

Close FTSE techMARK Fund

Annual Short Report
for the year ended 31 March 2014



Close Brothers
Asset Management

Investment objectives and other information

for the year ended 31 March 2014

Investment objective and policy

The Close FTSE techMARK Fund ("the Fund") aims to track the FTSE techMARK Focus Index performance in capital terms. The Fund is constituted for the purpose of tracking the performance (in capital terms) of an index calculated by FTSE International Limited ("FTSE International") representing securities admitted to the Official List of the London Stock Exchange plc ("the Exchange") and comprised within the techMARK™ market.

"FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.

Changes to the Fund

As of 6 September 2013, we have removed the Administration Charge of 0.15% from the 'X' unit class of the Fund.

Investment objectives and other information

continued

Fund facts

Accounting year end date	31 March
--------------------------	----------

A units

Launch date	4 November 1999
-------------	-----------------

Initial charge	4.75%
----------------	-------

Periodic charge	1.15%
-----------------	-------

Minimum investment	£1,000 or £250 monthly
--------------------	---------------------------

X units

Launch date	1 October 2012
-------------	----------------

Initial charge	Nil
----------------	-----

Periodic charge	0.45%
-----------------	-------

Minimum investment	£1,000
--------------------	--------

Manager's report

for the year ended 31 March 2014

Market Review

The UK technology sector, as reflected by the FTSE techMARK Focus Index, returned +13.49% in capital terms over the twelve months to the end of March. In contrast, the FTSE 100 Index returned +2.91% in capital terms over the same period.

The biggest movers in the index over the reporting period were Skyepharm, an expert drug delivery company, which returned +416.13% and Filtronic, designer and supplier of mobile telecommunications devices, which returned -40.77%.

Over the first few months of the reporting period, markets saw varying degrees of positive returns with the exception of commodities and emerging markets. Improvement in Eurozone growth led by Germany and France helped boost European markets though Spain remained a concern and dampened European markets somewhat. Broader equity markets displayed very high volatility primarily due to uncertainty of when the US Federal reserve would cut back quantitative easing and fears that the stimulus withdrawal would be sooner or deeper than expected.

Most markets were flat in sterling terms for the last quarter of 2013 though the upward trend of the year remained intact with developed markets out-performing their emerging market peers and equities outperforming fixed income. Right before calendar year-end, on 18th December 2013, the US Federal reserve finally announced a slow-down in its bond purchasing

programme. The slow-down in bond purchases, by \$10bn per month, provided a degree of clarity to markets and equities rallied into the last two weeks of the year from slight declines at the start of the month.

The first month of 2014 ushered in a turbulent start to the year with equity markets delivering their worst January performance since 2010 (when they had returned -4.4% in sterling terms). Encouragingly the TechMARK Focus index was fairly resilient in the face of market turmoil returning -0.5%. In comparison, the FTSE 100 index returned -3.5% for the month of January. Bulk of the market move transpired in the last two weeks of the month following weak data from emerging markets and heightened investor concerns over the stability of emerging market economies running current account deficits. Those fears were further stoked by conflicting views on what impact withdrawal of the US Federal Reserve's stimulus programme would have, slowing growth in China and increased tensions between Russia and NATO over Ukraine.

Following January's declines, equity markets recovered in sterling terms in February with the exception of Japan. Emerging markets stabilised somewhat as well but concerns remained as, like the Eurozone crisis, multiple moving parts continued to influence investor sentiment. Though the polar vortex temporarily suppressed the US recovery, the general macro-economic picture in the developed world continued to show signs of improvement.

Manager's report

continued

Market review (continued)

Critically, the UK GDP figure indicated that the economy was rebalancing away from a consumer-led recovery to a business-led one with a slight resurgence in corporate investment. The UK unemployment situation also improved with official data releases indicating 38% of firms reporting that they are currently hiring or planning to hire in the near future and 31% reporting plans to increase pay this year. British builders reported the best growth in almost six-and-a-half years with all sectors: house building, civil and commercial showing expansion.

