Fund ("the Managed Income Fund") is to achieve income with some capital growth.

The Managed Income Fund will invest primarily in third party managed collective investment schemes and exchange-traded funds in order to gain exposure to a mixture of equities and fixed interest securities.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Managed Income Fund may also invest in other transferable securities (including closed-ended funds) and collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Managed Income Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Managed Income Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

# Manager's Report

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## Market commentary

In the 6 months to the 30th September 2020 the Close Managed Income Fund (X Acc) rose 11.6%, whilst the IA Mixed Investment (20%-60% Shares) sector rose 11.5%.

The period under review has been characterised by a strong rebound across asset classes as central banks and governments responded with record liquidity injections and bailouts, to help mitigate the effects of the coronavirus related global economic shutdown. That said markets remain significantly impacted by the coronavirus; in Q1 of this year, global equity indices recorded their fastest ever sell-off from peak to bear market territory, in a panic induced exit from risk assets. So the rebound since then needs to be viewed in that context and many markets are still severely depressed.

On a regional basis, over the period, North America was the clear leader rising 32.5%, followed by the Emerging Markets and Asia Pacific, up 26.8% and 24.4% respectively. The UK was the laggard, rising just 3% (MSCI Total Return data in sterling). Within fixed interest, UK government bonds rose 1.2%, whilst UK corporate bonds rose +9% (IA Sterling Corporate Bond sector).

It has continued to be a tough environment for income funds and in particular those with a value tilt, as both styles have remained out of favour in market that prefers the perceived certainty of 'quality' and 'growth' investing. On a relative basis our European funds performed well with Blackrock European Income 24.3% and Aberdeen Standard European Income up 23.3%, both ahead of the wider European markets. In terms of laggards over the period, the Schroder Income fund fell -1.0%, facing the headwinds of being UK focussed and with a value/income bias. Elsewhere our fixed interest managers were all positive over the period with Artemis Corporate Bond leading gains, up 14.5%. Finally within alternatives/diversifiers the fund's infrastructure holdings also rebounded nicely with BBGI Infrastructure up 9.4% and The Renewables Infrastructure Group up 9.3%.

In terms of portfolio changes, we cautiously added to a number of holdings in April including HICL Infrastructure, GCP Asset Backed Income, AEW Reit and Artemis Corporate Bond. Since then in July we initiated a new holding in the Hipgnosis Song Fund which targets a 5% yield from a portfolio of song rights. We also initiated a new holding in the Trojan Global Income Fund, lead managed by James Harries. We have known Harries for many years and he brings a strong long-term track record and high quality investment process to the Trojan Fund. In terms of sales, in August and September we trimmed a number of our fixed income managers, to raise some cash as a portfolio construction exercise.

Since the immediate sell-off at the beginning of the year, financial markets have been surprisingly robust, supported by massive monetary stimulus. However, as we enter the fourth quarter, we have seen volatility pick up, reflecting uncertainties around both the possibility of a contested US election result and Brexit. Economies have also paused their re-opening. For these reasons, we remain slightly underweight in our exposure to equities but we are cautiously optimistic and looking for opportunities to add. By January, we should know the outcome of the US election, whether a no-deal Brexit was avoided and whether the US Congress has passed more fiscal stimulus. There is also a good chance that we will get news on a Covid-19 vaccine.

# Manager's Report

continued

## Fund Performance

Performance for the Managed Income Fund over the last five years.

|  | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Managed Income Fund X Accumulation | 11.6%                    | (3.6)%               | 3.2%                 | 2.7%                 | 6.1%                 | 11.5%                |
| IA Mixed Investment 20-60% Sector      | 11.5%                    | (1.2)%               | 4.0%                 | 2.6%                 | 6.2%                 | 12.1%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

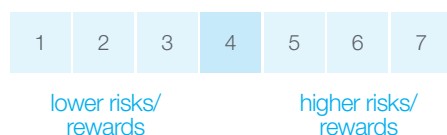
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Managed Income Fund currently has two types of unit class in issue; X Income and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Managed Income Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Managed Income 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 Managed Income Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Managed Income Fund carries the following risks:

**Currency risk:** The Managed Income Fund invests in overseas assets, denominated in currencies other than sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Default risk:** The Managed Income 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 make its payments. There is a risk that the issuer will fail to do so. Although the Managed Income Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Emerging Markets risk:** The Managed Income Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

# Manager's Report

continued

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## **Risk and Reward Profile continued**

Focus risk: The Managed Income 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.

Funds of funds - Liquidity risk: The Managed Income Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Managed Income Fund's ability to meet redemption requests may also be affected.

Investment risk: The Managed Income Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

Management risk: Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Managed Income Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Managed Income Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Managed Income Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.50% (31/3/2020 - 0.47%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| X Income        | 36,353                         | 167.06                          | 21,761,031                  |
| X Accumulation  | 91,112                         | 219.29                          | 41,548,983                  |
| 31/3/2020       |                                |                                 |                             |
| X Income        | 35,329                         | 153.73                          | 22,980,386                  |
| X Accumulation  | 85,693                         | 198.86                          | 43,093,463                  |
| 31/3/2019       |                                |                                 |                             |
| X Income        | 43,946                         | 176.39                          | 24,914,393                  |
| X Accumulation  | 104,777                        | 218.68                          | 47,913,335                  |
| 31/3/2018       |                                |                                 |                             |
| X Income        | 42,893                         | 177.12                          | 24,217,087                  |
| X Accumulation  | 101,698                        | 211.63                          | 48,054,705                  |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| X Income            | 1.05% | X Income          | 1.02% |
| X Accumulation      | 1.04% | X Accumulation    | 1.01% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>EQUITIES - 41.43%</b> (31/3/2020 - 38.73%)                                   |   |                                 |                                     |
| <b>United Kingdom - 14.75%</b> (31/3/2020 - 14.92%)                             |   |                                 |                                     |
| 1,680,000   | Franklin Templeton UK Equity Income Fund                              | 2,183                           | 1.71                                |
| 675,824   | iShares Core FTSE 100 UCITS ETF                                       | 3,889                           | 3.05                                |
| 4,900,016   | MI Chelverton UK Equity Income Fund                                   | 4,310                           | 3.38                                |
| 5,650,000   | Schroder Income Fund  | 2,778                           | 2.18                                |
| 4,712,932   | Threadneedle Specialist UK Equity Alpha Income Fund                   | 5,647                           | 4.43                                |
|   |   | <b>18,807</b>                   | <b>14.75</b>                        |
| <b>Europe - 5.80%</b> (31/3/2020 - 5.04%)                                       |   |                                 |                                     |
| 3,750,436   | ASI Europe ex UK Income Equity Fund                                   | 3,574                           | 2.81                                |
| 2,310,704   | BlackRock Continental European Income Fund                            | 3,813                           | 2.99                                |
|   |   | <b>7,387</b>                    | <b>5.80</b>                         |
| <b>Asia Pacific (Ex Japan) - 3.01%</b> (31/3/2020 - 2.65%)                      |   |                                 |                                     |
| 5,350,000   | Schroder Asian Income Fund  | 3,832                           | 3.01                                |
| <b>Japan - 1.62%</b> (31/3/2020 - 1.47%)  |   |                                 |                                     |
| 1,675,481   | CC Japan Income & Growth Fund   | 2,069                           | 1.62                                |
| <b>United States - 9.05%</b> (31/3/2020 - 8.33%)                                |   |                                 |                                     |
| 1,885,104   | JP Morgan US Equity Income Fund                                       | 6,112                           | 4.80                                |
| 9,589,615   | Schroder US Equity Income Maximiser Fund                              | 5,418                           | 4.25                                |
|   |   | <b>11,530</b>                   | <b>9.05</b>                         |
| <b>Emerging Markets - 2.66%</b> (31/3/2020 - 2.39%)                             |   |                                 |                                     |
| 259,681   | Capital International Portfolios SICAV-Capital Emerging Markets Total | 2,064                           | 1.62                                |
| 29,111  | Vanguard FTSE Emerging Markets UCITS ETF                              | 1,321                           | 1.04                                |
|   |   | <b>3,385</b>                    | <b>2.66</b>                         |
| <b>Global - 4.54%</b> (31/3/2020 - 3.93%)                                       |   |                                 |                                     |
| 3,200,703   | Fidelity Investment Funds ICVC - Global Enhanced Income Fund          | 4,465                           | 3.50                                |
| 1,113,000   | Link Fund Solutions Trojan Global Income Fund                         | 1,321                           | 1.04                                |
|   |   | <b>5,786</b>                    | <b>4.54</b>                         |
| <b>FIXED INTEREST - 40.66%</b> (31/3/2020 - 39.51%)                             |   |                                 |                                     |
| <b>United Kingdom Gilts &amp; Corporate Bonds - 22.55%</b> (31/3/2020 - 20.54%) |   |                                 |                                     |
| 965,000   | Allianz Global Investors Strategic Bond Fund                          | 1,282                           | 1.01                                |
| 3,485,000   | Artemis Corporate Bond Fund   | 3,754                           | 2.94                                |
| 3,534,051   | BlackRock Sterling Strategic Bond Fund                                | 3,951                           | 3.10                                |
| 20,606  | iShares Markit iBoxx £ Corporate Bond 1-5 year UCITS ETF              | 2,192                           | 1.72                                |
| 108,949   | iShares Sterling Index-Linked Gilts UCITS ETF                         | 2,193                           | 1.72                                |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>United Kingdom Gilts &amp; Corporate Bonds (continued)</b>       |   |                                 |                                     |
| 35,398  | Lyxor FTSE Actuaries UK GILTS DR UCITS ETF                                | 5,328                           | 4.18                                |
| 4,771,178   | Royal London Asset Management Bond Funds - Sterling Extra Yield Bond Fund | 4,676                           | 3.67                                |
| 4,557,146   | SVS Church House Investment Grade Fixed Interest Fund                     | 5,373                           | 4.21                                |
|   |   | <b>28,749</b>                   | <b>22.55</b>                        |
| <b>Dynamic Bonds - 8.62% (31/3/2020 - 8.77%)</b>                    |   |                                 |                                     |
| 4,028,553   | Janus Henderson Strategic Bond Fund                                       | 5,821                           | 4.57                                |
| 5,571,472   | Schroder Strategic Credit Fund  | 5,164                           | 4.05                                |
|   |   | <b>10,985</b>                   | <b>8.62</b>                         |
| <b>Global - 2.16% (31/3/2020 - 2.07%)</b>                           |   |                                 |                                     |
| 35,515  | Active Funds ICAV - Global High Income Bond Fund                          | <b>2,759</b>                    | <b>2.16</b>                         |
| <b>Non Equity Investment Instrument - 7.33% (31/3/2020 - 8.13%)</b> |   |                                 |                                     |
| 3,760,421   | MI TwentyFour - Monument Bond Fund  | 3,856                           | 3.02                                |
| 6,724,589   | Royal London Short Duration Global High Yield Bond Fund                   | 5,488                           | 4.31                                |
|   |   | <b>9,344</b>                    | <b>7.33</b>                         |
| <b>ALTERNATIVE - 15.37% (31/3/2020 - 12.37%)</b>                    |   |                                 |                                     |
| 1,797,874   | AEW UK REIT   | 1,341                           | 1.05                                |
| 672,474   | BBGI  | 1,154                           | 0.90                                |
| 1,832,560   | GCP Asset Backed Income Fund  | 1,591                           | 1.25                                |
| 1,363,976   | GCP Infrastructure Investments Fund                                       | 1,577                           | 1.24                                |
| 1,189,696   | HICL Infrastructure   | 1,973                           | 1.55                                |
| 560,000   | Hipgnosis Songs Fund  | 652                             | 0.51                                |
| 650,000   | Hipgnosis Songs Fund (C Shares)   | 660                             | 0.52                                |
| 1,013,750   | International Public Partnership  | 1,634                           | 1.28                                |
| 28,400  | Invesco Physical Gold ETC   | 4,046                           | 3.17                                |
| 1,100,000   | Legg Mason IF Clearbridge Global Infrastructure Fund                      | 1,251                           | 0.98                                |
| 2,219,199   | LXI REIT  | 2,392                           | 1.88                                |
| 968,021   | The Renewables Infrastructure   | 1,322                           | 1.04                                |
|   |   | <b>19,593</b>                   | <b>15.37</b>                        |
|   | <b>Portfolio of investments</b>   | <b>124,226</b>                  | <b>97.46</b>                        |
|   | <b>Net other assets</b>   | <b>3,239</b>                    | <b>2.54</b>                         |
|   | <b>Total net assets</b>   | <b>127,465</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.



# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 10,703                                 |              | 3,364                                  |
| Revenue  | 2,145        |  | 3,318        |  |
| Expenses   | (349)        |  | (411)        |  |
| Interest payable and similar charges   | —            |  | —            |  |
| Net revenue before taxation for the period   | 1,796        |  | 2,907        |  |
| Taxation   | (167)        |  | (232)        |  |
| Net revenue after taxation for the period  |              | 1,629                                  |              | 2,675                                  |
| Total return before distributions  |              | 12,332                                 |              | 6,039                                  |
| Distributions  |              | (1,908)                                |              | (3,003)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>10,424</b>                          |              | <b>3,036</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 121,022                                |              | 148,723                                |
| Amounts received on creation of units                                       | 3,932        |  | 8,030        |  |
| Amounts paid on cancellation of units                                       | (9,257)      |  | (12,090)     |  |
|   |              | (5,325)                                |              | (4,060)                                |
| Dilution adjustment   |              | 2                                      |              | 1                                      |
| Change in net assets attributable to unitholders from investment activities |              | 10,424                                 |              | 3,036                                  |
| Retained distribution on accumulation units                                 |              | 1,342                                  |              | 2,100                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>127,465</b>                         |              | <b>149,800</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 124,226                            |              | 109,659                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 398          |                                    | 508          |                                    |
| Cash and bank balances                        | 3,458        |                                    | 11,793       |                                    |
| Total other assets                            |              | 3,856                              |              | 12,301                             |
| <b>Total assets</b>                           |              | <b>128,082</b>                     |              | <b>121,960</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Creditors                                     |              |                                    |              |                                    |
| Bank overdraft                                | —            |                                    | (2)          |                                    |
| Distribution payable                          | (339)        |                                    | (384)        |                                    |
| Other creditors                               | (278)        |                                    | (552)        |                                    |
| Total other liabilities                       |              | (617)                              |              | (938)                              |
| Total liabilities                             |              | (617)                              |              | (938)                              |
| <b>Net assets attributable to unitholders</b> |              | <b>127,465</b>                     |              | <b>121,022</b>                     |

# Distribution tables

For the period ended 30 September 2020

## 2nd Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 July 2020

Group 2: units purchased between 1 July 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|----------------|-------------------------|--------------------------|---|--|
| X Income       |                         |                          |   |  |
| Group 1        | 1.5563                  | —                        | 1.5563  | 1.8011   |
| Group 2        | 0.6613                  | 0.8950                   | 1.5563  | 1.8011   |
| X Accumulation |                         |                          |   |  |
| Group 1        | 2.0240                  | —                        | 2.0240  | 2.2551   |
| Group 2        | 0.8682                  | 1.1558                   | 2.0240  | 2.2551   |

## 1st Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 June 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/8/2020 | Distribution Paid<br>per Unit on<br>31/8/2019 |
|----------------|-------------------------|--------------------------|---|---|
| X Income       |                         |                          |   |   |
| Group 1        | 0.9090                  | —                        | 0.9090  | 1.7781  |
| Group 2        | 0.2720                  | 0.6370                   | 0.9090  | 1.7781  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 1.1756                  | —                        | 1.1756  | 2.2044  |
| Group 2        | 0.3743                  | 0.8013                   | 1.1756  | 2.2044  |

### Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Managed Conservative Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Managed Conservative Fund ("the Managed Conservative Fund") is to achieve income and moderate capital growth.

The Managed Conservative Fund will invest primarily in third party managed collective investment schemes and exchange-traded funds in order to gain exposure to equities and fixed interest securities.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Managed Conservative Fund may also invest in other transferable securities (including closed-ended funds) and collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Managed Conservative Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Managed Conservative Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

# Manager's Report

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## Market commentary

In the 6 months to the 30th September 2020 the Close Managed Conservative Fund (X Acc) rose 12.0%, whilst the IA Mixed Investment (20%-60% Shares) sector rose 11.5%.

The period under review has been characterised by a strong rebound across asset classes as central banks and governments responded with record liquidity injections and bailouts, to help mitigate the effects of the coronavirus related global economic shutdown. That said markets remain significantly impacted by the coronavirus; in Q1 of this year, global equity indices recorded their fastest ever sell-off from peak to bear market territory, in a panic induced exit from risk assets. So the rebound since then needs to be viewed in that context and many markets are still severely depressed.

On a regional basis, over the period, North America was the clear leader rising 32.5%, followed by the Emerging Markets and Asia Pacific, up 26.8% and 24.4% respectively. The UK was the laggard, rising just 3% (MSCI Total Return data in sterling). Within fixed interest, UK government bonds rose 1.2%, whilst UK corporate bonds rose +9% (IA Sterling Corporate Bond sector). On a relative basis our US technology, Emerging Markets and Asia holdings added value. For instance the iShares Nasdaq 100 ETF rose 38.8%, the Brown US Flexible Equity Fund rose 30.8%, the RWC Emerging Markets Fund rose 34.2% and the Schroder Asian Total Return Fund rose 33.6%. In terms of laggards over the period, the Devon European Opportunities Trust only rose 4%, held back by its position in Wirecard which was exposed for accounting malpractice during the period. Elsewhere our fixed interest managers were positive over the period with Artemis Corporate Bond leading gains, up 14.5%. Finally within alternatives/diversifiers the fund's infrastructure holdings also rebounded nicely with BBGI Infrastructure up 9.4% and The Renewables Infrastructure Group up 9.3%.

In terms of portfolio changes, we cautiously added to a number of holdings including Artemis Corporate Bond, Sandbar Global Equity Market Neutral and Baillie Gifford UK Equity Alpha. Meanwhile we sold the Schroder Income Fund and the Chelverton UK Equity Fund which had underperformed, facing the headwinds of being UK focussed and with a value/income bias.

