

SHAREHOLDER CIRCULAR

PROPOSED SCHEME OF ARRANGEMENT FOR THE TRANSFER OF

Threadneedle US Equity Income Fund into **US Equity Income Fund**

(the “**Existing Fund**”, a sub-fund of Threadneedle Investment Funds II ICVC, a UCITS umbrella open-ended investment company)

(the “**New Fund**”, a sub-fund of Threadneedle Specialist Investment Funds ICVC, a UCITS umbrella open-ended investment company)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 to advise on investments of the type referred to in this document such as your stockbroker, solicitor, accountant or other financial adviser.

This document contains a Notice of Meeting of Shareholders in respect of the Existing Fund (the “Meeting”). The Meeting will be held at the offices of Columbia Threadneedle Investments at 7th floor, Cannon Place, 78 Cannon Street, London EC4N 6AG on 23 March 2016 at 11.00 am.

Please complete and return the Form of Proxy for the Fund to Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW, in accordance with the instructions printed on the Form of Proxy as soon as possible and in any event so that it arrives at least 48 hours before the time fixed for the Meeting. The Form of Proxy for the Existing Fund is located at Appendix 6 of this Agreement.

Completion of the Form of Proxy will not prevent Shareholders from attending and voting at the Meeting or any adjourned meeting, in person.

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TIMETABLE

The following is the proposed timetable for the scheme of arrangement in relation to the Existing Fund.

Action	Date
Qualification date for Shareholder voting:	25 February 2016
Documentation to be sent to Shareholders:	4 March 2016
Forms of Proxy to be returned:	by no less than 48 hours before the time of the Meeting
Meeting of Shareholders	11.00 am on 23 March 2016
If the resolution for the scheme of arrangement is passed at the Meeting:	
Last Dealing Day before the Effective Date	19 May 2016
Suspend dealing in Shares in the Existing Fund:	2.00 pm on 19 May 2016
Effective Date of the Scheme in relation to the Existing Fund	20 May 2016
Valuation of the Existing Fund and calculation of special distribution:	12 noon on 20 May 2016
First day of dealing in New Shares in the New Fund:	12 noon on 23 May 2016
End of accounting period:	30 June 2016

GLOSSARY OF TERMS

The following definitions apply throughout this document unless the context otherwise requires.

Business Day	Monday to Friday excluding public holidays and bank holidays in England and Wales and any other days at TISL's discretion
Citibank	Citibank Europe plc, UK Branch, the depositary of the Receiving Company
COLL	the Collective Investment Schemes Sourcebook which forms part of the FCA Rules
Company	Threadneedle Investment Funds II ICVC, of which the Existing Fund is a sub-fund
Dealing Day	Monday to Friday excluding public holidays and bank holidays in England and Wales and any other days at TISL's discretion
Effective Date	the effective date of the Scheme, which shall be 20 May 2016 or such other date as may be agreed in accordance with paragraph 13 of the Scheme
Existing Fund	the Threadneedle US Equity Income Fund, a sub-fund of the Company
Existing Fund's Value	the value of the property of the Existing Fund calculated in accordance with the Instrument as at 12 noon on the Effective Date less the Retained Amount
Extraordinary Resolution	the extraordinary resolution set out in the Notice of Meeting for the Existing Fund (contained in Appendix 5 of this document) approving the Scheme
FCA	the Financial Conduct Authority
FCA Rules	the FCA Handbook of Rules and Guidance (as amended)
Form of Proxy	the form set out in Appendix 6, which is to be completed by Shareholders and returned to TISL
Funds	the Existing Fund and the New Fund
HSBC	HSBC Bank plc, the depositary of the Company
Instrument	the current instrument of incorporation of the Company or the Receiving Company, as appropriate
Investment Manager	Threadneedle Asset Management Limited, the investment manager of the Company and the Receiving Company
Meeting	an extraordinary general meeting of Shareholders of the Existing Fund to be held at 11.00 am on 23 March 2016 (or any adjourned meeting thereof) to consider and vote on the proposal for the Scheme
New Fund	the US Equity Income Fund, a sub-fund of the Receiving Company
New Shares	Shares in the New Fund to be issued to Shareholders pursuant to the transfer of the Existing Fund on the terms set out in the Scheme

