

QUESTIONS & ANSWERS

On 9 May we announced plans to transfer EU customer assets from our UK OEIC fund range to equivalent funds in our established Luxembourg SICAV range, to best serve European clients after the UK departs from the European Union.

When the UK leaves the EU (and at the end of any transition period), it's highly likely that UK-based OEIC funds will lose their UCITS status. By transferring assets to our Luxembourg fund range, we can provide certainty for our EU-based investors and ensure they remain in a UCITS-compliant fund, regardless of the final agreement between the UK and the EU.

A total of 20 funds from the Threadneedle OEIC range will be impacted (see fund list below). The transfers are subject to shareholder approval.

Answers to questions you may have regarding the transfers are set out below.

Impacted funds

Threadneedle Fund	TO	Threadneedle (Lux) Fund
Threadneedle Pan European Smaller Companies Fund	→	Threadneedle (Lux) - Pan European Smaller Companies
Threadneedle Credit Opportunities Fund	→	Threadneedle (Lux) - Credit Opportunities
Threadneedle European High Yield Bond Fund	→	Threadneedle (Lux) - European High Yield Bond
Threadneedle Pan European Fund	→	Threadneedle (Lux) - Pan European Equities
Threadneedle European Corporate Bond Fund	→	Threadneedle (Lux) - European Corporate Bond
Threadneedle Pan European Equity Dividend Fund	→	Threadneedle (Lux) - Pan European Equity Dividend
Threadneedle European Smaller Companies Fund	→	Threadneedle (Lux) - European Smaller Companies
Threadneedle Global Equity Income Fund	→	Threadneedle (Lux) - Global Equity Income
Threadneedle Global Extended Alpha Fund	→	Threadneedle (Lux) - Global Extended Alpha
Threadneedle American Smaller Companies Fund (US)	→	Threadneedle (Lux) - American Smaller Companies
Threadneedle Global Select Fund	→	Threadneedle (Lux) - Global Select
Threadneedle American Extended Alpha Fund	→	Threadneedle (Lux) - American Extended Alpha
Threadneedle European Select Fund	→	Threadneedle (Lux) - European Select
Threadneedle UK Fund	→	Threadneedle (Lux) - UK Equities
Threadneedle American Fund	→	Threadneedle (Lux) - American
Threadneedle American Select Fund	→	Threadneedle (Lux) - American Select
Threadneedle UK Equity Income Fund	→	Threadneedle (Lux) - UK Equity Income
Threadneedle UK Absolute Alpha Fund	→	Threadneedle (Lux) - UK Absolute Alpha
Threadneedle Global Emerging Markets Equity Fund	→	Threadneedle (Lux) - Global Emerging Markets Equities
Threadneedle Asia Fund	→	Threadneedle (Lux) - Asia

Subject to regulatory approval.

1. What is changing?

We are planning to transfer the assets of each fund listed in the table above into an equivalent fund within our established SICAV fund range. The proposals are subject to shareholder approval.

2. Why are you making these changes?

When the UK leaves the European Union (and at the end of any associated transition period), we expect that UK-based OEIC funds will lose their UCITS status¹. Our aim is to provide certainty for our EU-based investors and to ensure they can continue to access our best investment strategies while also remaining in a UCITS-compliant fund, regardless of the final agreement between the UK and the EU.

3. How will investors in the impacted funds be affected by the transfers?

The Luxembourg funds will be managed in the same way by the same investment manager. The Annual Management Charge (AMC) for investors in the SICAV will be set at the same levels as existed in the OEIC. Investors should note that a *taxe d'abonnement* (subscription tax) of 0.05% pa applies to retail share classes in all Luxembourg SICAVs and this will be included in the operating expenses incurred by investors in the Lux Funds. For qualifying institutional investors investing into an institutional share class this tax reduces to 0.01% per annum.

4. Can EU-based investors remain invested in an OEIC once the UK has left the EU?

As far as we know there is nothing prohibiting EU investors from remaining in an OEIC fund. However, OEICs are unlikely to be UCITS-compliant once the UK leaves the EU. Our priority is to provide continuity and certainty for investors in our funds. For EU investors, the transfer will remove uncertainty regarding the future status of their investment.

5. What are the tax implications of an investor moving from an OEIC to a SICAV?

There may be tax implications depending on investors' individual circumstances. We are unable to provide tax advice and we therefore suggest that investors seek professional advice about any potential tax implications.

6. Have you communicated with investors in the impacted funds?

We have begun to inform impacted intermediaries and will work with you to ensure investors are fully supported through the process. We will be writing to impacted investors directly from late June onwards. Our priority is to provide clarity and certainty for investors in our funds as soon as possible and facilitate a smooth transfer process.

7. What options do EU-based investors in your OEIC funds have?

We are offering EU investors the ability to transfer to an equivalent SICAV to ensure they can continue to access our best investment strategies while also remaining in a UCITS-compliant fund, regardless of the final agreement between the UK and the EU. Individual investors always have the option to switch to another of our UK funds or to redeem their investment.

8. Why should investors vote in favour of the transfers?

We encourage investors to vote in favour to enable us to enact the transfer efficiently. By transferring to an equivalent SICAV, EU investors will ensure they can continue to access our best investment strategies while remaining in a UCITS-compliant fund.

9. What will happen to the remaining OEIC funds after the transfers?

The six funds listed below have a majority of EU investors, and therefore we intend to transfer all the assets of these funds to funds of the SICAV by means of a cross-border merger. Following this, the OEIC will be wound up.

- Threadneedle Pan European Smaller Companies Fund
- Threadneedle Credit Opportunities Fund
- Threadneedle European High Yield Bond Fund
- Threadneedle Pan European Fund
- Threadneedle European Corporate Bond Fund
- Threadneedle Pan European Equity Dividend Fund

For the remaining funds (which have a smaller portion of EU investors), we will facilitate a share class level transfer of certain share classes of the UK funds. The remaining share classes within the OEIC will not be impacted and the UK funds will continue to be managed in the same way that they are now.

¹ UCITS stands for Undertakings for Collective Investment in Transferable Securities. UCITS provides a harmonised regulatory regime for the management and sale of mutual funds within the European Union

10. What about UK investors in the impacted funds?

We do not expect that there will be anything prohibiting UK investors from investing in a SICAV. We understand, however, that UK-based investors in impacted funds may not want to transfer to a SICAV fund. These investors will be offered a free switch into an alternative Threadneedle OEIC fund or they can redeem their shares if they disagree with the proposal.

11. Are there EU investors in other Threadneedle OEIC funds?

There are other funds in our OEIC range with very small portions of EU investors. Should any of these investors want to transfer to an alternative SICAV fund we will be happy to facilitate.

OEIC funds are likely to remain UCITS-compliant through the transition period until Dec 2020, which gives investors additional time to consider their options. We will be communicating with these investors in one of our regular shareholder mailings

12. How will UK investors in your SICAV funds be impacted?

We don't expect these investors to be impacted by the UK's exit from the EU. There is currently nothing to suggest that UK investors won't be able to hold SICAVs after the UK leaves the EU.

13. What are you doing for Spanish investors, where a transfer from a UK to an EU fund will trigger tax issues?

Our understanding is that Spanish retail investors moving to a UCITS fund that is already established should benefit from the "traspasos" regime, allowing rollover of any gains.

14. Further information

If you are unclear about any of the details relating to the transfers or have any further questions, please call us on 0800 953 0134*. Our team is available from 8.00am to 6.00pm UK time, Monday to Friday.

* Calls may be recorded.

To find out more visit columbiathreadneedle.com



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