Since the immediate sell-off at the beginning of the year, financial markets have been surprisingly robust, supported by massive monetary stimulus. However, as we enter the fourth quarter, we have seen volatility pick up, reflecting uncertainties around both the possibility of a contested US election result and Brexit. Economies have also paused their re-opening. For these reasons, we remain slightly underweight in our exposure to equities but we are cautiously optimistic and looking for opportunities to add. By January, we should know the outcome of the US election, whether a no-deal Brexit was avoided and whether the US Congress has passed more fiscal stimulus. There is also a good chance that we will get news on a Covid-19 vaccine.

# Manager's Report

continued

## Fund Performance

Performance for the Managed Conservative Fund over the last five years.

|  | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Managed Conservative Fund X Accumulation | 12.0%                    | 0.3%                 | 3.6%                 | 3.5%                 | 6.3%                 | 11.9%                |
| IA Mixed Investment 20-60% Sector            | 11.5%                    | (1.2)%               | 4.0%                 | 2.6%                 | 6.2%                 | 12.1%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

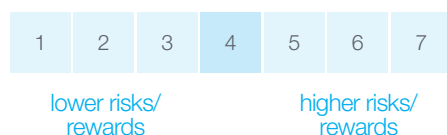
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Managed Conservative Fund currently has two types of unit class in issue; X Income and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Managed Conservative Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Managed Conservative 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 Managed Conservative Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Managed Conservative Fund carries the following risks:

**Currency risk:** The Managed Conservative Fund invests in overseas assets, denominated in currencies other than sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Default risk:** The Managed Conservative 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 make its payments. There is a risk that the issuer will fail to do so. Although the Managed Conservative Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Emerging Markets risk:** The Managed Conservative Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

# Manager's Report

continued

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## **Risk and Reward Profile continued**

Focus risk: The Managed Conservative 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.

Funds of funds - Liquidity risk: The Managed Conservative Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Managed Conservative Fund's ability to meet redemption requests may also be affected.

Investment risk: The Managed Conservative Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

Management risk: Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Managed Conservative Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Managed Conservative Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Managed Conservative Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.54% (31/3/2020 - 0.52%).



# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| A Income*       | n/a                            | n/a                             | n/a                         |
| A Accumulation* | n/a                            | n/a                             | n/a                         |
| X Income        | 2,546                          | 194.91                          | 1,306,454                   |
| X Accumulation  | 203,760                        | 226.28                          | 90,047,371                  |
| 31/3/2020       |                                |                                 |                             |
| A Income        | 2                              | 188.58                          | 893                         |
| A Accumulation  | 21                             | 209.13                          | 9,956                       |
| X Income        | 2,459                          | 176.80                          | 1,390,672                   |
| X Accumulation  | 184,412                        | 203.54                          | 90,601,296                  |
| 31/3/2019       |                                |                                 |                             |
| A Income        | 2                              | 204.79                          | 893                         |
| A Accumulation  | 38                             | 222.98                          | 17,172                      |
| X Income        | 3,665                          | 192.05                          | 1,908,463                   |
| X Accumulation  | 196,792                        | 215.67                          | 91,247,354                  |
| 31/3/2018       |                                |                                 |                             |
| A Income        | 2                              | 202.68                          | 894                         |
| A Accumulation  | 58                             | 217.66                          | 26,624                      |
| X Income        | 4,368                          | 190.06                          | 2,298,599                   |
| X Accumulation  | 159,656                        | 209.25                          | 76,300,643                  |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Income*           | n/a   | A Income          | 1.82% |
| A Accumulation*     | n/a   | A Accumulation    | 1.81% |
| X Income            | 1.12% | X Income          | 1.21% |
| X Accumulation      | 1.07% | X Accumulation    | 1.05% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*A Income and A Accumulation unit classes closed on 1 September 2020.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value                               | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>EQUITIES - 43.64%</b> (31/3/2020 - 42.45%)              |  |                                 |                                     |
| <b>United Kingdom - 15.10%</b> (31/3/2020 - 17.29%)        |  |                                 |                                     |
| 500,000  | Baillie Gifford UK Equity Alpha Fund                         | 3,828                           | 1.86                                |
| 1,194,564  | iShares Core FTSE 100 UCITS ETF                              | 6,875                           | 3.33                                |
| 5,400,000  | JP Morgan UK Equity Plus Fund                                | 5,168                           | 2.51                                |
| 7,262,127  | Ninety One UK Alpha Fund                                     | 9,080                           | 4.40                                |
| 5,172,718  | Threadneedle Specialist UK Equity Alpha Income Fund          | 6,198                           | 3.00                                |
|  |  | <b>31,149</b>                   | <b>15.10</b>                        |
| <b>Europe - 5.11%</b> (31/3/2020 - 4.82%)                  |  |                                 |                                     |
| 3,646,619  | ASI Europe ex UK Income Equity Fund                          | 3,475                           | 1.68                                |
| 1,583,668  | FP Crux European Special Situations Fund                     | 4,458                           | 2.16                                |
| 389,687  | Jupiter European Opportunities Trust                         | 2,615                           | 1.27                                |
|  |  | <b>10,548</b>                   | <b>5.11</b>                         |
| <b>United States - 10.75%</b> (31/3/2020 - 9.21%)          |  |                                 |                                     |
| 635,762  | Brown Advisory US Flexible Equity Fund                       | 10,042                          | 4.87                                |
| 12,456   | iShares NASDAQ 100 UCITS ETF                                 | 6,227                           | 3.02                                |
| 1,817,531  | JP Morgan US Equity Income Fund                              | 5,892                           | 2.86                                |
|  |  | <b>22,161</b>                   | <b>10.75</b>                        |
| <b>Japan - 1.39%</b> (31/3/2020 - 1.18%)                   |  |                                 |                                     |
| 143,091  | Baillie Gifford Japanese Fund                                | 2,737                           | 1.33                                |
| 100,000  | HSBC Index Tracker Investment Funds - Japan Index Fund       | 134                             | 0.06                                |
|  |  | <b>2,871</b>                    | <b>1.39</b>                         |
| <b>Asia Pacific (Ex Japan) - 3.28%</b> (31/3/2020 - 2.71%) |  |                                 |                                     |
| 16,615   | Schroder International Selection Asian Total Return Fund     | <b>6,773</b>                    | <b>3.28</b>                         |
| <b>Emerging Markets - 2.77%</b> (31/3/2020 - 2.25%)        |  |                                 |                                     |
| 29,291   | KLS Sloane Robinson Emerging Markets Fund                    | 3,659                           | 1.77                                |
| 10,501   | RWC Funds - RWC Global Emerging Markets Fund                 | 2,070                           | 1.00                                |
|  |  | <b>5,729</b>                    | <b>2.77</b>                         |
| <b>Global - 5.24%</b> (31/3/2020 - 4.99%)                  |  |                                 |                                     |
| 2,381,302  | Fidelity Investment Funds ICVC - Global Enhanced Income Fund | 3,322                           | 1.61                                |
| 917,250  | Lindsell Train Global Equity Fund                            | 3,653                           | 1.77                                |
| 34,856   | Lumyna – Sandbar Global Equity Market Neutral UCITS Fund     | 3,835                           | 1.86                                |
|  |  | <b>10,810</b>                   | <b>5.24</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value  | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|---|---------------------------------|-------------------------------------|
| <b>FIXED INTEREST - 31.66%</b> (31/3/2020 - 29.27%)                             |   |                                 |                                     |
| <b>United Kingdom Gilts &amp; Corporate Bonds - 19.07%</b> (31/3/2020 - 16.65%) |   |                                 |                                     |
| 3,015,000   | Allianz Global Investors Strategic Bond Fund                | 4,006                           | 1.94                                |
| 5,851,000   | Artemis Corporate Bond Fund                                 | 6,303                           | 3.06                                |
| 5,909,388   | BlackRock Sterling Strategic Bond Fund                      | 6,607                           | 3.20                                |
| 22,771  | iShares Markit iBoxx £ Corporate Bond 1-5 year UCITS ETF    | 2,423                           | 1.17                                |
| 148,990   | iShares Sterling Index-Linked Gilts UCITS ETF               | 2,998                           | 1.45                                |
| 61,054  | Lyxor FTSE Actuaries UK GILTS DR UCITS ETF                  | 9,189                           | 4.45                                |
| 6,656,832   | SVS Church House Investment Grade Fixed Interest Fund       | 7,848                           | 3.80                                |
|   |   | <b>39,374</b>                   | <b>19.07</b>                        |
| <b>Dynamic Bonds - 12.59%</b> (31/3/2020 - 12.62%)                              |   |                                 |                                     |
| 6,250,000   | Janus Henderson Strategic Bond Fund                         | 9,031                           | 4.38                                |
| 80,638  | Nomura Funds Ireland plc - Global Dynamic Bond Fund         | 8,778                           | 4.26                                |
| 8,782,441   | Schroder Strategic Credit Fund                              | 8,140                           | 3.95                                |
|   |   | <b>25,949</b>                   | <b>12.59</b>                        |
| <b>NON EQUITY INVESTMENT INSTRUMENTS - 7.75%</b> (31/3/2020 - 8.14%)            |   |                                 |                                     |
| 7,497,002   | MI TwentyFour - Monument Bond Fund                          | 7,688                           | 3.73                                |
| 10,162,793  | Royal London Short Duration Global High Yield Bond Fund     | 8,294                           | 4.02                                |
|   |   | <b>15,982</b>                   | <b>7.75</b>                         |
| <b>ALTERNATIVE - 13.51%</b> (31/3/2020 - 10.95%)                                |   |                                 |                                     |
| 974,253   | BBGI  | 1,672                           | 0.81                                |
| 1,271,832   | GCP Infrastructure Investments Fund                         | 1,470                           | 0.71                                |
| 1,191,418   | HICL Infrastructure   | 1,975                           | 0.96                                |
| 905,000   | Hipgnosis Songs Fund  | 1,054                           | 0.51                                |
| 1,050,000   | Hipgnosis Songs Fund (C Shares)                             | 1,066                           | 0.52                                |
| 1,260,754   | International Public Partnership                            | 2,032                           | 0.98                                |
| 74,319  | Invesco Physical Gold ETC                                   | 10,587                          | 5.13                                |
| 20,503  | Kepler Liquid Strategies Niederhoffer Smart Alpha UCITS ETF | 2,034                           | 0.99                                |
| 390,477   | Neuberger Berman Uncorrelated Strategies Fund               | 4,151                           | 2.01                                |
| 1,340,552   | The Renewables Infrastructure                               | 1,831                           | 0.89                                |
|   |   | <b>27,872</b>                   | <b>13.51</b>                        |
|   | <b>Portfolio of investments</b>                             | <b>199,218</b>                  | <b>96.56</b>                        |
|   | <b>Net other assets</b>                                     | <b>7,088</b>                    | <b>3.44</b>                         |
|   | <b>Total net assets</b>                                     | <b>206,306</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 19,066                                 |              | 7,355                                  |
| Revenue  | 2,398        |  | 2,611        |  |
| Expenses   | (538)        |  | (549)        |  |
| Net revenue before taxation for the period   | 1,860        |  | 2,062        |  |
| Taxation   | (142)        |  | (187)        |  |
| Net revenue after taxation for the period  |              | 1,718                                  |              | 1,875                                  |
| Total return before distributions  |              | 20,784                                 |              | 9,230                                  |
| Distributions  |              | (1,718)                                |              | (1,875)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>19,066</b>                          |              | <b>7,355</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 186,894                                |              | 200,497                                |
| Amounts received on creation of units                                       | 7,383        |  | 11,438       |  |
| Amounts paid on cancellation of units                                       | (8,728)      |  | (12,596)     |  |
|   |              | (1,345)                                |              | (1,158)                                |
| Dilution adjustment   |              | 1                                      |              | —                                      |
| Change in net assets attributable to unitholders from investment activities |              | 19,066                                 |              | 7,355                                  |
| Retained distribution on accumulation units                                 |              | 1,690                                  |              | 1,843                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>206,306</b>                         |              | <b>208,537</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |                                    |
| Fixed assets                                  |              |                                    |                                    |
| Investments                                   |              | 199,218                            | 169,710                            |
| Current assets                                |              |                                    |                                    |
| Debtors                                       | 510          |                                    | 555                                |
| Cash and bank balances                        | 6,983        |                                    | 17,034                             |
| Total other assets                            |              | 7,493                              | 17,589                             |
| <b>Total assets</b>                           |              | <b>206,711</b>                     | <b>187,299</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |                                    |
| Creditors                                     |              |                                    |                                    |
| Distribution payable                          | (21)         |                                    | (38)                               |
| Other creditors                               | (384)        |                                    | (367)                              |
| Total other liabilities                       |              | (405)                              | (405)                              |
| Total liabilities                             |              | (405)                              | (405)                              |
| <b>Net assets attributable to unitholders</b> |              | <b>206,306</b>                     | <b>186,894</b>                     |

# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                 | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|-----------------|-------------------------|--------------------------|---|--|
| A Income*       |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 1.2633   |
| Group 2         | n/a                     | n/a                      | n/a   | 1.2633   |
| A Accumulation* |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 1.3947   |
| Group 2         | n/a                     | n/a                      | n/a   | 1.3947   |
| X Income        |                         |                          |   |  |
| Group 1         | 1.5905                  | —                        | 1.5905  | 1.6771   |
| Group 2         | 1.1267                  | 0.4638                   | 1.5905  | 1.6771   |
| X Accumulation  |                         |                          |   |  |
| Group 1         | 1.8773                  | —                        | 1.8773  | 2.0270   |
| Group 2         | 1.1757                  | 0.7016                   | 1.8773  | 2.0270   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

\*A Income and A Accumulation unit classes closed on 1 September 2020.

# Close Managed Balanced Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Managed Balanced Fund (“the Managed Balanced Fund”) is to generate capital growth with some income.

The Managed Balanced Fund will invest primarily in third party managed collective investment schemes and exchange-traded funds in order to gain exposure to equities and fixed interest securities.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Managed Balanced Fund may also invest in other transferable securities (including closed-ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Managed Balanced Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Managed Balanced Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

# Manager's Report

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## Market commentary

In the 6 months to the 30th September 2020 the Close Managed Balanced Fund (X Acc) rose 18.1%, whilst the IA Mixed Investment (40%-85% Shares) sector rose 15.3%.

The period under review has been characterised by a strong rebound across asset classes as central banks and governments responded with record liquidity injections and bailouts, to help mitigate the effects of the coronavirus related global economic shutdown. That said markets remain significantly impacted by the coronavirus; in Q1 of this year, global equity indices recorded their fastest ever sell-off from peak to bear market territory, in a panic induced exit from risk assets. So the rebound since then needs to be viewed in that context and many markets are still severely depressed.

On a regional basis, over the period, North America was the clear leader rising 32.5%, followed by the Emerging Markets and Asia Pacific, up 26.8% and 24.4% respectively. The UK was the laggard, rising just 3% (MSCI Total Return data in sterling). Within fixed interest, UK government bonds rose 1.2%, whilst UK corporate bonds rose +9% (IA Sterling Corporate Bond sector). On a relative basis our US growth, Emerging Markets and Asia holdings added value. For instance in the US the Baillie Gifford American Fund rose a stunning 85.5%, whilst the iShares Nasdaq 100 ETF rose 38.8% and the Brown US Flexible Equity Fund rose 30.8%. Elsewhere the RWC Emerging Markets Fund rose 34.2% and the Schroder Asian Total Return Fund rose 33.6%. In terms of laggards over the period, the Devon European Opportunities Trust only rose 4%, held back by its position in Wirecard which was exposed for accounting malpractice during the period. Elsewhere our fixed interest managers were positive over the period with Artemis Corporate Bond leading gains, up 14.5%. Finally within alternatives/diversifiers the Fund's infrastructure holdings also rebounded nicely with BBGI Infrastructure up 9.4% and The Renewables Infrastructure Group up 9.3%.

In terms of portfolio changes, we cautiously added to a number of holdings including the Devon European Opportunities Trust, JP Morgan UK Equity Plus, the Lyxor UK Gilts ETF and Artemis Corporate Bond. We also initiated a new holding in the Niederhoffer Smart Alpha Fund, which aims to deliver uncorrelated investment returns. The Fund implements a systematic trading strategy that benefits from the manner in which behavioural biases affect financial markets. Meanwhile we sold the R&M Global Recovery Fund, which had underperformed and the Schroder Income Fund which had also underperformed, facing the headwinds of being UK focussed and with a value/income bias.

Since the immediate sell-off at the beginning of the year, financial markets have been surprisingly robust, supported by massive monetary stimulus. However, as we enter the fourth quarter, we have seen volatility pick up, reflecting uncertainties around both the possibility of a contested US election result and Brexit. Economies have also paused their re-opening. For these reasons, we remain slightly underweight in our exposure to equities but we are cautiously optimistic and looking for opportunities to add. By January, we should know the outcome of the US election, whether a no-deal Brexit was avoided and whether the US Congress has passed more fiscal stimulus. There is also a good chance that we will get news on a Covid-19 vaccine.



# Manager's Report

continued

## Fund Performance

Performance for the Managed Balanced Fund over the last five years.

|  | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Managed Balanced Fund X Accumulation | 18.1%                    | 4.2%                 | 3.5%                 | 6.7%                 | 10.1%                | 13.9%                |
| IA Mixed Investment 40-85% Sector        | 15.3%                    | (0.2)%               | 4.2%                 | 5.4%                 | 9.1%                 | 15.4%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

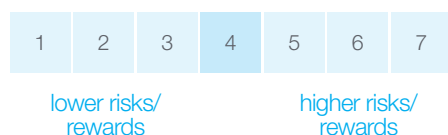
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Managed Balanced Fund currently has one type of unit class in issue; X Accumulation. The risk and reward profile is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Managed Balanced Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Managed Balanced 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 Managed Balanced Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Managed Balanced Fund carries the following risks:

**Currency risk:** The Managed Balanced Fund invests in overseas assets, denominated in currencies other than sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Default risk:** The Managed Balanced 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 make its payments. There is a risk that the issuer will fail to do so. Although the Managed Balanced Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Emerging Markets risk:** The Managed Balanced Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

# Manager's Report

continued

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## **Risk and Reward Profile continued**

Focus risk: The Managed Balanced 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.