In March, equity markets got riled by conflicting views across the globe. Improving macro-economic indicators in the US, UK, Europe indicated optimism but this was offset by a faltering recovery in Japan, slowdown in China mixed data from other emerging markets and escalating tensions in Crimea. Against this backdrop, markets were highly volatile switching direction on a daily basis and even between the morning and afternoon trading sessions. The uncertainty saw a further spike on the back of comments by the new Federal Reserve Chair, Janet Yellen, indicating the Fed could potentially start raising interest rates as early as six months from the ending of quantitative easing in October.

At the end of the reporting period, there were 50 stocks in the Index. The FTSE techMARK index is rebalanced quarterly on the third Friday of March, June, September and December. Any inclusions/ exclusions or weight changes to

the Index, in accordance with the Index methodology, are implemented at the quarterly index rebalancing. Since March 2013, the Index constituents have changed in accordance with the Index methodology. At the quarterly rebalancing in December 2013 there were neither inclusions nor exclusions to the Index. At the quarterly rebalancing in March Ark Therapeutics was excluded from the Index with no inclusions. In between the quarterly Index rebalancing, Emblaze Limited and Vislink were deleted from the constituent list while Torotrak PLC, Innovation Group and Vectura increased their number of shares in issue leading to a higher index weight allocation. However, the investability weighting for Torotrak PLC, Innovation Group and Vectura PLC remained unchanged.

The Fund will continue to provide investors with diversified exposure to leading-edge UK technology companies. As the only UK authorised technology fund to follow a recognised index, the fund is ideally positioned to capture structural changes in the technology market by placing greater weighting on winning companies and displacing companies in decline.

Manager's report

continued

Investment performance

The Fund was launched at the start of November 1999 to coincide with launch of the techMARK market by the London Stock Exchange and of the FTSE techMARK 100 Index (since re-named the FTSE techMARK Focus Index). The Fund focuses on technology companies listed in the UK.

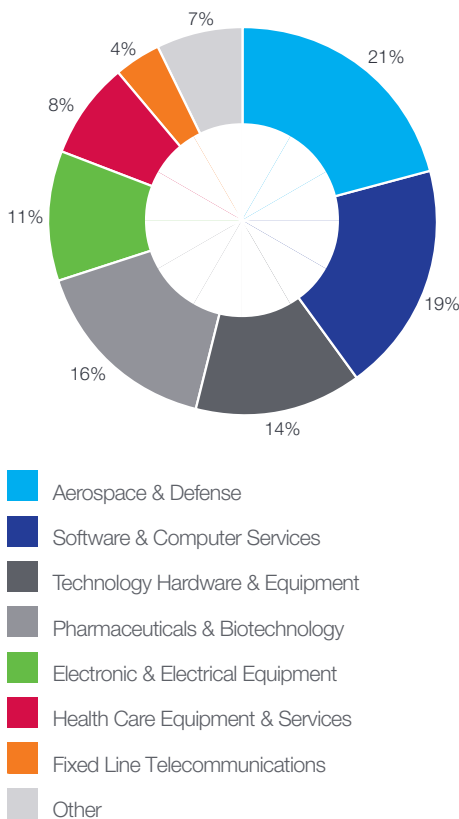
In the period to 31 March 2014, any performance difference arising from the Fund and the index is due to valuation of the Fund using prices at 12:00 noon (Mid-day prices are used in Fund valuation to allow for daily dealing by investors), whilst the Index, which is not tradeable, is valued using end-of-day closing prices. The tracking error of the Fund for the 12 months ending at 31 March 2014 was 1.18%.

The Fund, which is a tracker fund, invests in companies in the FTSE techMARK Focus Index. These companies are characterised by their involvement in technology and span sectors as diverse as biotechnology, telecommunications, and semiconductors. Market capitalisation of companies in the Fund ranges in size from £2 million to over £10 billion and the Index currently includes a number of stocks in the FTSE 100 Index.

The FTSE techMARK Focus Index consists of a variable number of stocks that fulfil the eligibility criteria and currently has 50 constituents. All of the companies have a full listing on the London Stock Exchange and the Fund may also invest in newly floated technology companies on a periodic basis, when the companies are added into the index.