OEIC Regulations	the Open-Ended Investment Companies Regulations 2001 (as amended)
Prospectus	the current prospectus of the Company or the Receiving Company as appropriate
Receiving Company	Threadneedle Specialist Investment Funds ICVC, of which the New Fund is a sub-fund
Regulations	COLL and the OEIC Regulations
Retained Amount	a retention from the value of the Existing Fund, which is a sum estimated by TISL and agreed with HSBC to be necessary to meet all the actual and contingent liabilities of the Existing Fund and which is to be retained by HSBC as attributable to the Existing Fund for the purposes of discharging such liabilities
Scheme	the scheme of arrangement for the transfer of the Existing Fund to the New Fund dated 4 March 2016 as set out in Appendix 2 to this document
Shareholder	a holder of Shares
Shares	shares in the Existing Fund
TISL	Threadneedle Investment Services Limited, the authorised corporate director of the Company and the Receiving Company

In addition, where relevant in the context, terms which are defined in the Regulations shall have the same meaning in this document and the Scheme.



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4 March 2016

To: Investors in the Existing Fund

Dear Shareholder

Proposed scheme of arrangement for the transfer of the Threadneedle US Equity Income Fund (the Existing Fund), a sub-fund of Threadneedle Investment Funds II ICVC, into the US Equity Income Fund (the New Fund), a sub-fund of Threadneedle Specialist Investment Funds ICVC.

In this document, unless the context requires otherwise, the terms used shall have the meaning set out in the Glossary on pages 2 to 3.

I am writing to you as a Shareholder in the Existing Fund, to explain our proposal to transfer the Existing Fund into the New Fund.

The proposal is to transfer the Existing Fund into the New Fund by way of a scheme of arrangement (the "Scheme"), which is set out in detail in Appendix 2. The proposed transfer requires the passing of an extraordinary resolution at an extraordinary general meeting of Shareholders of the Existing Fund (the "Meeting"). The extraordinary resolution is set out in Appendix 5.

This document describes the procedure by which the proposed Scheme will be carried out, the action you should take, and the implications of the proposal for you as a Shareholder.

A copy of the Key Investor Information Documents and Supplementary Information Document for the New Fund are available from Columbia Threadneedle Investments on request, by calling us on 0800 953 0134 (calls may be recorded) or from our website at columbiathreadneedle.com.

The action you need to take:

You should complete the Form of Proxy for the Existing Fund, and return it in the pre-paid envelope enclosed with this document, to enable you to vote. You should complete and return the Form of Proxy to Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW to reach us no less than 48 hours before the time of the Meeting. The Form of Proxy can be found at Appendix 6 of this document.

You can attend and vote at the Meeting (and any adjourned meeting) regardless of whether or not you have completed and returned the Form of Proxy.

Failure to return the Form of Proxy by the required time will result in it being void so that your proxy will not be entitled to vote on your behalf as directed.

*Calls may be recorded.

1. WHY ARE WE PROPOSING THE TRANSFER?

We propose transferring the assets of the Threadneedle US Equity Income Fund into the new US Equity Income Fund which will be a newly established sub-fund of Threadneedle Specialist Investment Funds ICVC. The New Fund will have the same investment objective as the Existing Fund, as well as the same investment manager and will be managed in the same way. This is mostly an administrative change and we believe there will be minimal disruption to you as a result of the transfer.

Following the transfer of assets, it is expected that the New Fund will charge lower fees and expenses compared with the Existing Fund. The New Fund will be registered for sale and therefore marketable in other countries which should assist in further growing the assets of the New Fund, thereby benefiting from economies of scale. This is not currently the case for the Existing Fund.

For these reasons, we consider the transfer of the Fund to be in the best interests of Shareholders.

2. WHAT ARE THE MAIN SIMILARITIES AND DIFFERENCES BETWEEN THE EXISTING FUND AND THE NEW FUND?

The New Fund has the same investment objective as the Existing Fund and will follow the same investment process that is currently used to manage your investment. However, there are certain differences between the Funds. The most significant differences are set out below. For a detailed comparison of the Existing Fund and the New Fund please refer to Appendix 1.

2.1 COMPARISON OF INVESTMENT OBJECTIVES AND POLICIES

The investment objective and strategy of the Existing Fund and the New Fund are the same. Additional detail has been added to the investment policy of the New Fund to further clarify how the fund meets its investment objective. Please see Appendix 1 for the full investment objective and policy of the Existing Fund and New Fund.

2.2 COMPARISON OF OPERATIONAL FEATURES

2.2.1 Fee structure

Dilution adjustment and dilution levy

The fee structure of the Existing Fund is largely the same as the fee structure of the New Fund; however, there are slight differences, as summarised below.