Funds of funds - Liquidity risk: The Managed Balanced Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Managed Balanced Fund's ability to meet redemption requests may also be affected.

Investment risk: The Managed Balanced Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

Management risk: Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Managed Balanced Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Managed Balanced Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Managed Balanced Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.53% (31/3/2020 - 0.53%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| Y Accumulation* | n/a                            | n/a                             | n/a                         |
| X Accumulation  | 308,779                        | 262.89                          | 117,453,598                 |
| 31/3/2020       |                                |                                 |                             |
| Y Accumulation  | 36                             | 239.76                          | 14,966                      |
| X Accumulation  | 260,785                        | 224.84                          | 115,988,110                 |
| 31/3/2019       |                                |                                 |                             |
| Y Accumulation  | 38                             | 254.64                          | 14,966                      |
| X Accumulation  | 263,918                        | 238.21                          | 110,794,696                 |
| 31/3/2018       |                                |                                 |                             |
| Y Accumulation  | 90                             | 244.46                          | 36,667                      |
| X Accumulation  | 208,487                        | 228.11                          | 91,396,653                  |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| Y Accumulation*     | n/a   | Y Accumulation    | 1.36% |
| X Accumulation      | 1.05% | X Accumulation    | 1.05% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*Y Accumulation unit class closed on 1 September 2020.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value                               | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>EQUITIES - 64.00%</b> (31/3/2020 - 61.27%)              |  |                                 |                                     |
| <b>United Kingdom - 19.24%</b> (31/3/2020 - 20.41%)        |  |                                 |                                     |
| 773,000  | Baillie Gifford UK Equity Alpha Fund                     | 5,917                           | 1.92                                |
| 1,668,851  | iShares Core FTSE 100 UCITS ETF                          | 9,604                           | 3.11                                |
| 6,400,000  | JP Morgan UK Equity Plus Fund                            | 6,125                           | 1.98                                |
| 3,433,967  | Liontrust Special Situations Fund                        | 14,011                          | 4.54                                |
| 10,871,480   | Ninety One UK Alpha Fund                                 | 13,593                          | 4.40                                |
| 8,489,940  | Threadneedle Specialist UK Equity Alpha Income Fund      | 10,173                          | 3.29                                |
|  |  | <b>59,423</b>                   | <b>19.24</b>                        |
| <b>Europe - 7.34%</b> (31/3/2020 - 6.81%)                  |  |                                 |                                     |
| 1,250,000  | AllianceBernstein Europe (ex UK) Equity Fund             | 1,261                           | 0.41                                |
| 90,163   | Baring Europe Select Trust                               | 4,001                           | 1.29                                |
| 2,089,394  | FP Crux European Special Situations Fund                 | 5,882                           | 1.90                                |
| 693,080  | Jupiter European Opportunities Trust                     | 4,651                           | 1.51                                |
| 56,201   | RWC Funds - RWC Continental European Equity Fund         | 6,883                           | 2.23                                |
|  |  | <b>22,678</b>                   | <b>7.34</b>                         |
| <b>United States - 18.57</b> (31/3/2020 - 15.96%)          |  |                                 |                                     |
| 1,129,919  | Baillie Gifford American Fund                            | 18,384                          | 5.95                                |
| 960,093  | Brown Advisory US Flexible Equity Fund                   | 15,165                          | 4.91                                |
| 16,479   | iShares NASDAQ 100 UCITS ETF                             | 8,238                           | 2.67                                |
| 30,000   | Threadneedle (Lux) US Disciplined Core Equities Fund     | 301                             | 0.10                                |
| 308,171  | Vanguard S&P 500 UCITS ETF                               | 15,261                          | 4.94                                |
|  |  | <b>57,349</b>                   | <b>18.57</b>                        |
| <b>Asia Pacific (Ex Japan) - 4.51%</b> (31/3/2020 - 3.99%) |  |                                 |                                     |
| 34,127   | Schroder International Selection Asian Total Return Fund | <b>13,912</b>                   | <b>4.51</b>                         |
| <b>Japan - 1.88%</b> (31/3/2020 - 1.70%)                   |  |                                 |                                     |
| 295,971  | Baillie Gifford Japanese Fund                            | 5,662                           | 1.84                                |
| 100,000  | HSBC Index Tracker Investment Funds - Japan Index Fund   | 134                             | 0.04                                |
|  |  | <b>5,796</b>                    | <b>1.88</b>                         |
| <b>Emerging Markets - 4.28%</b> (31/3/2020 - 4.00%)        |  |                                 |                                     |
| 58,623   | KLS Sloane Robinson Emerging Markets Fund                | 7,323                           | 2.37                                |
| 29,901   | RWC Funds - RWC Global Emerging Markets Fund             | 5,894                           | 1.91                                |
|  |  | <b>13,217</b>                   | <b>4.28</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|---|---------------------------------|-------------------------------------|
|                              | <b>Global - 8.18%</b> (31/3/2020 - 8.40%)                                     |                                 |                                     |
| 834,468                      | Brown Advisory Global Leaders Fund  | 11,674                          | 3.78                                |
| 1,587,909                    | Lindsell Train Global Equity Fund   | 6,324                           | 2.05                                |
| 49,454                       | Lumyna – Sandbar Global Equity Market Neutral UCITS Fund                      | 5,441                           | 1.76                                |
| 185,000                      | Scottish Mortgage Investment Trust  | 1,833                           | 0.59                                |
|                              |   | <b>25,272</b>                   | <b>8.18</b>                         |
|                              | <b>FIXED INTEREST - 19.76%</b> (31/3/2020 - 18.41%)                           |                                 |                                     |
|                              | <b>United Kingdom Gilts and Corporate Bonds - 15.25%</b> (31/3/2020 - 14.10%) |                                 |                                     |
| 2,185,000                    | Allianz Global Investors Strategic Bond Fund                                  | 2,903                           | 0.94                                |
| 3,000,000                    | Artemis Corporate Bond Fund   | 3,232                           | 1.05                                |
| 6,563,737                    | Baillie Gifford Corporate Bond Fund   | 6,002                           | 1.94                                |
| 6,000,622                    | BlackRock Sterling Strategic Bond Fund  | 6,709                           | 2.17                                |
| 40,293                       | iShares Markit iBoxx £ Corporate Bond 1-5 year UCITS ETF                      | 4,287                           | 1.39                                |
| 140,264                      | iShares Sterling Index-Linked Gilts UCITS ETF                                 | 2,823                           | 0.91                                |
| 76,647                       | Lyxor FTSE Actuaries UK Gilts DR UCITS ETF                                    | 11,536                          | 3.74                                |
| 8,142,050                    | SVS Church House Investment Grade Fixed Interest Fund                         | 9,599                           | 3.11                                |
|                              |   | <b>47,091</b>                   | <b>15.25</b>                        |
|                              | <b>Dynamic Bonds - 4.51%</b> (31/3/2020 - 4.31%)                              |                                 |                                     |
| 3,600,000                    | Janus Henderson Strategic Bond Fund   | 5,202                           | 1.69                                |
| 80,012                       | Nomura Funds Ireland plc - Global Dynamic Bond Fund                           | 8,710                           | 2.82                                |
|                              |   | <b>13,912</b>                   | <b>4.51</b>                         |
|                              | <b>ALTERNATIVE - 11.57%</b> (31/3/2020 - 11.36%)                              |                                 |                                     |
| 1,130,432                    | BBGI  | 1,940                           | 0.63                                |
| 2,038,779                    | GCP Infrastructure Investments Fund   | 2,357                           | 0.76                                |
| 1,436,237                    | HICL Infrastructure   | 2,381                           | 0.77                                |
| 1,577,995                    | International Public Partnership  | 2,544                           | 0.82                                |
| 104,015                      | Invesco Physical Gold ETC   | 14,817                          | 4.80                                |
| 29,716                       | Kepler Liquid Strategies Niederhoffer Smart Alpha UCITS ETF                   | 2,948                           | 0.96                                |
| 576,786                      | Neuberger Berman Uncorrelated Strategies Fund                                 | 6,131                           | 1.99                                |
| 1,888,458                    | The Renewables Infrastructure   | 2,580                           | 0.84                                |
|                              |   | <b>35,698</b>                   | <b>11.57</b>                        |
|                              | <b>Portfolio of investments</b>   | <b>294,348</b>                  | <b>95.33</b>                        |
|                              | <b>Net other assets</b>   | <b>14,431</b>                   | <b>4.67</b>                         |
|                              | <b>Total net assets</b>   | <b>308,779</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 42,417                                 |              | 13,469                                 |
| Revenue  | 2,630        |  | 2,556        |  |
| Expenses   | (764)        |  | (742)        |  |
| Interest payable and similar charges   | —            |  | —            |  |
| Net revenue before taxation for the period   | 1,866        |  | 1,814        |  |
| Taxation   | (13)         |  | (55)         |  |
| Net revenue after taxation for the period  |              | 1,853                                  |              | 1,759                                  |
| Total return before distributions  |              | 44,270                                 |              | 15,228                                 |
| Distributions  |              | (1,870)                                |              | (1,759)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>42,400</b>                          |              | <b>13,469</b>                          |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 260,821                                |              | 264,050                                |
| Amounts received on creation of units                                       | 12,369       |  | 24,307       |  |
| Amounts paid on cancellation of units                                       | (8,691)      |  | (9,564)      |  |
|   |              | 3,678                                  |              | 14,743                                 |
| Dilution adjustment   |              | —                                      |              | —                                      |
| Change in net assets attributable to unitholders from investment activities |              | 42,400                                 |              | 13,469                                 |
| Retained distribution on accumulation units                                 |              | 1,880                                  |              | 1,789                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>308,779</b>                         |              | <b>294,051</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 294,348                            |              | 237,452                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 1,274        |                                    | 2,228        |                                    |
| Cash and bank balances                        | 13,302       |                                    | 21,513       |                                    |
| Total other assets                            |              | 14,576                             |              | 23,741                             |
| <b>Total assets</b>                           |              | <b>308,924</b>                     |              | <b>261,193</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Creditors                                     |              |                                    |              |                                    |
| Other creditors                               | (145)        |                                    | (372)        |                                    |
| Total other liabilities                       |              | (145)                              |              | (372)                              |
| Total liabilities                             |              | (145)                              |              | (372)                              |
| <b>Net assets attributable to unitholders</b> |              | <b>308,779</b>                     |              | <b>260,821</b>                     |



# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                 | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|-----------------|-------------------------|--------------------------|---|--|
| Y Accumulation* |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 1.3066   |
| Group 2         | n/a                     | n/a                      | n/a   | 1.3066   |
| X Accumulation  |                         |                          |   |  |
| Group 1         | 1.6008                  | —                        | 1.6008  | 1.5307   |
| Group 2         | 1.0195                  | 0.5813                   | 1.6008  | 1.5307   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

\*Y Accumulation unit class closed on 1 September 2020.

# Close Managed Growth Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Managed Growth Fund ("the Managed Growth Fund") is to generate capital growth.

The Managed Growth Fund will invest primarily in third party managed collective investment schemes and exchange-traded funds in order to gain exposure to equities and fixed interest securities.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Managed Growth Fund may also invest in other transferable securities (including closed-ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Managed Growth Fund may also gain exposure to alternative asset classes such as commodities, hedge funds, infrastructure, property and convertibles through transferable securities.

The Managed Growth Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

# Manager's Report

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## Market commentary

In the 6 months to the 30th September 2020 the Close Managed Growth Fund (X Acc) rose 22.9%, whilst the IA Flexible Investment sector rose 16.2%.

The period under review has been characterised by a strong rebound across asset classes as central banks and governments responded with record liquidity injections and bailouts, to help mitigate the effects of the coronavirus related global economic shutdown. That said markets remain significantly impacted by the coronavirus; in Q1 of this year, global equity indices recorded their fastest ever sell-off from peak to bear market territory, in a panic induced exit from risk assets. So the rebound since then needs to be viewed in that context and many markets are still severely depressed.

On a regional basis, over the period, North America was the clear leader rising 32.5%, followed by the Emerging Markets and Asia Pacific, up 26.8% and 24.4% respectively. The UK was the laggard, rising just 3% (MSCI Total Return data in sterling). Within fixed interest, UK government bonds rose 1.2%, whilst UK corporate bonds rose +9% (IA Sterling Corporate Bond sector). On a relative basis our US growth, Emerging Markets and Asia holdings added value. For instance in the US the Baillie Gifford American Fund rose a stunning 85.5%, whilst the iShares Nasdaq 100 ETF rose 38.8% and the Brown US Flexible Equity Fund rose 30.8%. Elsewhere the RWC Emerging Markets Fund rose 34.2% and the Schroder Asian Total Return Fund rose 33.6%. In terms of laggards over the period, the Devon European Opportunities Trust only rose 4%, held back by its position in Wirecard which was exposed for accounting malpractice during the period. Elsewhere our fixed interest managers were positive over the period. Finally within alternatives/diversifiers the Fund's infrastructure holdings also rebounded nicely with BBGI Infrastructure up 9.4% and The Renewables Infrastructure Group up 9.3%.

In terms of portfolio changes we cautiously added to a number of holdings including the Devon European Opportunities Trust, Sandbar Global Equity Market Neutral, the Lyxor UK Gilts ETF and the Vanguard S&P 500 ETF. We also initiated a new holding in the Niederhoffer Smart Alpha Fund, which aims to deliver uncorrelated investment returns. The Fund implements a systematic trading strategy that benefits from the manner in which behavioural biases affect financial markets. Meanwhile we sold the R&M Global Recovery Fund, which had underperformed, facing the headwind of being a value oriented strategy.

Since the immediate sell-off at the beginning of the year, financial markets have been surprisingly robust, supported by massive monetary stimulus. However, as we enter the fourth quarter, we have seen volatility pick up, reflecting uncertainties around both the possibility of a contested US election result and Brexit. Economies have also paused their re-opening. For these reasons, we remain slightly underweight in our exposure to equities but we are cautiously optimistic and looking for opportunities to add. By January, we should know the outcome of the US election, whether a no-deal Brexit was avoided and whether the US Congress has passed more fiscal stimulus. There is also a good chance that we will get news on a Covid-19 vaccine.

# Manager's Report

continued

## Fund Performance

Performance for the Managed Growth Fund over the last five years.

|  | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Managed Growth Fund X Accumulation | 22.9%                    | 7.5%                 | 2.5%                 | 9.3%                 | 12.7%                | 14.1%                |
| IA Flexible Investment Sector          | 16.2%                    | 0.9%                 | 3.2%                 | 5.4%                 | 10.5%                | 16.5%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

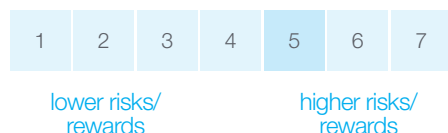
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Managed Growth Fund currently has one type of unit class in issue; X Accumulation. The risk and reward profile is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Managed Growth Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past.

The SRRI table demonstrates where the Managed Growth 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 Managed Growth Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Managed Growth Fund carries the following risks:

**Currency risk:** The Managed Growth Fund invests in overseas assets, denominated in currencies other than sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Default risk:** The Managed Growth 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 make its payments. There is a risk that the issuer will fail to do so. Although the Managed Growth Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Emerging Markets risk:** The Managed Growth Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

# Manager's Report

## continued

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### **Risk and Reward Profile continued**

Focus risk: The Managed Growth 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.

Funds of funds - Liquidity risk: The Managed Growth Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Managed Growth Fund's ability to meet redemption requests may also be affected.