The Fund continues to seek to track the performance of the FTSE techMARK Focus Index in capital terms.

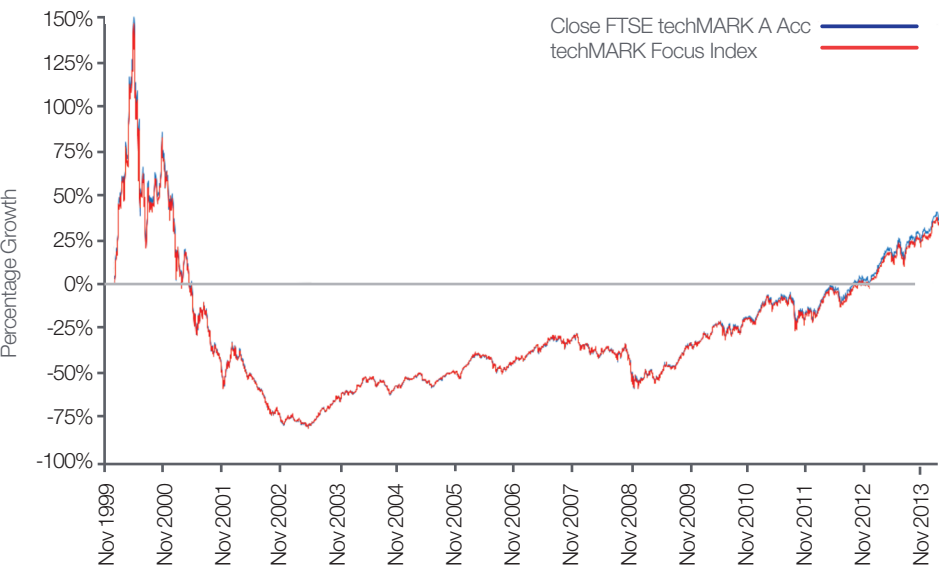
The FTSE techMARK Focus Index
Sector Split for 31 March 2014



Manager's report

continued

FTSE techMARK A Accumulation v FTSE techMark Focus Index since launch to 31 March 2014



From 4/11/1999 to 31/3/2014

Sourced from Bloomberg

Manager's report

continued

Fund performance and benchmark performance

Percentage growth performance for the Close FTSE techMARK Fund for the 12 months to the end of March over the last five years.

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Close FTSE techMark A Accumulation	13.62%	20.48%	9.25%	16.25%	56.24%
FTSE techMark Focus Capital Return	13.49%	19.73%	9.32%	15.36%	54.68%

Source: The figures were produced by Close Asset Management (UK) Limited using Lipper, Financial Express & Bloomberg.

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

Distribution information

Net revenue pence per unit XD 1 April 2014	Distribution per Unit payable on 31/7/2014
A Accumulation	0.2915
X Accumulation	0.7351

Manager's report

continued

Synthetic Risk and Reward Indicator (SRRI)



The indicator above illustrates the position of the Fund on a standard Risk/Reward category scale. The category is chosen based on the volatility of returns over the past five years.

Please note that:

- Past performance is not a reliable indicator of future results.
- The risk category shown is not guaranteed and may shift over time.
- The lowest category does not mean 'risk free'.

This measurement can change and the Key Investor Information Document will contain the most up-to-date version.

The Fund is in category 6 (denoting high risk, but with potential for higher rewards) because it invests mainly in stocks and shares - the value of which can move up and down considerably.

Investing in the Fund also carries the following risks:

Long-term investment: you should consider an investment in the Fund as long-term and you must be willing to accept some risk to your capital. Because of this, you should not invest money in the Fund that you may require in the short-term.

Derivatives risk: the value of an individual derivative may fluctuate more than the value of the underlying asset, reference rate or index.

Segment and index risk exposure: where the Fund holds a limited range of securities, group of securities or sector or asset class, the effect of price movements may have a greater effect on the value of your investment.

For more information on risk, please see the section 'Risk Factors' in the prospectus.