Investment risk: The Managed Growth Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

Management risk: Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive of the Managed Growth Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Managed Growth Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Managed Growth Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.52% (31/3/2020 - 0.54%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| A Accumulation* | n/a                            | n/a                             | n/a                         |
| X Accumulation  | 64,762                         | 290.28                          | 22,310,128                  |
| 31/3/2020       |                                |                                 |                             |
| A Accumulation  | 2                              | 244.97                          | 979                         |
| X Accumulation  | 50,903                         | 238.88                          | 21,308,343                  |
| 31/3/2019       |                                |                                 |                             |
| A Accumulation  | 3                              | 261.66                          | 979                         |
| X Accumulation  | 55,441                         | 253.12                          | 21,902,680                  |
| 31/3/2018       |                                |                                 |                             |
| A Accumulation  | 106                            | 252.35                          | 41,822                      |
| X Accumulation  | 41,168                         | 242.17                          | 16,999,346                  |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| A Accumulation*     | n/a   | A Accumulation    | 1.84% |
| X Accumulation      | 1.02% | X Accumulation    | 1.04% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*A Accumulation unit class closed 1 September 2020.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value                               | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>EQUITIES - 77.28%</b> (31/3/2020 - 76.19%)              |  |                                 |                                     |
| <b>United Kingdom - 17.84%</b> (31/3/2020 - 20.24%)        |  |                                 |                                     |
| 135,500  | Baillie Gifford UK Equity Alpha Fund                     | 1,037                           | 1.60                                |
| 360,189  | iShares Core FTSE 100 UCITS ETF                          | 2,073                           | 3.20                                |
| 650,000  | Link Tellworth UK Smaller Companies Fund                 | 657                             | 1.01                                |
| 661,852  | Liontrust Special Situations Fund                        | 2,700                           | 4.17                                |
| 2,143,678  | Ninety One UK Alpha Fund                                 | 2,680                           | 4.14                                |
| 2,007,746  | Threadneedle Specialist UK Equity Alpha Income Fund      | 2,406                           | 3.72                                |
|  |  | <b>11,553</b>                   | <b>17.84</b>                        |
| <b>Europe - 10.74%</b> (31/3/2020 - 10.44%)                |  |                                 |                                     |
| 250,000  | AllianceBernstein Europe (ex UK) Equity Fund             | 252                             | 0.39                                |
| 27,486   | Baring Europe Select Trust                               | 1,220                           | 1.88                                |
| 11,420   | db x-trackers EURO STOXX 50 ETF                          | 500                             | 0.77                                |
| 511,071  | FP Crux European Special Situations Fund                 | 1,439                           | 2.22                                |
| 247,635  | Jupiter European Opportunities Trust                     | 1,662                           | 2.57                                |
| 15,392   | RWC Funds - RWC Continental European Equity Fund         | 1,885                           | 2.91                                |
|  |  | <b>6,958</b>                    | <b>10.74</b>                        |
| <b>Asia Pacific (Ex Japan) - 7.05%</b> (31/3/2020 - 6.44%) |  |                                 |                                     |
| 568  | Allianz Global Investment China Fund                     | 882                             | 1.36                                |
| 319,767  | Invesco Perpetual Asian Fund                             | 1,439                           | 2.22                                |
| 5,503  | Schroder International Selection Asian Total Return Fund | 2,243                           | 3.47                                |
|  |  | <b>4,564</b>                    | <b>7.05</b>                         |
| <b>Japan - 2.17%</b> (31/3/2020 - 1.66%)                   |  |                                 |                                     |
| 66,493   | Baillie Gifford Japanese Fund                            | 1,272                           | 1.96                                |
| 100,000  | HSBC Index Tracker Investment Funds - Japan Index Fund   | 134                             | 0.21                                |
|  |  | <b>1,406</b>                    | <b>2.17</b>                         |
| <b>United States - 22.99%</b> (31/3/2020 - 21.45%)         |  |                                 |                                     |
| 254,794  | Baillie Gifford American Fund                            | 4,145                           | 6.40                                |
| 233,649  | Brown Advisory US Flexible Equity Fund                   | 3,691                           | 5.70                                |
| 5,795  | iShares NASDAQ 100 UCITS ETF                             | 2,897                           | 4.47                                |
| 50,000   | Threadneedle (Lux) US Disciplined Core Equities Fund     | 502                             | 0.78                                |
| 73,758   | Vanguard S&P 500 UCITS ETF                               | 3,653                           | 5.64                                |
|  |  | <b>14,888</b>                   | <b>22.99</b>                        |
| <b>Global - 11.62%</b> (31/3/2020 - 11.07%)                |  |                                 |                                     |
| 199,842  | Brown Advisory Global Leaders Fund                       | 2,796                           | 4.32                                |
| 429,485  | Lindsell Train Global Equity Fund                        | 1,710                           | 2.64                                |
| 7,187  | Lumyna – Sandbar Global Equity Market Neutral UCITS Fund | 791                             | 1.22                                |
| 224,914  | Scottish Mortgage Investment Trust                       | 2,229                           | 3.44                                |
|  |  | <b>7,526</b>                    | <b>11.62</b>                        |



# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|---|---------------------------------|-------------------------------------|
|                              | <b>Emerging Markets - 4.87%</b> (31/3/2020 - 4.89%)                         |                                 |                                     |
| 13,672                       | KLS Sloane Robinson Emerging Markets Fund                                   | 1,708                           | 2.64                                |
| 7,332                        | RWC Funds - RWC Global Emerging Markets Fund                                | 1,445                           | 2.23                                |
|                              |   | <b>3,153</b>                    | <b>4.87</b>                         |
|                              | <b>FIXED INTEREST - 7.28%</b> (31/3/2020 - 8.09%)                           |                                 |                                     |
|                              | <b>United Kingdom Gilts and Corporate Bonds - 6.19%</b> (31/3/2020 - 7.08%) |                                 |                                     |
| 563,522                      | BlackRock Sterling Strategic Bond Fund                                      | 630                             | 0.97                                |
| 5,704                        | iShares Markit iBoxx £ Corporate Bond 1-5 year UCITS ETF                    | 607                             | 0.94                                |
| 26,825                       | iShares Sterling Index-Linked Gilts UCITS ETF                               | 540                             | 0.83                                |
| 8,631                        | Lyxor FTSE Actuaries UK GILTS DR UCITS ETF                                  | 1,299                           | 2.01                                |
| 793,319                      | SVS Church House Investment Grade Fixed Interest Fund                       | 935                             | 1.44                                |
|                              |   | <b>4,011</b>                    | <b>6.19</b>                         |
|                              | <b>Dynamic Bonds - 1.09%</b> (31/3/2020 - 1.01%)                            |                                 |                                     |
| 490,000                      | Janus Henderson Strategic Bond Fund   | <b>708</b>                      | <b>1.09</b>                         |
|                              | <b>ALTERNATIVE - 9.21%</b> (31/3/2020 - 9.33%)                              |                                 |                                     |
| 204,348                      | BBGI  | 351                             | 0.54                                |
| 391,927                      | GCP Infrastructure Investments Fund   | 453                             | 0.70                                |
| 288,749                      | HICL Infrastructure   | 479                             | 0.74                                |
| 200,000                      | International Public Partnership  | 322                             | 0.50                                |
| 18,236                       | Invesco Physical Gold ETC   | 2,598                           | 4.01                                |
| 6,230                        | Kepler Liquid Strategies Niederhoffer Smart Alpha UCITS ETF                 | 618                             | 0.96                                |
| 70,100                       | Neuberger Berman Uncorrelated Strategies Fund                               | 745                             | 1.15                                |
| 290,230                      | The Renewables Infrastructure   | 396                             | 0.61                                |
|                              |   | <b>5,962</b>                    | <b>9.21</b>                         |
|                              | <b>Portfolio of investments</b>   | <b>60,729</b>                   | <b>93.77</b>                        |
|                              | <b>Net other assets</b>   | <b>4,033</b>                    | <b>6.23</b>                         |
|                              | <b>Total net assets</b>   | <b>64,762</b>                   | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--|
| Income   |              |  |  |
| Net capital gains  |              | 10,848                                 | 3,165                                  |
| Revenue  | 446          |  | 398                                    |
| Expenses   | (150)        |  | (140)                                  |
| Interest payable and similar charges   | —            |  | —                                      |
| Net revenue before taxation for the period   | 296          |  | 258                                    |
| Taxation   | —            |  | —                                      |
| Net revenue after taxation for the period  |              | 296                                    | 258                                    |
| Total return before distributions  |              | 11,144                                 | 3,423                                  |
| Distributions  |              | (301)                                  | (258)                                  |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>10,843</b>                          | <b>3,165</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--|
| Opening net assets attributable to unitholders                              |              | 50,905                                 | 55,444                                 |
| Amounts received on creation of units                                       | 5,033        |  | 3,738                                  |
| Amounts paid on cancellation of units                                       | (2,325)      |  | (5,525)                                |
|   |              | 2,708                                  | (1,787)                                |
| Dilution adjustment   |              | —                                      | 1                                      |
| Change in net assets attributable to unitholders from investment activities |              | 10,843                                 | 3,165                                  |
| Retained distribution on accumulation units                                 |              | 306                                    | 259                                    |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>64,762</b>                          | <b>57,082</b>                          |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 60,729                             |              | 47,654                             |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 132          |                                    | 331          |                                    |
| Cash and bank balances                        | 3,950        |                                    | 2,944        |                                    |
| Total other assets                            |              | 4,082                              |              | 3,275                              |
| <b>Total assets</b>                           |              | <b>64,811</b>                      |              | <b>50,929</b>                      |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Creditors                                     |              |                                    |              |                                    |
| Other creditors                               | (49)         |                                    | (24)         |                                    |
| Total other liabilities                       |              | (49)                               |              | (24)                               |
| Total liabilities                             |              | (49)                               |              | (24)                               |
| <b>Net assets attributable to unitholders</b> |              | <b>64,762</b>                      |              | <b>50,905</b>                      |

# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                 | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|-----------------|-------------------------|--------------------------|---|--|
| A Accumulation* |                         |                          |   |  |
| Group 1         | n/a                     | n/a                      | n/a   | 0.1604   |
| Group 2         | n/a                     | n/a                      | n/a   | 0.1604   |
| X Accumulation  |                         |                          |   |  |
| Group 1         | 1.3689                  | —                        | 1.3689  | 1.2223   |
| Group 2         | 0.8733                  | 0.4956                   | 1.3689  | 1.2223   |

\*A Accumulation unit class closed 1 September 2020.

### Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Select Fixed Income Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Select Fixed Income Fund ("the Select Fund") is to generate income while maintaining its capital value over the medium term.

The Select Fund will invest mainly in Sterling denominated fixed interest securities (including government bonds and corporate bonds) and deposits (including money market instruments), and may also invest in international fixed income securities.

In order to gain indirect exposure to fixed interest securities and deposits (including money market instruments), the Select 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 Select Fund may use derivatives for efficient portfolio management.

Currency hedging for exposure in foreign currencies was initiated in March 2015 and currently 80% of all non-sterling currency positions are hedged.

# Manager's Report

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## Fund Performance

The Select Fixed Income Fund (X Income share class) returned +9.21% in the 6 months to 30 September 2020. Over the same time period, the IA Strategic Bond sector returned +9.85%.

## Macro backdrop

In the UK, forward-looking data points weakened versus a very optimistic August, with September composite PMI data falling to, a still strong, 55.7 (versus 59.1 in August and April's record low of 13.8). The backward-looking data now fully reflects the Q2 2020 'lockdown' and materially reduced economic activity - with Q2 2020 UK GDP growth falling -21.5% YoY. Despite fears over a second lockdown over the next 6 months, consensus forecasts continue to indicate an improving outlook. Indeed, GDP growth is forecast to have rebounded sharply in Q3 2020, albeit overall 2020 GDP growth will still be -9.9%; inflation will remain below 2% until 2023; and unemployment will peak at c. 7.4% in Q4 2020.

In the US, forward-looking data was broadly stable, with September composite PMI data of 54.4 (August 2020 = 54.6). While Q2 2020 QoQ Annualised GDP growth was a very weak -31.4%, consensus forecasts continue to indicate a strong rebound in Q3 2020 (and a more modest full year 2020 GDP growth decline of -4.4%). Inflation is forecast to remain below 2% until 2023; and US unemployment data is expected to improve steadily from the August unemployment figure of 8.4%.

In the Eurozone, the data is broadly aligned with the UK and US, albeit September composite PMI data was a relatively weak 50.1 (versus 51.9 in August and 13.5 in April), while Q2 2020 YoY GDP growth was -14.7%, consensus forecasts indicate improving data from here - including a strong rebound in Q3 2020 GDP growth; inflation below 1.3% until 2023; and unemployment peaking at 9.3% in Q4 2020.

## Portfolio Activity

On the portfolio construction side, cash levels are at a record high of 16%; duration was reduced to 3.1 years; and the Select Fund's yield to expected call was maintained at 3.3% (Yield to Maturity = 3.7%, but we believe the lower figure is a more accurate measure of yield). The average rating on the rated portion of the portfolio is A-, and the unrated portion of the Select Fund is just 16%. We expect to deploy cash and boost yield in a cautious and selective manner – targeting only those bonds which offer very attractive valuations.

## Outlook & Strategy

The general market weakness in March and strong rally in April - August led to a clear valuation distinction between Sovereign, Investment Grade, and High Yield bonds. However, all sub-asset classes now appear rich or fair value:

- Sovereign bond yields remain at (or near) record lows across the US, UK and Eurozone given weakening macro data; Central Bank intervention; and COVID-19 concerns;
- Sterling Investment Grade bonds are Slightly Rich versus all historical timeframes, with sterling 'BBB' credit spreads at 193bps, versus their 5yr average of 184bps; 10yr average of 225bps; and 20yr average of 217bps.
- Sterling High Yield spreads are Fair Value versus history given current spread of 607bps (5yr average = 452bps; 10yr average = 516bps; 20yr average = 601bps). High Yield spreads in USD and EUR – which are significantly larger and more liquid markets - are also trading at Fair Value versus historical timeframes.

In order to ensure capital preservation and deliver a high level of monthly income, we continue to seek out the best risk:reward ideas across investment grade, unrated and high yield bond sectors. We maintain our focus on stock selection reinforced by in-depth credit research.

# Manager's Report

continued

## Fund Performance

Performance for the Select Fund over the last five years.

|                                    | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|------------------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Select Fund X Income           | 9.2%                     | 2.8%                 | 5.3%                 | 1.2%                 | 3.3%                 | 10.8%                |
| IA Sterling Strategic Bond Sector* | 9.9%                     | 3.6%                 | 7.1%                 | (0.1)%               | 3.3%                 | 8.4%                 |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

\* The Fund became a constituent of the sector on 16 November 2017.

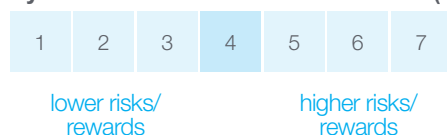
The percentage growth in prices is calculated using the published dealing price of units in the X Income unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Select Fund currently has three types of unit class in issue; I Income, X Income and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Select Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Select 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 Select Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

Effective from 1 July 2020, the synthetic risk and reward indicator for the Select Fund changed from 3 to 4.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Select Fund carries the following risks:

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

**Currency risk:** The Select 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 Select Fund operates portfolio hedging to reduce this risk, it may not always be fully effective.

**Default risk:** The Select 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 make its payments. There is a risk that the issuer will fail to do so. Although the Select Fund generally invests in bonds with high ratings, a high rating does not guarantee an issuer's ability to pay.

**Derivatives risk:** The Select Fund uses derivatives for efficient portfolio management purposes only (currency hedging). Using derivatives can involve a higher level of risk. A small movement in the price of an underlying investment may result in disproportionately large movements in the price of the derivative instrument.

**Focus risk:** The Select 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.

**Investment risk:** The Select Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**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.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Select Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| I Income        | 93,624                         | 100.71                          | 92,966,618                  |
| X Income        | 84,320                         | 100.64                          | 83,781,422                  |
| X Accumulation  | 15,269                         | 107.75                          | 14,171,547                  |
| 31/3/2020       |                                |                                 |                             |
| I Income        | 81,275                         | 93.95                           | 86,510,011                  |
| X Income        | 78,063                         | 93.89                           | 83,145,136                  |
| X Accumulation  | 20,588                         | 98.39                           | 20,925,838                  |
| 31/3/2019       |                                |                                 |                             |
| I Income        | 85,259                         | 101.40                          | 84,082,860                  |
| X Income        | 53,601                         | 101.33                          | 52,897,338                  |
| X Accumulation  | 9,258                          | 101.57                          | 9,114,990                   |
| 31/3/2018       |                                |                                 |                             |
| I Income        | 122,528                        | 103.91                          | 117,916,945                 |
| X Income        | 10,935                         | 103.85                          | 10,530,403                  |
| X Accumulation  | 1                              | 100.00                          | 1,000                       |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| I Income            | 0.13% | I Income          | 0.13% |
| X Income            | 0.48% | X Income          | 0.48% |
| X Accumulation      | 0.48% | X Accumulation    | 0.48% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.



# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value   | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|---|---------------------------------|-------------------------------------|
| <b>BONDS - 84.33% (31/3/2020 - 76.43%)</b>   |   |                                 |                                     |
| <b>UNITED KINGDOM - 55.09% (31/3/2020 - 59.84%)</b>                                  |   |                                 |                                     |
| <b>Sterling Denominated Fixed Rate Corporate Bonds - 53.81% (31/3/2020 - 57.69%)</b> |   |                                 |                                     |
| £1,250,000   | A2D Funding II 4.5% 30/9/2026                     | 1,434                           | 0.74                                |
| £3,900,000   | A2Dominion Housing 3.5% 15/11/2028                | 4,315                           | 2.23                                |
| £1,834,000   | Admiral 5.5% 25/7/2024                            | 2,108                           | 1.09                                |
| £5,950,000   | Bank of Ireland 3.125% 19/9/2027                  | 5,947                           | 3.08                                |
| £2,700,000   | BHP Billiton Finance 6.5% 22/10/2077              | 2,944                           | 1.52                                |
| £2,000,000   | BUPA Finance 4.125% 14/6/2035                     | 2,114                           | 1.09                                |
| £3,118,300   | Burford Capital 5% 1/12/2026                      | 2,642                           | 1.37                                |
| £1,500,000   | Burford Capital 6.125% 26/10/2024                 | 1,350                           | 0.70                                |
| £325,000   | Burford Capital 6.5% 19/8/2022                    | 313                             | 0.16                                |
| £400,000   | Co-Operative 5.125% 17/5/2024                     | 418                             | 0.22                                |
| £2,500,000   | Co-Operative 7.5% 8/7/2026                        | 2,917                           | 1.51                                |
| £3,470,750   | Co-Operative 11% 18/12/2025                       | 4,165                           | 2.16                                |
| £2,000,000   | Direct Line Insurance 4% 5/6/2032                 | 2,205                           | 1.14                                |
| £5,000,000   | ENW Finance 5.875% 21/6/2021                      | 4,999                           | 2.59                                |
| £4,579,000   | Hiscox 6.125% 24/11/2045                          | 5,025                           | 2.60                                |
| £3,500,000   | J Sainsbury 2.875% Perpetual                      | 3,529                           | 1.83                                |
| £2,100,000   | Just 3.5% 7/2/2025                                | 1,910                           | 0.99                                |
| £5,284,000   | Just 9% 26/10/2026                                | 5,767                           | 2.98                                |
| £2,400,000   | Lloyds Bank Corporate Markets 1.5% 23/6/2023      | 2,433                           | 1.26                                |
| £1,000,000   | Nationwide Building Society 5.75% Perpetual       | 1,033                           | 0.53                                |
| £2,375,000   | Paragon Banking 6% 28/8/2024                      | 2,373                           | 1.23                                |
| £581,500   | Paragon Banking 6% 5/12/2020                      | 582                             | 0.30                                |
| £1,000,000   | Paragon Banking 6.125% 30/1/2022                  | 1,001                           | 0.52                                |
| £3,537,000   | Paragon Banking 7.25% 9/9/2026                    | 3,600                           | 1.86                                |
| £2,146,000   | Pension Insurance 4.625% 7/5/2031                 | 2,339                           | 1.21                                |
| £1,600,000   | Pension Insurance 6.5% 3/7/2024                   | 1,872                           | 0.97                                |
| £1,500,000   | Prudential 3.875% 20/7/2049                       | 1,576                           | 0.82                                |
| £200,000   | QBE Capital Funding 7.5% 24/5/2041                | 205                             | 0.11                                |
| £4,000,000   | Reassure 5.867% 13/6/2029                         | 4,572                           | 2.37                                |
| £2,500,000   | Rothsay Life 3.375% 12/7/2026                     | 2,593                           | 1.34                                |
| £3,000,000   | Rothsay Life 8% 30/10/2025                        | 3,726                           | 1.93                                |
| £1,800,000   | Scottish Widows 5.5% 16/6/2023                    | 1,980                           | 1.02                                |
| £2,000,000   | Shawbrook 9% 10/10/2030                           | 1,990                           | 1.03                                |
| £2,000,000   | Siemens Financieringsmaatschappij 0.875% 5/6/2023 | 2,021                           | 1.05                                |
| £2,297,500   | Tesco Personal Finance 5% 21/11/2020              | 2,299                           | 1.19                                |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value   | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|---|---------------------------------|-------------------------------------|
| <b>Sterling Denominated Fixed Rate Corporate Bonds (continued)</b>                               |   |                                 |                                     |
| £4,000,000   | TP ICAP 5.25% 26/1/2024                           | 4,290                           | 2.22                                |
| £650,000   | TP ICAP 5.25% 29/5/2026                           | 720                             | 0.37                                |
| £1,500,000   | Travis Perkins 4.375% 15/9/2021                   | 1,528                           | 0.79                                |
| £1,317,000   | Travis Perkins 4.5% 7/9/2023                      | 1,322                           | 0.68                                |
| £5,800,000   | Virgin Money UK 5.125% 11/12/2030                 | 5,807                           | 3.01                                |
|  |   | <b>103,964</b>                  | <b>53.81</b>                        |
| <b>Sterling Denominated Floating Rate Corporate Bonds - 1.28% (31/3/2020 - 2.15%)</b>            |   |                                 |                                     |
| £1,590,000   | Enel 6.625% FRN 15/9/2076                         | 1,664                           | 0.86                                |
| £800,000   | Nationwide Building Society 5.875% FRN Perpetual  | 821                             | 0.42                                |
|  |   | <b>2,485</b>                    | <b>1.28</b>                         |
| <b>EUROPE - 9.84% (31/3/2020 - 4.48%)</b>  |   |                                 |                                     |
| <b>Euro Denominated Fixed Rate Corporate Bonds- 7.68% (31/3/2020 - 2.34%)</b>                    |   |                                 |                                     |
| €2,600,000   | Commerzbank 6.5% Perpetual                        | 2,370                           | 1.23                                |
| €7,200,000   | Glanbia Co-operative Society 1.375% 9/6/2021      | 6,340                           | 3.28                                |
| €3,000,000   | Raiffeisen Bank International 6% Perpetual        | 2,677                           | 1.39                                |
| €1,700,000   | Swiss Re Finance UK 2.714% 4/6/2052               | 1,624                           | 0.84                                |
| €2,000,000   | Volkswagen International Finance 3.875% Perpetual | 1,823                           | 0.94                                |
|  |   | <b>14,834</b>                   | <b>7.68</b>                         |
| <b>Euro Denominated Floating Rate Corporate Bonds - 2.16% (31/3/2020 - 2.14%)</b>                |   |                                 |                                     |
| €2,600,000   | Barclays 2% FRN 7/2/2028                          | 2,338                           | 1.21                                |
| €2,000,000   | UBS 4.75% FRN 12/2/2026                           | 1,833                           | 0.95                                |
|  |   | <b>4,171</b>                    | <b>2.16</b>                         |
| <b>UNITED STATES - 19.40% (31/3/2020 - 12.11%)</b>   |   |                                 |                                     |
| <b>United States Dollar Denominated Fixed Rate Corporate Bonds - 18.35% (31/3/2020 - 12.11%)</b> |   |                                 |                                     |
| \$2,604,000  | Barclays 7.625% 21/11/2022                        | 2,216                           | 1.15                                |
| \$4,900,000  | Beazley 5.875% 4/11/2026                          | 4,060                           | 2.10                                |
| \$2,750,000  | Beazley Insurance DAC 5.5% 10/9/2029              | 2,226                           | 1.15                                |
| \$5,000,000  | Burford Capital Finance 6.125% 12/8/2025          | 3,442                           | 1.78                                |
| \$6,400,000  | Hikma Finance USA 3.25% 9/7/2025                  | 5,042                           | 2.61                                |
| \$9,856,000  | Louis Dreyfus 5.25% 13/6/2023                     | 7,795                           | 4.03                                |
| \$2,500,000  | Phoenix 4.75% 4/9/2031                            | 2,011                           | 1.04                                |
| \$6,500,000  | Trafigura Funding 5.25% 19/3/2023                 | 4,959                           | 2.57                                |
| \$4,050,000  | Trafigura Funding 6.875% Perpetual                | 2,913                           | 1.51                                |
| \$1,000,000  | UBS 5.125% Perpetual                              | 792                             | 0.41                                |
|  |   | <b>35,456</b>                   | <b>18.35</b>                        |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|--|---------------------------------|-------------------------------------|
|                              | <b>United States Dollar Denominated Floating Rate Corporate Bonds - 1.05%</b><br>(31/3/2020 - 0.00%) |                                 |                                     |
| \$2,600,000                  | Perenti Finance 6.5% Bonds 7/10/2025   | <b>2,022</b>                    | <b>1.05</b>                         |
|                              | <b>EQUITIES - 0.19%</b> (31/3/2020 - 8.93%)  |                                 |                                     |
|                              | <b>UNITED KINGDOM - 0.00%</b> (31/3/2020 - 3.43%)  |                                 |                                     |
|                              | <b>EUROPE - 0.19%</b> (31/3/2020 - 5.50%)  |                                 |                                     |
|                              | <b>Guernsey - 0.19%</b> (31/3/2020 - 5.50%)  |                                 |                                     |
| 430,000                      | Starwood European Real Estate  | <b>365</b>                      | <b>0.19</b>                         |
|                              | <b>ALTERNATIVE - 0.00%</b> (31/3/2020 - 1.68%)   |                                 |                                     |
|                              | <b>DERIVATIVES* - (0.06)%</b> (31/3/2020 - (0.64)%)  |                                 |                                     |
|                              | <b>Open Forward Currency Contracts - (0.06)%</b> (31/3/2020 - (0.64)%)                               |                                 |                                     |
| €2,498,193                   | Bought EUR 2,498,193 : Sold GBP 2,288,489  | (22)                            | (0.01)                              |
| £15,518,734                  | Bought GBP 15,518,734 : Sold EUR 17,069,387  | 32                              | 0.01                                |
| £2,000,982                   | Bought GBP 2,000,982 : Sold EUR 2,168,274  | 34                              | 0.02                                |
| £28,603,148                  | Bought GBP 28,603,148 : Sold USD 37,185,686  | (158)                           | (0.08)                              |
|                              |  | <b>(114)</b>                    | <b>(0.06)</b>                       |
|                              | <b>Portfolio of investments</b>  | <b>163,183</b>                  | <b>84.46</b>                        |
|                              | <b>Net other assets</b>  | <b>30,030</b>                   | <b>15.54</b>                        |
|                              | <b>Total net assets</b>  | <b>193,213</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*The costs associated with derivatives for the period were £7,985.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 13,457                                 |              | 1,064                                  |
| Revenue  | 4,734        |  | 4,735        |  |
| Expenses   | (314)        |  | (318)        |  |
| Interest payable and similar charges   | (5)          |  | (1)          |  |
| Net revenue before taxation for the period   | 4,415        |  | 4,416        |  |
| Taxation   | —            |  | —            |  |
| Net revenue after taxation for the period  |              | 4,415                                  |              | 4,416                                  |
| Total return before distributions  |              | 17,872                                 |              | 5,480                                  |
| Distributions  |              | (4,415)                                |              | (4,416)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>13,457</b>                          |              | <b>1,064</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 179,926                                |              | 148,118                                |
| Amounts received on creation of units                                       | 23,879       |  | 90,965       |  |
| Amounts paid on cancellation of units                                       | (24,595)     |  | (30,691)     |  |
|   |              | (716)                                  |              | 60,274                                 |
| Dilution adjustment   |              | 81                                     |              | 360                                    |
| Change in net assets attributable to unitholders from investment activities |              | 13,457                                 |              | 1,064                                  |
| Retained distribution on accumulation units                                 |              | 465                                    |              | 582                                    |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>193,213</b>                         |              | <b>210,398</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 163,363                            |              | 156,640                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 3,648        |                                    | 4,420        |                                    |
| Cash and bank balances                        | 29,392       |                                    | 24,016       |                                    |
| Total other assets                            |              | 33,040                             |              | 28,436                             |
| <b>Total assets</b>                           |              | <b>196,403</b>                     |              | <b>185,076</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Investment liabilities                        |              | (180)                              |              | (1,188)                            |
| Creditors                                     |              |                                    |              |                                    |
| Distribution payable                          | (557)        |                                    | (671)        |                                    |
| Other creditors                               | (2,453)      |                                    | (3,291)      |                                    |
| Total other liabilities                       |              | (3,010)                            |              | (3,962)                            |
| Total liabilities                             |              | (3,190)                            |              | (5,150)                            |
| <b>Net assets attributable to unitholders</b> |              | <b>193,213</b>                     |              | <b>179,926</b>                     |

# Distribution tables

For the period ended 30 September 2020

## 6th Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 September 2020

Group 2: units purchased between 1 September 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/10/2020 | Distribution Paid<br>per Unit on<br>31/10/2019 |
|----------------|-------------------------|--------------------------|--|--|
| I Income       |                         |                          |  |  |
| Group 1        | 0.3289                  | —                        | 0.3289   | 0.3291   |
| Group 2        | 0.1568                  | 0.1721                   | 0.3289   | 0.3291   |
| X Income       |                         |                          |  |  |
| Group 1        | 0.2998                  | —                        | 0.2998   | 0.2999   |
| Group 2        | 0.1474                  | 0.1524                   | 0.2998   | 0.2999   |
| X Accumulation |                         |                          |  |  |
| Group 1        | 0.3199                  | —                        | 0.3199   | 0.3065   |
| Group 2        | 0.1614                  | 0.1585                   | 0.3199   | 0.3065   |

## 5th Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 August 2020

Group 2: units purchased between 1 August 2020 and 31 August 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>30/9/2020 | Distribution Paid<br>per Unit on<br>30/9/2019 |
|----------------|-------------------------|--------------------------|---|---|
| I Income       |                         |                          |   |   |
| Group 1        | 0.3344                  | —                        | 0.3344  | 0.4703  |
| Group 2        | 0.1551                  | 0.1793                   | 0.3344  | 0.4703  |
| X Income       |                         |                          |   |   |
| Group 1        | 0.3035                  | —                        | 0.3035  | 0.4394  |
| Group 2        | 0.2265                  | 0.0770                   | 0.3035  | 0.4394  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 0.3219                  | —                        | 0.3219  | 0.4467  |
| Group 2        | 0.2077                  | 0.1142                   | 0.3219  | 0.4467  |

## 4th Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 July 2020

Group 2: units purchased between 1 July 2020 and 31 July 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/8/2020 | Distribution Paid<br>per Unit on<br>31/8/2019 |
|----------------|-------------------------|--------------------------|---|---|
| I Income       |                         |                          |   |   |
| Group 1        | 0.3635                  | —                        | 0.3635  | 0.4487  |
| Group 2        | 0.1019                  | 0.2616                   | 0.3635  | 0.4487  |
| X Income       |                         |                          |   |   |
| Group 1        | 0.3332                  | —                        | 0.3332  | 0.4178  |
| Group 2        | 0.1422                  | 0.1910                   | 0.3332  | 0.4178  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 0.3538                  | —                        | 0.3538  | 0.4232  |
| Group 2        | 0.1548                  | 0.1990                   | 0.3538  | 0.4232  |

# Distribution tables

continued

## 3rd Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 June 2020

Group 2: units purchased between 1 June 2020 and 30 June 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/7/2020 | Distribution Paid<br>per Unit on<br>31/7/2019 |
|----------------|-------------------------|--------------------------|---|---|
| I Income       |                         |                          |   |   |
| Group 1        | 0.3521                  | —                        | 0.3521  | 0.3107  |
| Group 2        | 0.1940                  | 0.1581                   | 0.3521  | 0.3107  |
| X Income       |                         |                          |   |   |
| Group 1        | 0.3241                  | —                        | 0.3241  | 0.2810  |
| Group 2        | 0.1411                  | 0.1830                   | 0.3241  | 0.2810  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 0.3426                  | —                        | 0.3426  | 0.2839  |
| Group 2        | 0.2020                  | 0.1406                   | 0.3426  | 0.2839  |

## 2nd Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 May 2020

Group 2: units purchased between 1 May 2020 and 31 May 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>30/6/2020 | Distribution Paid<br>per Unit on<br>30/6/2019 |
|----------------|-------------------------|--------------------------|---|---|
| I Income       |                         |                          |   |   |
| Group 1        | 0.5403                  | —                        | 0.5403  | 0.5725  |
| Group 2        | 0.2732                  | 0.2671                   | 0.5403  | 0.5725  |
| X Income       |                         |                          |   |   |
| Group 1        | 0.5111                  | —                        | 0.5111  | 0.5425  |
| Group 2        | 0.3506                  | 0.1605                   | 0.5111  | 0.5425  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 0.5376                  | —                        | 0.5376  | 0.5458  |
| Group 2        | 0.3445                  | 0.1931                   | 0.5376  | 0.5458  |

## 1st Interim interest distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 April 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Paid<br>per Unit on<br>31/5/2020 | Distribution Paid<br>per Unit on<br>31/5/2019 |
|----------------|-------------------------|--------------------------|---|---|
| I Income       |                         |                          |   |   |
| Group 1        | 0.3859                  | —                        | 0.3859  | 0.3205  |
| Group 2        | 0.2205                  | 0.1654                   | 0.3859  | 0.3205  |
| X Income       |                         |                          |   |   |
| Group 1        | 0.3581                  | —                        | 0.3581  | 0.2910  |
| Group 2        | 0.1492                  | 0.2089                   | 0.3581  | 0.2910  |
| X Accumulation |                         |                          |   |   |
| Group 1        | 0.3753                  | —                        | 0.3753  | 0.2921  |
| Group 2        | 0.1368                  | 0.2385                   | 0.3753  | 0.2921  |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Tactical Select Passive Conservative Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Tactical Select Passive Conservative Fund ("the Tactical Conservative Fund") is to achieve income and moderate capital growth.

The Tactical Conservative Fund will invest primarily in passively managed collective investment schemes and exchange-traded funds in order to gain exposure to equities and fixed interest securities.

Allocation between the schemes and funds in which the Tactical Conservative Fund invests will be actively managed.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Tactical Conservative Fund may also invest in other transferable securities (including closed-ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Tactical Conservative Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Tactical Conservative Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.



# Manager's Report

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## Market commentary

Since the Tactical Conservative Fund was launched on 17 October 2011, we have been implementing the asset allocation view set each quarter by the Close Strategic Policy Committee using both index funds and exchange traded products, including exchange traded funds (ETFs).

For the six month period to end of September 2020, the broad equity markets have rebounded from their Q1 2020 lows, rallying strongly alongside fixed income assets, providing the Tactical Conservative Fund with a good environment to perform. The Tactical Conservative Fund was up 10.3% over the period. Markets rebounded strongly in Q2 2020 after the short crash in March 2020 as central banks responded to the lockdown with further monetary easing allowing equity markets worldwide to rally strongly. The Tactical Conservative Fund performed well in absolute terms delivering +9.6% over Q2, but underperformed its IA 20-60 peer group by -0.6%. Q3 2020 on the other hand was relatively flat with the US Presidential election looming, the China-US trade war seemingly back on and ongoing uncertainty over the Brexit negotiations here in UK. The Tactical Conservative Fund ended the quarter up +0.7%, underperforming the IA 20-60 peer group by -0.6%.

2020 has been a very interesting year with clear winners and losers due to the Covid-19 induced lockdowns across the globe. Many companies have had to improve/enhance or think of ways to enable their employees to work remotely, thus propping up Internet stocks. With most non-essential shops closed for a while, companies like Amazon exposed to E-commerce and logistics have been booming. Overall, companies engaged in the digital economy only had a short crash at the end of March, followed by a strong rebound, while the companies engaged in real economic activities, like oil, airlines and travel continue to suffer.

As the dispersion of stocks has been high this year with clear winners and losers, active stock selection has been beneficial. Therefore, investing in market cap weighted broad market indices has underperformed their active counterparts. In order to capture some of these benefits the Tactical Conservative Fund has seen more investments into theme based ETFs like Cloud computing, Cyber Security and information technology, which have all outperformed their broad market benchmarks since their purchase.

# Manager's Report

continued

## Fund Performance

Performance for the Tactical Conservative Fund over the last five years.

|   | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|---|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Tactical Conservative Fund X Accumulation | 10.3%                    | (2.5)%               | 6.3%                 | 3.4%                 | 5.1%                 | 17.7%                |
| IA Mixed Investment 20-60% Sector             | 11.5%                    | (1.2)%               | 4.0%                 | 2.6%                 | 6.2%                 | 12.1%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Tactical Conservative Fund currently has two types of unit class in issue; X Income and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)

|                         |   |   |   |                          |   |   |
|-------------------------|---|---|---|--------------------------|---|---|
| 1                       | 2 | 3 | 4 | 5                        | 6 | 7 |
| lower risks/<br>rewards |   |   |   | higher risks/<br>rewards |   |   |

The Tactical Conservative Fund is ranked at 4 because funds of this type have experienced average rises and falls in value in the past.