Performance record

Net asset value per unit and comparative tables

Net asset values

The net asset values are:

Accounting Date	Total Net Asset Value	Net Asset Value per Unit	Number of Units in Issue
31/3/2014			
A Accumulation	£28,157,523	135.31p	20,809,139
X Accumulation	£2,385,101	131.52p	1,813,536
31/3/2013*			
A Accumulation	£25,167,545	118.99p	21,150,897
X Accumulation	£120,308	115.06p	104,563
31/10/2011			
A Accumulation	£19,193,094	87.72p	21,880,842

*The accounting year for the Fund has been changed from 31 October to 31 March as stated in the prospectus.

Performance record

continued

Capital record and net revenue

A accumulation units were first offered at 100.00p on 4 November 1999.

X accumulation units were first offered at 100.00p on 1 October 2012.

Year	Highest Price P	Lowest Price P	Net Revenue Paid pence per Unit in Calendar Year
2014**			
A Accumulation	141.20	133.50	0.2915
X Accumulation	137.10	129.70	0.7351
2013			
A Accumulation	136.20	107.30	1.0056
X Accumulation	132.20	103.60	1.6292
2012			
A Accumulation	106.20	87.61	0.3929
X Accumulation†	102.60	97.23	—
2011			
A Accumulation	101.41	75.73	0.6811
2010			
A Accumulation	91.78	71.18	0.5346

**Highest and lowest price to 31 March 2014 and net revenue to 31 July 2014.

†from 1 October 2012.

The above performance information and that which is contained in the Manager's report relates to past performance.

Past performance is not a reliable indicator of future results.

The value of investments and the revenue from them may fall as well as rise and is not guaranteed.

Performance record

continued

Ongoing charges figure

Year to 31/3/2014		Period to 31/3/2013	
A Accumulation	1.56%	A Accumulation*	1.74%
X Accumulation	0.86%	X Accumulation†	1.19%

The ongoing charges figure (OCF) represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year- it does not include initial charges. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: General Administration charges, Trustee fee, Safe Custody fee, Audit Fee, FCA fee, Professional Service charges and Safe Custody Transaction charges. The administration charges were stopped from 5 September 2013 on the X unit class. The OCF is expressed as an annual percentage rate.

*As the period covered seventeen months, the ongoing charges figure was annualised.

†As the X accumulation unit class launched 1 October 2012, the ongoing charges figure was annualised.

Top 10 Holdings

Holdings as at 31/3/2014	% Net Asset Value	Holdings as at 31/3/2013	% Net Asset Value
Shire	9.68	ARM	9.94
ARM	9.10	BAE Systems	9.29
BAE Systems	8.12	Shire	7.88
Smith & Nephew	6.94	Smith & Nephew	7.15
Sage	5.95	Sage	6.03
Meggitt	4.10	Cobham	4.11
Spectris	4.08	Meggitt	4.09
Cobham	3.94	Spectris	3.99
BTG	3.78	Telecity	3.83
QinetiQ	2.86	AVEVA	3.22

Risk profile

The risks to which the Fund is exposed, and the approach taken to manage them, are as follows:

Market risk

Investors are reminded that notwithstanding the investment objectives of the Fund, the price of units in the Fund, and the revenue from it, may go down as well as up and is not guaranteed. Investment in the Fund should be regarded as a long term investment and unitholders should be willing to accept some risk to their capital and not invest money in units in the Fund that they may require in the short term.

Currency risk

The Fund may hold some investments which are denominated in currencies other than Sterling. Movements in foreign exchange rates may positively or adversely impact the value of such investments and therefore, the value of units.

Interest rate risk

This is the risk of changes (negative as well as positive) in the value of investments as a result of fluctuations in interest rates. For example, a reduction in interest rates will mean that the Fund receives less credit interest on cash placed on deposit. Alternatively, an increase in interest rates means that the Fund will be charged higher debit interest on any overdrawn accounts.

Liquidity risk

This is the risk that the Fund may not have sufficient cash, or the ability to raise additional cash through the sale of underlying investments, in order to meet redemption requests. The Fund has limited temporary borrowing powers. The Fund holds cash and readily realisable securities. We monitor the cash position and the level of redemption requests so as to minimise the liquidity risk which may arise. Furthermore, the underlying investments of the Fund may be subject to liquidity constraints, therefore affecting the ability of the Fund to realise the investments. This, in turn, may affect the ability of the Fund to raise cash to meet requests for the redemption of units.