The SRRI table demonstrates where the Tactical Conservative 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 Tactical Conservative Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Tactical Conservative Fund carries the following risks:

**Currency risk:** The Tactical Conservative Fund invests in overseas assets, denominated in currencies other than Sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Emerging Markets risk:** The Tactical Conservative Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

**Focus risk:** The Tactical Conservative 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.

**Funds of funds - Liquidity risk:** The Tactical Conservative Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Tactical Conservative Fund's ability to meet redemption requests may also be affected.

**Investment risk:** The Tactical Conservative Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Tactical Conservative Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Tactical Conservative Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Tactical Conservative Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.16% (31/3/2020 - 0.16%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| X Income        | 10,870                         | 227.65                          | 4,774,758                   |
| X Accumulation  | 195,773                        | 264.55                          | 74,001,729                  |
| 31/3/2020       |                                |                                 |                             |
| X Income        | 10,540                         | 208.20                          | 5,062,463                   |
| X Accumulation  | 167,396                        | 239.89                          | 69,780,663                  |
| 31/3/2019       |                                |                                 |                             |
| X Income        | 8,864                          | 226.49                          | 3,913,442                   |
| X Accumulation  | 125,780                        | 256.37                          | 49,062,311                  |
| 31/3/2018       |                                |                                 |                             |
| X Income        | 6,692                          | 221.62                          | 3,019,512                   |
| X Accumulation  | 70,847                         | 246.45                          | 28,747,447                  |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| X Income            | 0.48% | X Income          | 0.48% |
| X Accumulation      | 0.48% | X Accumulation    | 0.48% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value                               | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>EQUITIES - 38.97%</b> (31/3/2020 - 37.33%)              |  |                                 |                                     |
| <b>United Kingdom - 14.10%</b> (31/3/2020 - 17.19%)        |  |                                 |                                     |
| 6,224,425  | HSBC Index Tracker Investment Funds - FTSE 250 Index Fund    | 9,685                           | 4.69                                |
| 1,237,310  | iShares Core FTSE 100 UCITS ETF                              | 7,121                           | 3.45                                |
| 1,696  | Ossiam FTSE 100 Minimum Variance ETF                         | 311                             | 0.15                                |
| 151,165  | Vanguard FTSE 100 UCITS ETF                                  | 3,911                           | 1.89                                |
| 76,805   | Vanguard FTSE 250 UCITS ETF                                  | 2,074                           | 1.00                                |
| 34,195   | Vanguard FTSE UK All Share Index Unit Trust                  | 6,026                           | 2.92                                |
|  |  | <b>29,128</b>                   | <b>14.10</b>                        |
| <b>Europe - 4.17%</b> (31/3/2020 - 4.12%)                  |  |                                 |                                     |
| 92,170   | db x-trackers EURO STOXX 50                                  | 2,815                           | 1.36                                |
| 289,215  | UBS ETF MSCI EMU UCITS ETF                                   | 2,638                           | 1.28                                |
| 120,955  | Vanguard FTSE Developed Europe ex UK UCITS ETF               | 3,161                           | 1.53                                |
|  |  | <b>8,614</b>                    | <b>4.17</b>                         |
| <b>Asia Pacific (Ex Japan) - 2.89%</b> (31/3/2020 - 2.80%) |  |                                 |                                     |
| 2,212,435  | HSBC Index Tracker Investment Funds - Pacific Index Fund     | <b>5,980</b>                    | <b>2.89</b>                         |
| <b>Japan - 0.92%</b> (31/3/2020 - 0.93%)                   |  |                                 |                                     |
| 934,310  | HSBC Index Tracker Investment Funds - Japan Index Fund       | 997                             | 0.48                                |
| 81,365   | UBS ETF-MSCI Japan UCITS ETF                                 | 906                             | 0.44                                |
|  |  | <b>1,903</b>                    | <b>0.92</b>                         |
| <b>United States - 11.66%</b> (31/3/2020 - 9.53%)          |  |                                 |                                     |
| 9,550  | Invesco Technology S&P US Sector UCITS ETF                   | 2,138                           | 1.04                                |
| 3,820  | iShares NASDAQ 100 UCITS ETF                                 | 1,909                           | 0.92                                |
| 82,555   | SPDR S&P 500 Low Volatility ETF                              | 3,576                           | 1.73                                |
| 109,810  | SPDR S&P U.S. Communication Services Select Sector UCITS ETF | 2,109                           | 1.02                                |
| 134,310  | Vanguard S&P 500 UCITS ETF                                   | 6,651                           | 3.22                                |
| 15,835   | Vanguard US Equity Index Fund                                | 7,716                           | 3.73                                |
|  |  | <b>24,099</b>                   | <b>11.66</b>                        |
| <b>Emerging Markets - 2.97%</b> (31/3/2020 - 2.76%)        |  |                                 |                                     |
| 1,602,700  | Amundi MSCI Emerging Markets UCITS ETF                       | <b>6,145</b>                    | <b>2.97</b>                         |
| <b>Global - 2.26%</b> (31/3/2020 - 0.00%)                  |  |                                 |                                     |
| 182,715  | First Trust Global - Cloud Computing UCITS ETF               | <b>4,676</b>                    | <b>2.26</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value  | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|--|---------------------------------|-------------------------------------|
| <b>FIXED INTEREST - 40.33%</b> (31/3/2020 - 44.29%)                           |  |                                 |                                     |
| <b>United Kingdom Gilts and Corporate Bonds - 40.33%</b> (31/3/2020 - 44.29%) |  |                                 |                                     |
| 3,845,430   | Close Bond Income Portfolio Fund*  | 3,938                           | 1.91                                |
| 13,135,105  | HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund | 13,687                          | 6.62                                |
| 61,820  | iShares Core Sterling Corporate Bond UCITS ETF                           | 9,587                           | 4.64                                |
| 87,455  | iShares Markit iBoxx £ Corporate Bond 1-5 year UCITS ETF                 | 9,305                           | 4.50                                |
| 504,145   | Lyxor FTSE Actuaries UK Gilts 0-5Y DR UCITS ETF                          | 9,193                           | 4.45                                |
| 70,350  | Lyxor FTSE Actuaries UK GILTS DR UCITS ETF                               | 10,588                          | 5.12                                |
| 40,910  | Lyxor FTSE Actuaries UK Inflation-Linked Gilts DR UCITS ETF              | 8,621                           | 4.17                                |
| 66,090  | Lyxor iBoxx Sterling Liquid Corporates Long Dated UCITS ETF              | 10,346                          | 5.01                                |
| 263,245   | SPDR Barclays 0-5 Year Sterling Corporate Bond UCITS ETF                 | 8,068                           | 3.91                                |
|   |  | <b>83,333</b>                   | <b>40.33</b>                        |
| <b>ALTERNATIVE - 10.72%</b> (31/3/2020 - 11.57%)                              |  |                                 |                                     |
| 47,935  | Invesco Physical Gold ETC  | 6,828                           | 3.31                                |
| 168,400   | iShares Global Infrastructure UCITS ETF                                  | 3,658                           | 1.77                                |
| 257,055   | JP Morgan Managed Futures UCITS ETF                                      | 4,382                           | 2.12                                |
| 61,480  | JP Morgan Managed Futures UCITS ETF                                      | 1,078                           | 0.52                                |
| 293,800   | Legal & General Cyber Security UCITS ETF                                 | 4,477                           | 2.17                                |
| 38,930  | UBS CMCi Composite SF UCITS ETF  | 1,709                           | 0.83                                |
|   |  | <b>22,132</b>                   | <b>10.72</b>                        |
|   | <b>Portfolio of investments</b>  | <b>186,010</b>                  | <b>90.02</b>                        |
|   | <b>Net other assets</b>  | <b>20,633</b>                   | <b>9.98</b>                         |
|   | <b>Total net assets</b>  | <b>206,643</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*Related party investment.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 16,725                                 |              | 7,164                                  |
| Revenue  | 2,145        |  | 1,901        |  |
| Expenses   | (316)        |  | (245)        |  |
| Interest payable and similar charges   | (1)          |  | —            |  |
| Net revenue before taxation for the period   | 1,828        |  | 1,656        |  |
| Taxation   | (125)        |  | (117)        |  |
| Net revenue after taxation for the period  |              | 1,703                                  |              | 1,539                                  |
| Total return before distributions  |              | 18,428                                 |              | 8,703                                  |
| Distributions  |              | (1,703)                                |              | (1,539)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>16,725</b>                          |              | <b>7,164</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 177,936                                |              | 134,644                                |
| Amounts received on creation of units                                       | 17,621       |  | 31,393       |  |
| Amounts paid on cancellation of units                                       | (7,302)      |  | (3,077)      |  |
|   |              | 10,319                                 |              | 28,316                                 |
| Dilution adjustment   |              | 3                                      |              | —                                      |
| Change in net assets attributable to unitholders from investment activities |              | 16,725                                 |              | 7,164                                  |
| Retained distribution on accumulation units                                 |              | 1,660                                  |              | 1,593                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>206,643</b>                         |              | <b>171,717</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 186,010                            |              | 165,821                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 343          |                                    | 869          |                                    |
| Cash and bank balances                        | 20,707       |                                    | 11,470       |                                    |
| Total other assets                            |              | 21,050                             |              | 12,339                             |
| <b>Total assets</b>                           |              | <b>207,060</b>                     |              | <b>178,160</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Creditors                                     |              |                                    |              |                                    |
| Distribution payable                          | (93)         |                                    | (83)         |                                    |
| Other creditors                               | (324)        |                                    | (141)        |                                    |
| Total other liabilities                       |              | (417)                              |              | (224)                              |
| Total liabilities                             |              | (417)                              |              | (224)                              |
| <b>Net assets attributable to unitholders</b> |              | <b>206,643</b>                     |              | <b>177,936</b>                     |



# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|----------------|-------------------------|--------------------------|---|--|
| X Income       |                         |                          |   |  |
| Group 1        | 1.9467                  | —                        | 1.9467  | 2.3595   |
| Group 2        | 0.7357                  | 1.2110                   | 1.9467  | 2.3595   |
| X Accumulation |                         |                          |   |  |
| Group 1        | 2.2433                  | —                        | 2.2433  | 2.6731   |
| Group 2        | 1.0506                  | 1.1927                   | 2.2433  | 2.6731   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Tactical Select Passive Balanced Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Tactical Select Passive Balanced Fund ("the Tactical Balanced Fund") is to generate capital growth with some income.

The Tactical Balanced Fund will invest primarily in passively managed collective investment schemes and exchange-traded funds in order to gain exposure to equities and fixed interest securities.

Allocation between the schemes and funds in which the Tactical Balanced Fund invests will be actively managed.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Tactical Balanced Fund may also invest in other transferable securities (including closed-ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Tactical Balanced Fund may also gain exposure to alternative asset classes, such as commodities, hedge funds, infrastructure, property and convertibles through investment in transferable securities.

The Tactical Balanced Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

# Manager's Report

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## Market commentary

Since the Tactical Balanced Fund was launched on 17 October 2011, we have been implementing the asset allocation view set each quarter by the Close Strategic Policy Committee using both index funds and exchange traded products, including exchange traded funds (ETFs).

For the six month period to end of September 2020, the broad equity markets have rebounded from their Q1 2020 lows, rallying strongly alongside fixed income assets, providing the Tactical Balanced Fund with a good environment to perform. The Tactical Balanced Fund was up 13.2% over the period. Markets rebounded strongly in Q2 2020 after the short crash in March 2020 as central banks responded to the lockdown with further monetary easing allowing equity markets worldwide to rally strongly. The Tactical Balanced Fund performed well in absolute terms delivering +11.9% over Q2, but underperformed its IA 40-85 peer group by -1.2%. Q3 2020 on the other hand was relatively flat with the US Presidential election looming, the China-US trade war seemingly back on and ongoing uncertainty over the Brexit negotiations here in UK. The Tactical Balanced Fund ended the quarter up +1.2%, underperforming the IA 40-85 peer group by -0.8%.

2020 has been a very interesting year with clear winners and losers due to the Covid-19 induced lockdowns across the globe. Many companies have had to improve/enhance or think of ways to enable their employees to work remotely, thus propping up Internet stocks. With most non-essential shops closed for a while, companies like Amazon exposed to E-commerce and logistics have been booming. Overall, companies engaged in the digital economy only had a short crash at the end of March, followed by a strong rebound, while the companies engaged in real economic activities, like oil, airlines and travel continue to suffer.

As the dispersion of stocks has been high this year with clear winners and losers active stock selection has been beneficial. Therefore, investing in market cap weighted broad market indices has underperformed their active counterparts. In order to capture some of these benefits the Tactical Balanced Fund has seen more investments into theme based ETFs like Cloud computing, Cyber Security and information technology, which have all outperformed their broad market benchmarks since investing in them.

# Manager's Report

continued

## Fund Performance

Performance for the Tactical Balanced Fund over the last five years.

|   | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|---|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Tactical Balanced Fund X Accumulation | 13.2%                    | (3.5)%               | 6.1%                 | 4.7%                 | 9.8%                 | 19.4%                |
| IA Mixed Investments 40-85% Sector        | 15.3%                    | (0.2)%               | 4.2%                 | 5.4%                 | 9.1%                 | 15.4%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Tactical Balanced Fund currently has two types of unit class in issue; X Accumulation and I Accumulation.

### Synthetic Risk and Reward Indicator (SRRI)

|                         |   |   |   |                          |   |   |
|-------------------------|---|---|---|--------------------------|---|---|
| 1                       | 2 | 3 | 4 | 5                        | 6 | 7 |
| lower risks/<br>rewards |   |   |   | higher risks/<br>rewards |   |   |

The Tactical Balanced Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past.

The SRRI table demonstrates where the Tactical Balanced 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 Tactical Balanced Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

Effective from 1 July 2020, the synthetic risk and reward indicator for the Tactical Balanced Fund changed from 4 to 5.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Tactical Balanced Fund carries the following risks:

**Currency risk:** The Tactical Balanced Fund invests in overseas assets, denominated in currencies other than sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Emerging Markets risk:** The Tactical Balanced Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

**Focus risk:** The Tactical Balanced 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.

**Funds of funds - Liquidity risk:** The Tactical Balanced Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Tactical Balanced Fund's ability to meet redemption requests may also be affected.

**Investment risk:** The Tactical Balanced Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**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.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Tactical Balanced Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Tactical Balanced Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Tactical Balanced Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.17% (31/3/2020 - 0.17%).

# Performance record

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| I Accumulation  | 1,955                          | 97.96                           | 1,995,907                   |
| X Accumulation  | 248,739                        | 290.48                          | 85,631,243                  |
| 31/3/2020       |                                |                                 |                             |
| I Accumulation* | 1,384                          | 86.58                           | 1,599,253                   |
| X Accumulation  | 214,721                        | 256.96                          | 83,562,057                  |
| 31/3/2019       |                                |                                 |                             |
| X Accumulation  | 171,837                        | 281.49                          | 61,044,790                  |
| 31/3/2018       |                                |                                 |                             |
| X Accumulation  | 98,289                         | 268.38                          | 36,622,612                  |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| I Accumulation      | 0.27% | I Accumulation    | 0.27% |
| X Accumulation      | 0.51% | X Accumulation    | 0.51% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*I Accumulation unit class launched 15 July 2019.

# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value                               | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>EQUITIES - 60.29%</b> (31/3/2020 - 59.10%)              |  |                                 |                                     |
| <b>United Kingdom - 18.63%</b> (31/3/2020 - 21.86%)        |  |                                 |                                     |
| 5,235,408  | HSBC Index Tracker Investment Funds - FTSE 250 Index Fund    | 12,884                          | 5.14                                |
| 1,550,410  | iShares Core FTSE 100 UCITS ETF                              | 8,923                           | 3.56                                |
| 8,575  | Ossiam FTSE 100 Minimum Variance ETF                         | 1,574                           | 0.63                                |
| 317,295  | Vanguard FTSE 100 UCITS ETF                                  | 8,208                           | 3.27                                |
| 229,605  | Vanguard FTSE 250 UCITS ETF                                  | 6,199                           | 2.47                                |
| 50,600   | Vanguard FTSE UK All Share Index Unit Trust                  | 8,917                           | 3.56                                |
|  |  | <b>46,705</b>                   | <b>18.63</b>                        |
| <b>Europe - 8.40%</b> (31/3/2020 - 8.19%)                  |  |                                 |                                     |
| 181,340  | db x-trackers EURO STOXX 50 ETF                              | 7,946                           | 3.17                                |
| 706,425  | UBS ETF MSCI EMU UCITS ETF                                   | 6,445                           | 2.57                                |
| 255,560  | Vanguard FTSE Developed Europe ex UK UCITS ETF               | 6,678                           | 2.66                                |
|  |  | <b>21,069</b>                   | <b>8.40</b>                         |
| <b>United States - 18.56%</b> (31/3/2020 - 17.89%)         |  |                                 |                                     |
| 20,900   | Invesco Technology S&P US Sector UCITS ETF                   | 4,680                           | 1.87                                |
| 9,155  | iShares NASDAQ 100 UCITS ETF                                 | 4,576                           | 1.83                                |
| 1,479,170  | Schroder US Equity Income Maximiser Fund                     | 987                             | 0.39                                |
| 131,690  | SPDR S&P 500 Low Volatility ETF                              | 5,704                           | 2.28                                |
| 240,325  | SPDR S&P U.S. Communication Services Select Sector UCITS ETF | 4,616                           | 1.84                                |
| 245,540  | Vanguard S&P 500 UCITS ETF                                   | 12,160                          | 4.85                                |
| 24,385   | Vanguard US Equity Index Fund (Acc)                          | 13,800                          | 5.50                                |
|  |  | <b>46,523</b>                   | <b>18.56</b>                        |
| <b>Asia Pacific (Ex Japan) - 4.70%</b> (31/3/2020 - 4.38%) |  |                                 |                                     |
| 2,823,205  | HSBC Index Tracker Investment Funds - Pacific Index Fund     | 11,781                          | 4.70                                |
| <b>Japan - 2.05%</b> (31/3/2020 - 2.04%)                   |  |                                 |                                     |
| 2,547,860  | HSBC Index Tracker Investment Funds - Japan Index Fund       | 3,417                           | 1.36                                |
| 145,410  | UBS ETF-MSCI Japan UCITS ETF                                 | 1,719                           | 0.69                                |
|  |  | <b>5,136</b>                    | <b>2.05</b>                         |
| <b>Emerging Markets - 5.11%</b> (31/3/2020 - 4.74%)        |  |                                 |                                     |
| 3,340,170  | Amundi Msci Emerging Markets UCITS ETF                       | 12,806                          | 5.11                                |
| <b>Global - 2.84%</b> (31/3/2020 - 0.00%)                  |  |                                 |                                     |
| 278,595  | First Trust Global - Cloud Computing UCITS ETF               | 7,129                           | 2.84                                |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value | Investment  | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|------------------------------|---|---------------------------------|-------------------------------------|
|                              | <b>FIXED INTEREST - 19.57% (31/3/2020 - 21.67%)</b>                           |                                 |                                     |
|                              | <b>United Kingdom Gilts and Corporate Bonds - 19.57% (31/3/2020 - 21.67%)</b> |                                 |                                     |
| 2,704,580                    | Close Bond Income Portfolio Fund*   | 2,770                           | 1.11                                |
| 12,947,550                   | HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund      | 13,491                          | 5.38                                |
| 51,835                       | iShares Markit iBoxx £ Corporate Bond 1-5 year UCITS ETF                      | 5,515                           | 2.20                                |
| 356,950                      | Lyxor FTSE Actuaries UK Gilts 0-5Y DR UCITS ETF                               | 6,509                           | 2.60                                |
| 53,790                       | Lyxor FTSE Actuaries UK Gilts DR UCITS ETF                                    | 8,096                           | 3.23                                |
| 19,530                       | Lyxor FTSE Actuaries UK Inflation-Linked Gilts DR UCITS ETF                   | 4,115                           | 1.64                                |
| 24,190                       | Lyxor iBoxx Sterling Liquid Corporates Long Dated UCITS ETF                   | 3,787                           | 1.51                                |
| 155,430                      | SPDR Barclays 0-5 Year Sterling Corporate Bond UCITS ETF                      | 4,764                           | 1.90                                |
|                              |   | <b>49,047</b>                   | <b>19.57</b>                        |
|                              | <b>ALTERNATIVE - 11.92% (31/3/2020 - 12.79%)</b>                              |                                 |                                     |
| 61,625                       | Invesco Physical Gold ETC   | 8,779                           | 3.50                                |
| 216,750                      | iShares Global Infrastructure UCITS ETF                                       | 4,708                           | 1.88                                |
| 77,950                       | JP Morgan Managed Futures UCITS ETF   | 1,366                           | 0.55                                |
| 331,520                      | JP Morgan Managed Futures UCITS ETF   | 5,652                           | 2.25                                |
| 468,665                      | Legal & General Cyber Security UCITS ETF                                      | 7,142                           | 2.85                                |
| 50,970                       | UBS CMCi Composite SF UCITS ETF   | 2,237                           | 0.89                                |
|                              |   | <b>29,884</b>                   | <b>11.92</b>                        |
|                              | <b>Portfolio of investments</b>   | <b>230,080</b>                  | <b>91.78</b>                        |
|                              | <b>Net other assets</b>   | <b>20,614</b>                   | <b>8.22</b>                         |
|                              | <b>Total net assets</b>   | <b>250,694</b>                  | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*Related party investment.



# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--------------|--|
| Income   |              |  |              |  |
| Net capital gains  |              | 26,330                                 |              | 11,016                                 |
| Revenue  | 2,777        |  | 2,531        |  |
| Expenses   | (410)        |  | (340)        |  |
| Interest payable and similar charges   | (3)          |  | —            |  |
| Net revenue before taxation for the period   | 2,364        |  | 2,191        |  |
| Taxation   | (36)         |  | (36)         |  |
| Net revenue after taxation for the period  |              | 2,328                                  |              | 2,155                                  |
| Total return before distributions  |              | 28,658                                 |              | 13,171                                 |
| Distributions  |              | (2,328)                                |              | (2,147)                                |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>26,330</b>                          |              | <b>11,024</b>                          |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--------------|--|
| Opening net assets attributable to unitholders                              |              | 216,105                                |              | 171,837                                |
| Amounts received on creation of units                                       | 19,523       |  | 41,718       |  |
| Amounts paid on cancellation of units                                       | (13,601)     |  | (2,500)      |  |
|   |              | 5,922                                  |              | 39,218                                 |
| Change in net assets attributable to unitholders from investment activities |              | 26,330                                 |              | 11,024                                 |
| Retained distribution on accumulation units                                 |              | 2,337                                  |              | 2,338                                  |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>250,694</b>                         |              | <b>224,417</b>                         |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 230,080                            |              | 202,181                            |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 1,060        |                                    | 1,587        |                                    |
| Cash and bank balances                        | 19,656       |                                    | 12,603       |                                    |
| Total other assets                            |              | 20,716                             |              | 14,190                             |
| <b>Total assets</b>                           |              | <b>250,796</b>                     |              | <b>216,371</b>                     |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Creditors                                     |              |                                    |              |                                    |
| Bank overdrafts                               | —            |                                    | (1)          |                                    |
| Other creditors                               | (102)        |                                    | (265)        |                                    |
| Total other liabilities                       |              | (102)                              |              | (266)                              |
| Total liabilities                             |              | (102)                              |              | (266)                              |
| <b>Net assets attributable to unitholders</b> |              | <b>250,694</b>                     |              | <b>216,105</b>                     |

# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|----------------|-------------------------|--------------------------|---|--|
| I Accumulation |                         |                          |   |  |
| Group 1        | 1.0035                  | —                        | 1.0035  | 0.3890   |
| Group 2        | 0.6638                  | 0.3397                   | 1.0035  | 0.3890   |
| X Accumulation |                         |                          |   |  |
| Group 1        | 2.7053                  | —                        | 2.7053  | 3.1469   |
| Group 2        | 1.6363                  | 1.0690                   | 2.7053  | 3.1469   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# Close Tactical Select Passive Growth Fund

For the period ended 30 September 2020

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## Fund objective and policy

The investment objective of the Close Tactical Select Passive Growth Fund ("the Tactical Growth Fund") is to generate capital growth.

The Tactical Growth Fund will invest primarily in passively managed collective investment schemes and exchange-traded funds in order to gain exposure to equities and fixed interest securities.

Allocation between the schemes and funds in which the Tactical Growth Fund invests will be actively managed.

The underlying equity component may include shares in smaller companies and companies listed in emerging markets.

The underlying fixed interest component may include government and corporate bonds (which may include emerging market and high yield bonds), money market instruments and deposits.

The Tactical Growth Fund may also invest in other transferable securities (including closed-ended funds), collective investment schemes managed by the Manager or an affiliate of the Manager, money market instruments, deposits, cash and near cash.

The Tactical Growth Fund may also gain exposure to alternative asset classes such as commodities, hedge funds, infrastructure, property and convertibles through transferable securities.

The Tactical Growth Fund may use derivatives, including exchange-traded and over the counter derivatives, forward transactions and currency hedges for investment purposes as well as for efficient portfolio management.

# Manager's Report

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## Market commentary

Since the Tactical Growth Fund was launched on 17 October 2011, we have been implementing the asset allocation view set each quarter by the Close Brothers Asset Management Strategic Policy Committee using both index funds and exchange traded products, including exchange traded funds (ETFs).

For the six month period to end of September 2020, the broad equity markets have rebounded from their Q1 2020 lows, rallying strongly alongside fixed income assets, providing the Tactical Growth Fund with a good environment to perform. The Tactical Growth Fund was up 16.3% over the period. Markets rebounded strongly in Q2 2020 after the short crash in March 2020 as central banks responded to the lockdown with further monetary easing allowing equity markets worldwide to rally strongly. The Tactical Growth Fund performed well in absolute terms delivering +14.2% over Q2, also outperforming its IA Flexible Investment peer group by +0.6%. Q3 2020 on the other hand was relatively flat with the US Presidential election looming, the China-US trade war seemingly back on and ongoing uncertainty over the Brexit negotiations here in UK. The Tactical Growth Fund ended the quarter up +1.8%, underperforming the IA Flexible Investment peer group by -0.6%.

2020 has been a very interesting year with clear winners and losers due to the Covid-19 induced lockdowns across the globe. Many companies have had to improve/enhance or think of ways to enable their employees to work remotely, thus propping up Internet stocks. With most non-essential shops closed for a while, companies like Amazon exposed to E-commerce and logistics have been booming. Overall, companies engaged in the digital economy only had a short crash at the end of March, followed by a strong rebound, while the companies engaged in real economic activities, like oil, airlines and travel continue to suffer.

As the dispersion of stocks has been high this year with clear winners and losers active stock selection has been beneficial. Therefore, investing in market cap weighted broad market indices has underperformed their active counterparts. In order to capture some of these benefits the Tactical Growth Fund has seen more investments into theme based ETFs like Cloud computing, Cyber Security and information technology, which have all outperformed their broad market benchmarks since investing in them.

# Manager's Report

continued

## Fund Performance

Performance for the Tactical Growth Fund over the last five years.

|   | 6 months to<br>30/9/2020 | Year to<br>30/9/2020 | Year to<br>30/9/2019 | Year to<br>30/9/2018 | Year to<br>30/9/2017 | Year to<br>30/9/2016 |
|---|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| The Tactical Growth Fund X Accumulation | 16.3%                    | (3.2)%               | 5.9%                 | 7.7%                 | 11.6%                | 18.4%                |
| IA Flexible Investment Sector           | 16.2%                    | 0.9%                 | 3.2%                 | 5.4%                 | 10.5%                | 16.5%                |

Source: Produced by Close Asset Management (UK) Limited using Financial Express.

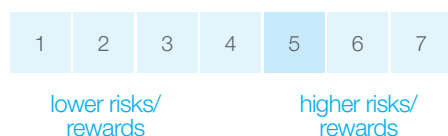
The percentage growth in prices is calculated using the published dealing price of units in the X Accumulation unit class (which may include a dilution adjustment to the mid-market value) in sterling with net revenue re-invested.

Units are priced on a single mid-market basis.

## Risk and Reward Profile

The Tactical Growth Fund currently has two types of unit class in issue; I Accumulation and X Accumulation. Each type of unit class has the same risk and reward profile which is as follows:

### Synthetic Risk and Reward Indicator (SRRI)



The Tactical Growth Fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past.

The SRRI table demonstrates where the Tactical Growth 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 Tactical Growth Fund.

Past performance is not a reliable guide to future performance.

The lowest category does not mean risk free.

The rating does not reflect the possible effects of unusual market conditions or large unpredictable events.

There have been no changes to the risk rating this period.

The SRRI conforms to the ESMA guidelines regarding its calculation.

Investing in the Tactical Growth Fund carries the following risks:

**Currency risk:** The Tactical Growth Fund invests in overseas assets, denominated in currencies other than sterling. Changes in exchange rates may have a negative impact on the value of your investment.

**Emerging Markets risk:** The Tactical Growth Fund may invest in emerging markets which can involve a higher element of risk due to less well regulated markets and the potential for political and economic instability.

**Focus risk:** The Tactical Growth 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.

**Funds of funds - Liquidity risk:** The Tactical Growth Fund invests in other funds and its liquidity depends upon the liquidity of those underlying funds. If underlying funds suspend or defer the payment of redemption proceeds, the Tactical Growth Fund's ability to meet redemption requests may also be affected.

**Investment risk:** The Tactical Growth Fund invests in equities and bonds globally. Share prices can rise or fall due to a number of factors affecting global stock markets.

**Management risk:** Investment management techniques that have worked well in normal market conditions could prove ineffective or detrimental at other times.

A more comprehensive list of the Tactical Growth Fund's risks are contained in the "Risk Factors" section of the prospectus.

# Collective Investment Schemes

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## **Collective Investment Schemes**

The Tactical Growth Fund invests a substantial proportion of its assets in other Collective Investment Schemes. Please refer to the portfolio statement for details of the Collective Investment Schemes that are held at the balance sheet date.

The charges incurred by the Tactical Growth Fund as a result of its investments in other Collective Investment Schemes as expressed as a percentage of net assets at the balance sheet date are 0.19% (31/3/2020 - 0.19%).

# Performance record

## Net asset value

| Accounting Date | Total Net Asset Value<br>£'000 | Net Asset Value per Unit<br>(p) | Number of Units<br>in issue |
|-----------------|--------------------------------|---------------------------------|-----------------------------|
| 30/9/2020       |                                |                                 |                             |
| I Accumulation  | 2,332                          | 98.17                           | 2,375,699                   |
| X Accumulation  | 55,532                         | 306.41                          | 18,123,509                  |
| 31/3/2020       |                                |                                 |                             |
| I Accumulation* | 1,705                          | 84.59                           | 2,015,427                   |
| X Accumulation  | 46,480                         | 264.30                          | 17,586,357                  |
| 31/3/2019       |                                |                                 |                             |
| X Accumulation  | 33,021                         | 293.95                          | 11,233,606                  |
| 31/3/2018       |                                |                                 |                             |
| X Accumulation  | 20,700                         | 277.04                          | 7,472,020                   |

## Operating charges figure

| Period to 30/9/2020 |       | Year to 31/3/2020 |       |
|---------------------|-------|-------------------|-------|
| I Accumulation      | 0.29% | I Accumulation    | 0.29% |
| X Accumulation      | 0.51% | X Accumulation    | 0.51% |

The operating charges figure (OCF) represents the annual operating expenses of the Fund, the Fund Management Fee ("FMF"), expressed as a percentage of average net assets for the period/year - it does not include initial charges or performance fees.

\*I Accumulation unit class launched 15 July 2019.



# Portfolio statement

as at 30 September 2020

| Holding/<br>Nominal<br>Value                               | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|--|--|---------------------------------|-------------------------------------|
| <b>EQUITIES - 75.27%</b> (31/3/2020 - 75.25%)              |  |                                 |                                     |
| <b>United Kingdom - 18.02%</b> (31/3/2020 - 21.90%)        |  |                                 |                                     |
| 1,216,690  | HSBC Index Tracker Investment Funds - FTSE 250 Index Fund    | 2,994                           | 5.17                                |
| 385,370  | iShares Core FTSE 100 UCITS ETF                              | 2,218                           | 3.83                                |
| 773  | Ossiam FTSE 100 Minimum Variance ETF                         | 142                             | 0.25                                |
| 48,025   | Vanguard FTSE 100 UCTIS ETF                                  | 1,242                           | 2.15                                |
| 59,545   | Vanguard FTSE 250 UCITS ETF                                  | 1,608                           | 2.78                                |
| 12,610   | Vanguard FTSE UK All Share Index Unit Trust                  | 2,222                           | 3.84                                |
|  |  | <b>10,426</b>                   | <b>18.02</b>                        |
| <b>Europe - 11.85%</b> (31/3/2020 - 11.96%)                |  |                                 |                                     |
| 55,550   | db x-trackers EURO STOXX 50 ETF                              | 2,434                           | 4.21                                |
| 237,185  | UBS ETF MSCI EMU UCITS ETF                                   | 2,164                           | 3.74                                |
| 86,445   | Vanguard FTSE Developed Europe ex UK UCITS ETF               | 2,259                           | 3.90                                |
|  |  | <b>6,857</b>                    | <b>11.85</b>                        |
| <b>United States - 26.33%</b> (31/3/2020 - 26.05%)         |  |                                 |                                     |
| 4,985  | iShares NASDAQ 100 UCITS ETF                                 | 2,492                           | 4.31                                |
| 6,870  | Invesco Technology S&P US Sector UCITS ETF                   | 1,538                           | 2.66                                |
| 1,489,213  | Schroder US Equity Income Maximiser Fund                     | 994                             | 1.72                                |
| 36,890   | SPDR S&P 500 Low Volatility ETF                              | 1,598                           | 2.76                                |
| 79,020   | SPDR S&P U.S. Communication Services Select Sector UCITS ETF | 1,518                           | 2.62                                |
| 70,025   | Vanguard S&P 500 UCITS ETF                                   | 3,468                           | 5.99                                |
| 6,410  | Vanguard US Equity Index Fund (Acc)                          | 3,628                           | 6.27                                |
|  |  | <b>15,236</b>                   | <b>26.33</b>                        |
| <b>Asia Pacific (Ex Japan) - 6.23%</b> (31/3/2020 - 6.01%) |  |                                 |                                     |
| 863,390  | HSBC Index Tracker Investment Funds - Pacific Index Fund     | <b>3,603</b>                    | <b>6.23</b>                         |
| <b>Japan - 3.16%</b> (31/3/2020 - 3.25%)                   |  |                                 |                                     |
| 863,342  | HSBC Index Tracker Investment Funds - Japan Index Fund       | 1,158                           | 2.00                                |
| 56,895   | UBS ETF-MSCI Japan UCITS ETF                                 | 672                             | 1.16                                |
|  |  | <b>1,830</b>                    | <b>3.16</b>                         |
| <b>Emerging Markets - 6.32%</b> (31/3/2020 - 6.08%)        |  |                                 |                                     |
| 954,700  | Amundi MSCI Emerging Markets UCITS ETF                       | <b>3,660</b>                    | <b>6.32</b>                         |
| <b>Global - 3.36%</b> (31/3/2020 - 0.00%)                  |  |                                 |                                     |
| 76,020   | First Trust Global - Cloud Computing UCITS ETF               | <b>1,945</b>                    | <b>3.36</b>                         |

# Portfolio statement

continued

| Holding/<br>Nominal<br>Value  | Investment   | Market<br>Value<br>GBP<br>£'000 | Percentage<br>of Net<br>Assets<br>% |
|---|--|---------------------------------|-------------------------------------|
| <b>FIXED INTEREST - 4.01% (31/3/2020 - 4.57%)</b>                           |  |                                 |                                     |
| <b>United Kingdom Gilts and Corporate Bonds - 4.01% (31/3/2020 - 4.57%)</b> |  |                                 |                                     |
| 522,260   | Close Bond Income Portfolio Fund*  | 535                             | 0.93                                |
| 1,217,450   | HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund | 1,269                           | 2.19                                |
| 3,410   | Lyxor FTSE Actuaries UK GILTS DR UCITS ETF                               | 513                             | 0.89                                |
|   |  | <b>2,317</b>                    | <b>4.01</b>                         |
| <b>ALTERNATIVE - 12.67% (31/3/2020 - 14.00%)</b>                            |  |                                 |                                     |
| 14,615  | Invesco Physical Gold ETC  | 2,082                           | 3.60                                |
| 50,440  | iShares Global Infrastructure UCITS ETF                                  | 1,096                           | 1.89                                |
| 18,400  | JP Morgan Managed Futures UCITS ETF                                      | 322                             | 0.56                                |
| 77,485  | JP Morgan Managed Futures UCITS ETF                                      | 1,321                           | 2.28                                |
| 131,245   | Legal & General Cyber Security UCITS ETF                                 | 2,000                           | 3.46                                |
| 11,670  | UBS CMCI Composite SF UCITS ETF  | 512                             | 0.88                                |
|   |  | <b>7,333</b>                    | <b>12.67</b>                        |
|   | <b>Portfolio of investments</b>  | <b>53,207</b>                   | <b>91.95</b>                        |
|   | <b>Net other assets</b>  | <b>4,657</b>                    | <b>8.05</b>                         |
|   | <b>Total net assets</b>  | <b>57,864</b>                   | <b>100.00</b>                       |

All securities are approved securities which are listed on an official stock exchange and/or traded on regulated markets, unless otherwise stated.