Counterparty and credit risk

This is the risk of suffering loss due to another party not meeting its financial obligations. One source of this risk for a Fund is where counterparties to any trade fail to meet their transaction commitments. The Fund only buys and sells investments with brokers which have been approved by the Manager as an acceptable counterparty. In addition, limits are set on the maximum exposure to any individual broker that may exist at any time, and these limits are reviewed regularly. It is possible for a problem to arise both on exchange traded and over the counter transactions.

Risk profile

continued

Counterparty and credit risk continued

In addition, if any of the issuers of the securities held within a Fund become less financially secure, this could reduce the value of the security and hence the value of units in the Fund.

If a Fund's cash is deposited with any financial institution which becomes insolvent or suffers other financial difficulties, the full deposit may not be returned. This would mean that unitholders would not get back the full value of their investment. The Fund is not currently eligible to claim under the UK's Financial Services Compensation Scheme for monies on deposit with defaulting deposit takers.

Valuation risk

The Fund offers a pooled vehicle whereby investors gain exposure through a holding of units in the Fund to the return from the underlying portfolio of the Fund. With a view to achieving fair unit pricing, the value of units is calculated in Sterling on a forward pricing basis (i.e. reference to the next following valuation after dealing instructions are agreed) at 12:00 noon London time of each Dealing Day (i.e. any Business Day with the exception of 24 and 31 December or any other day at the Manager's discretion as notified to unitholders). Investors should note, however, that unit pricing is not an exact science. For certain scheme property, our best estimate of a fair and reasonable market value may prove to be incorrect.

For other investments, use of a market price may prove to be generally appropriate. If there is a risk of divergence of unit prices from a fair value of the underlying assets, we would monitor this and would seek to take appropriate action to minimise dilution to the Fund, with a view to balancing the interests of incoming, outgoing and remaining investors.

Segment and index exposure risk

The Fund will invest in the companies comprising the FTSE techMARK Focus Index. These companies are representative only of a number of sectors within the main markets of the London Stock Exchange (LSE), therefore they are subject to a less diversified range of economic or market risks, meaning that the movements in the values of their securities may be similarly affected by the same economic or market factors. Since the Fund has a more focused approach, it may be more risky than a fully diversified portfolio. However, the range of stocks within the Index reduces the impact that any single stock can have on the entire portfolio.

The techMARK™ market is a segment of the LSE's main market designed for companies at the forefront of innovative research and product development. The FTSE techMARK Focus Index represents the top companies of the FTSE techMARK All-Share that fulfil all the relevant eligibility criteria, including the requirement to be under £4bn by full market capitalisation when first included. Therefore it excludes stock of very large companies, and also the performance of such companies.

Directory

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

Telephone: Dealing only 0870 606 6402*

Directors

M. Andrew

G M. Clarke

R I. Curry

B. Davis

D. Muncaster (appointed 29 April 2013)

D. Naismith (resigned 12 April 2013)

A R. Thomas (appointed 29 April 2013)

Investment Advisor

Close Asset Management Limited**
(Authorised and regulated by the
Financial Conduct Authority)

10 Crown Place

London EC2A 4FT

Useful information

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

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

Copies of the corresponding long form report and accounts are available free of charge on request at **www.closebrothersam.com** or by calling **0800 269 824***.

*Calls to this number may be recorded for monitoring and training purposes.

**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.

Trustee

BNY Mellon Trust & Depositary
(UK) Limited
(Authorised and regulated by the
Financial Conduct Authority)
The Bank of New York Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Administrator & Registrar

The Bank of New York Mellon
(International) Limited
(Authorised and regulated by the
Financial Conduct Authority)
BNY Mellon House, Ingrave Road,
Brentwood, Essex CM15 8TG

Independent Auditor

Deloitte LLP
2 New Street Square
London EC4A 3BZ

Close Brothers Asset Management

10 Exchange Square
Primrose Street
London
EC2A 2BY

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 650 31/03/2014