\*Related party investment.

# Financial statements

## Statement of total return

for the period ended 30 September 2020

|  | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|--|--------------|--|--|
| Income   |              |  |  |
| Net capital gains  |              | 7,343                                  | 2,548                                  |
| Revenue  | 637          |  | 552                                    |
| Expenses   | (87)         |  | (71)                                   |
| Interest payable and similar charges   | (1)          |  | —                                      |
| Net revenue before taxation for the period   | 549          |  | 481                                    |
| Taxation   | (2)          |  | —                                      |
| Net revenue after taxation for the period  |              | 547                                    | 481                                    |
| Total return before distributions  |              | 7,890                                  | 3,029                                  |
| Distributions  |              | (547)                                  | (481)                                  |
| <b>Change in net assets attributable to unitholders from investment activities</b> |              | <b>7,343</b>                           | <b>2,548</b>                           |

## Statement of change in net assets attributable to unitholders

for the period ended 30 September 2020

|   | GBP<br>£'000 | Period to<br>30/9/2020<br>GBP<br>£'000 | Period to<br>30/9/2019<br>GBP<br>£'000 |
|---|--------------|--|--|
| Opening net assets attributable to unitholders                              |              | 48,185                                 | 33,021                                 |
| Amounts received on creation of units                                       | 5,885        |  | 16,435                                 |
| Amounts paid on cancellation of units                                       | (4,100)      |  | (614)                                  |
|   |              | 1,785                                  | 15,821                                 |
| Dilution adjustment   |              | 2                                      | 5                                      |
| Change in net assets attributable to unitholders from investment activities |              | 7,343                                  | 2,548                                  |
| Retained distribution on accumulation units                                 |              | 549                                    | 544                                    |
| <b>Closing net assets attributable to unitholders</b>                       |              | <b>57,864</b>                          | <b>51,939</b>                          |

The difference between the current period opening net assets attributable to unitholders and the closing net assets attributable to unitholders at the end of the comparative period is the movement in the second half of the year.

# Financial statements

continued

## Balance sheet

as at 30 September 2020

|   | GBP<br>£'000 | As at<br>30/9/2020<br>GBP<br>£'000 | GBP<br>£'000 | As at<br>31/3/2020<br>GBP<br>£'000 |
|---|--------------|------------------------------------|--------------|------------------------------------|
| <b>ASSETS</b>                                 |              |                                    |              |                                    |
| Fixed assets                                  |              |                                    |              |                                    |
| Investments                                   |              | 53,207                             |              | 45,208                             |
| Current assets                                |              |                                    |              |                                    |
| Debtors                                       | 398          |                                    | 114          |                                    |
| Cash and bank balances                        | 4,282        |                                    | 2,903        |                                    |
| Total other assets                            |              | 4,680                              |              | 3,017                              |
| <b>Total assets</b>                           |              | <b>57,887</b>                      |              | <b>48,225</b>                      |
| <b>LIABILITIES</b>                            |              |                                    |              |                                    |
| Creditors                                     |              |                                    |              |                                    |
| Other creditors                               | (23)         |                                    | (40)         |                                    |
| Total other liabilities                       |              | (23)                               |              | (40)                               |
| Total liabilities                             |              | (23)                               |              | (40)                               |
| <b>Net assets attributable to unitholders</b> |              | <b>57,864</b>                      |              | <b>48,185</b>                      |

# Distribution table

For the period ended 30 September 2020

## Interim dividend distribution in pence per unit

Group 1: units purchased prior to 1 April 2020

Group 2: units purchased between 1 April 2020 and 30 September 2020

|                | Net Revenue<br>per Unit | Equalisation<br>per Unit | Distribution Payable<br>per Unit on<br>30/11/2020 | Distribution Paid<br>per Unit on<br>30/11/2019 |
|----------------|-------------------------|--------------------------|---|--|
| I Accumulation |                         |                          |   |  |
| Group 1        | 1.0227                  | —                        | 1.0227  | 0.3965   |
| Group 2        | 0.6201                  | 0.4026                   | 1.0227  | 0.3965   |
| X Accumulation |                         |                          |   |  |
| Group 1        | 2.8925                  | —                        | 2.8925  | 3.3487   |
| Group 2        | 1.7433                  | 1.1492                   | 2.8925  | 3.3487   |

## Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital; being capital it is not liable to Income tax but must be deducted from the cost of units for Capital Gains tax purposes.

# General Information

Close Discretionary Funds ("the Trust") is a unit trust scheme which is constituted by its Trust Deed entered into between the Manager, Close Asset Management (UK) Limited, and the then Trustee, Citibank International Plc.

The Trust was authorised by the Financial Conduct Authority on 25 August 2010. The Trust is a UCITS (Undertakings for Collective Investments in Transferable Securities Directive) scheme.

The Trust is an umbrella unit trust comprising thirteen sub-funds as at 30 September 2020 ("the sub-funds"):

- Close Bond Income Portfolio Fund\*
- Close Diversified Income Portfolio Fund\*
- Close Conservative Portfolio Fund\*
- Close Balanced Portfolio Fund\*
- Close Growth Portfolio Fund\*
- Close Managed Income Fund\*\*
- Close Managed Conservative Fund\*\*
- Close Managed Balanced Fund\*\*
- Close Managed Growth Fund\*\*
- Close Select Fixed Income Fund\*\*\*
- Close Tactical Select Passive Conservative Fund\*\*
- Close Tactical Select Passive Balanced Fund\*\*
- Close Tactical Select Passive Growth Fund\*\*

\* Launched 3 September 2010

\*\* Launched 17 October 2011

\*\*\* Launched 15 October 2012

## Accounting year end date

31 March

## Objectives and Manager's Report

Individual investment objectives and a review of investment activities of each sub-fund during the period under review are included within the Fund Manager's Reviews.

As at 30 September 2020 the following sub-funds invested in the Close Bond Income Portfolio Fund:

|   | Number of units held | Market value £'000 |
|---|----------------------|--------------------|
| Close Tactical Select Passive Balanced Fund     | 2,704,580            | 2,770              |
| Close Tactical Select Passive Conservative Fund | 3,845,430            | 3,938              |
| Close Tactical Select Passive Growth Fund       | 522,260              | 535                |

No transactions occurred during the period to 30 September 2020.

No other sub-funds invested in another Close Discretionary sub-fund.

# General Information

continued

## Objectives and Manager's Report continued

As at 30 September 2020 the following sub-funds invested in the Close Brothers 4.25% Bonds 24/1/2027:

|                                   | Number of units held | Market value £'000 |
|-----------------------------------|----------------------|--------------------|
| Close Balanced Portfolio Fund     | 6,800,000            | 6,947              |
| Close Bond Income Portfolio Fund  | 4,500,000            | 4,597              |
| Close Conservative Portfolio Fund | 4,300,000            | 4,393              |
| Close Diversified Income Fund     | 9,450,000            | 9,655              |

No transactions occurred during the period to 30 September 2020.

## Changes to sub-funds

Effective 1 June 2020 the Close Managed Conservative Fund X Income unit class FMF was reduced from 0.69% to 0.53%.

Effective 1 September 2020 the following unit classes were converted to X classes:

- Close Bond Income Portfolio Fund A Income
- Close Bond Income Portfolio Fund A Accumulation
- Close Diversified Income Portfolio Fund Y Accumulation
- Close Conservative Portfolio Fund Y Income
- Close Balanced Portfolio Fund Y Accumulation
- Close Managed Conservative Fund A Income
- Close Managed Conservative Fund A Accumulation
- Close Managed Balanced Fund Y Accumulation
- Close Managed Growth Fund A Accumulation

Effective 2 November 2020 the Close Bond Income Portfolio Fund was renamed the Close Sustainable Bond Portfolio Fund in line with the move to Sustainable Investing.

Effective 2 November 2020 the Sustainable Balanced Portfolio Fund was launched as a sub-fund of the Close Discretionary Funds.

## Buying and Selling

Units may be purchased on any business day between 9.00 a.m. and 5.00 p.m. by telephoning our unit trust dealers on 0370 606 6402\*. The Manager reserves the right to place deals on receipt of cleared funds only. To sell your units, please send a signed request to repurchase to Close Asset Management (UK) Limited, PO Box 367, Darlington, DL1 9RG or telephone 0370 606 6402\* to request a form. Payment will normally be made within five working days of receipt of signed documentation.

Redemption proceeds will be forwarded at the unitholder's risk.

## Unit Prices

Units are priced on a single mid-market pricing basis in accordance with the COLL Source book and the Trust Deed. Unit prices are calculated daily at 12 noon and all dealings are currently on a forward price basis. A forward price is the price calculated at the next valuation point after the purchase or redemption is deemed to be accepted by the Manager. The Manager, to protect unitholders, reserves the right to revalue in times of currency or market volatility. The price of a unit is the net asset value of a sub-fund attributable to the relevant unit class of that sub-fund divided by the number of units in that class in issue.

Prices for all Close Asset Management (UK) Limited ("Close") range of authorised units trusts and open-ended investment companies ("OEICS") are available on Close's website, [www.closebrothersam.com/funds](http://www.closebrothersam.com/funds), or the website [www.fundlistings.com](http://www.fundlistings.com) or by contacting Close on 0370 606 6452\*.

## Prospectus and Key Investor Information Document

Copies of the prospectus and of the Key Investor Information Document for each unit class of each sub-fund of the Trust are available free of charge from the Manager. These set out the initial, annual and administration charges and minimum investments for all thirteen sub-funds of the Trust.

\*Calls to these numbers may be recorded for monitoring and training purposes.

# General Information

continued

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## Taxation of the Unitholder

Unitholders who are resident or ordinarily resident in the UK for UK tax purposes may, depending on their circumstances, be liable to UK Capital Gains Tax on the disposal of their units.

An individual's first £12,300 of net gains on disposals in 2020/21 are exempt from UK Capital Gains Tax. Gains in excess of £12,300 are subject to tax at the Capital Gains Tax rate of 10% where total taxable income and gains are £37,500 or below or at 20% on total taxable income and gains above this threshold. Capital Gains and Income Tax rates and reliefs are always subject to change. Special rules apply to institutional investors and trustees.

## Cancellation

If you invest in the sub-funds through a financial advisor, or after taking advice from an authorised intermediary, you have the right to cancel the agreement under the Financial Conduct Authority Conduct of Business Sourcebook Chapter 15.2 and you will be sent a cancellation notice. You may exercise your right to cancel by returning it to the Manager within 14 days. If you exercise this right, you will not get a full refund of the money you paid if the value of the investment falls before the cancellation notice is received by the Manager, because an amount equal to that fall in value will be deducted from any refund you would otherwise receive. Such a deduction will not be made from the first instalment paid into a regular savings scheme.

Customers dealing directly with the Manager are deemed to be Execution-only customers and will have no rights of cancellation, as outlined above.

## Dilution levy/price swing

The actual cost to the Scheme of purchasing or selling its investments may be higher or lower than the mid-market value used in calculating the unit price, e.g. due to dealing charges or through dealing at prices other than the mid-market price. In normal circumstances these costs are charged to the sub-fund. Under certain circumstances (where the net movement of purchases and redemptions by unitholders is greater than 1% of assets under management) this may have an adverse effect on the interests of unitholders generally. In order to prevent this effect, called 'dilution' the Manager has the power to charge a dilution levy/price swing on the sale and/or redemption of the units. The dilution levy/price swing will be applied at the outset and will be paid into and will become part of the sub-fund. The dilution levy for the sub-fund will be calculated by reference to the costs of dealing in the underlying investments of the sub-fund, including any dealing spreads, commission and transfers. Further details can be found in section 6.4 of the prospectus of the Trust.

## Risk Warnings

Unitholders should remember that past performance is not a reliable indicator of future results as the price and value of units, and the income from them, can fall as well as rise. Unitholders may not get back the amount originally invested. This information relating to Close Discretionary Funds is issued by Close Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority.

## Registration Fees

The Registrar charges a fee upon the number of account holders. The Close Discretionary Funds may benefit from the Registrar servicing a number of Close Funds.

## Brexit risk

The UK left the European Union (EU) on 31 January 2020 and entered a transition period which will last until 31 December 2020. During this time, the UK continues to follow EU rules but if there is no agreement come the end of the year, trade between the UK and EU will default to World Trade Organization (WTO) rules. Whilst the UK's exit from the EU will result in regulatory changes for the Fund, the Manager and the Investment Advisor, the FCA has set out arrangements that provide a clear and coherent regulatory framework for regulated entities operating in the UK and their customers. The activities of the Manager and the Investment Advisor are conducted from the UK with a focus on UK resident investors. The Fund has not been registered for sale in any other jurisdiction outside of the UK. There are no plans to change this business model. Any investor resident outside of the UK may wish to seek financial advice in respect of their investment in the fund. Whilst Brexit risk remains, it is not expected to impact the going concern viability of the Fund.



# General Information

continued

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## Covid-19

From early in 2020, global financial markets experienced, and may continue to experience, significant volatility resulting from the spread of coronavirus, also known as COVID-19. The outbreak of this contagious disease has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. This has adversely affected the global economy, the economies of many nations and stock market performance generally, all of which has impacted Close Asset Management's Fund range.

The Manager has considered the COVID-19 impact on the financial resources and operations of these Funds, including their investment management and key service providers. The Manager remains of the opinion that all of the Funds have sufficient financial resources and robust business continuity plans in place to continue as a going concern.

## Securities Financing Transactions

The European Regulation on Reporting and Transparency of Securities Financing Transactions requires exposure to securities financing transactions ("SFTs") and total return swaps to be disclosed in reports and financial statements. During the period to 30 September 2020 and at the balance sheet date, the sub-funds did not use SFTs or total return swaps.

## Initial and Annual charges

Information about charges including preliminary and annual charge can be found in the Fund's Prospectus, <https://www.closebrothersam.com/funds>.

## Distributions

Where possible the sub-funds will declare an annual dividend in relation to the year ending 31 March each year. In addition and where possible, further dividend/s may also be declared. Information on distributions including dates can be found in Fund's Prospectus, [www.closebrothersam.com/funds](https://www.closebrothersam.com/funds).

## Minimum investment and Individual Savings Account (ISA)

Information about minimum investment into sub-funds can be found in the Prospectus, <https://www.closebrothersam.com/funds>. All sub-funds are qualifying investments for stock and shares ISA's.

# Directory

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## Manager

### **Close Asset Management (UK) Limited\***

(Authorised and regulated by the Financial Conduct Authority)

Registered office: 10 Crown Place, London EC2A 4FT

Business address: 10 Exchange Square, Primrose Street, London EC2A 2BY

Correspondence address: PO Box 367, Darlington DL1 9RG

Telephone: Dealing only 0370 606 6402\*\*

## Directors

M. Andrew

S.H. Forrest

C.J. Parry

A.J. Sippetts

R.C.S. Smith

I.P. Wallace

## Investment Advisor

### **Close Asset Management Limited\***

(Authorised and regulated by the Financial Conduct Authority)

10 Crown Place, London EC2A 4FT

## Trustee

### **The Bank of New York Mellon (International) Limited**

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

One Canada Square, London E14 5AL

## Administrator & Registrar

### **The Bank of New York Mellon (International) Limited**

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Capital House, 2 Festival Square, Edinburgh EH3 9SU

## Independent Auditor

### **Deloitte LLP Statutory Auditor**

Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB

## Useful information

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Trust during the period and the results of those activities at the period end.

For more information about the activities and performance of the Trust during this and previous years, please contact the Manager at the address above.

Copies of the report and financial statements are available free of charge on request at [www.closebrothersam.com](http://www.closebrothersam.com) or by calling 0370 606 6452\*\*.

\*The Manager (Close Asset Management (UK) Limited) and the Investment Advisor (Close Asset Management Limited) are both subsidiaries of Close Brothers Group Plc. Authorised and regulated by the Financial Conduct Authority.

\*\*Calls to these numbers may be recorded for monitoring and training purposes.

**Close Brothers Asset Management**

10 Exchange Square  
Primrose Street  
London  
EC2A 2BY

[www.closebrothersam.com](http://www.closebrothersam.com)

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 Close Brothers Group plc, 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 No 245 5013 86.

CBAM/PM1066 30/09/2020