The Existing Fund charges a dilution levy whereas the New Fund applies a dilution adjustment. Both the dilution levy and the dilution adjustment aim to protect existing shareholders from the costs of buying or selling underlying investments, as a result of investors making large subscriptions to or redemptions from the relevant fund. The amount of any dilution levy or adjustment is calculated by reference to the estimated costs of dealing in the underlying investments. Where TISL imposes a dilution levy or adjustment on a particular investor or group of investors, this is paid into the relevant fund.

Dilution adjustment affects the price at which everyone buys or sells on a particular day, whereas the dilution levy is charged on an individual trade.

Charging structure

Various payments can currently be made out of the property of the Existing Fund in order to pay the Existing Fund's costs and expenses. For the New Fund, certain fees and expenses may also be paid out of the property of the New Fund, however the fees that can be charged in this way are limited. For example, the New Fund charges a fixed "registrar's fee" to cover the expenses of the Transfer Agent. This means that there is more certainty about the charges that will be payable for the New Fund. If the proposal is successfully approved, Shareholders in the New Fund can expect to benefit from lower fees and expenses than those charged in the Existing Fund. Please refer to Appendix 1 for further information.

2.2.2 Valuation Point

The Funds use different times to value the price of shares each day. The price for the shares of the Funds is determined using the relevant Fund’s “Valuation Point”. This means that, if we receive a request from you to buy or sell shares before the Valuation Point, we will use the Valuation Point for that day. If we receive such a request after the Valuation Point, we will use the next Valuation Point for the next dealing day.

The Valuation Point and Dealing Cut off Point for the Existing Fund is 2.00 pm.

The Valuation Point and Dealing Cut off Point for the New Fund is 12.00 noon.

This means that, after the Effective Date, we will need to receive dealing requests earlier in order for your shares to be bought or sold at that day’s share value.

2.2.3 Accounting dates and income allocation dates

The Existing Fund has four accounting dates per year and income is paid four times per year on 28 February, 31 May, 31 August and 30 November.

The New Fund also has four accounting dates per year and income is paid four times per year but on different dates: 30 June, 30 September, 31 December and 31 March.

2.2.4 Share classes

Both the Existing Fund and the New Fund issue net income shares. On implementation of the Scheme, Shareholders in the Existing Fund will receive net income shares of the following types in the New Fund.

Shareholders in the Existing Fund will receive New Shares as set out in the following table:

Existing Shares (share class type)	New Shares (share class type)
LV= Group Shares	Class X shares
Institutional Shares	Class L shares

2.3 COMPARISON OF SERVICE PROVIDERS AND ADMINISTRATIVE FEATURES

The Transfer Agent for the Funds will not change as a result of the proposal, however the depository of the Receiving Company is Citibank Europe plc, UK branch rather than HSBC Bank plc and the administrator and custodian will be Citibank N.A. rather than HSBC Bank plc.

2.4 TERMS OF THE PROPOSAL

If the proposal is approved, Shareholders in the Existing Fund will receive New Shares of the same type and class (i.e. net income shares) in the New Fund in exchange for the transfer of the assets of the Existing Fund to the New Fund on the terms set out in the Scheme. No initial charge will be applied on the issue of New Shares as part of the transfer.

Shares in the Existing Fund will then be deemed to have been cancelled and will cease to be of any value and the Existing Fund will be terminated. New Shares will be issued to the holders of Existing Shares in place of their Existing Shares.

The Valuation Point for the Existing Fund will move to 12.00 noon (as opposed to 2.00 pm) on the Effective Date.

Any income available for allocation to income Shares from the end of the previous accounting period to 12 noon on the Effective Date will be transferred to the distribution account of the Existing Fund and will be distributed to holders in due course.

3. TAX CONSEQUENCES OF THE PROPOSAL

Based on our understanding of the tax legislation and the tax clearances that have been obtained from HM Revenue & Customs, the Scheme will not involve a disposal of Shares for capital gains tax purposes, whatever the size of your holding.

It is our understanding that no stamp duty reserve tax (“SDRT”) should be payable in respect of the transfer of the property of the Existing Fund to the New Fund under the Scheme. If any SDRT or foreign transfer tax should be payable, it will be borne by Columbia Threadneedle Investments.

The above reflects our understanding of current UK legislation and HM Revenue & Customs practice relevant to UK resident investors regarding the issue of New Shares under the Scheme. It may be subject to change. The tax consequences of implementation of the Scheme may vary depending on the law and regulations of your country of residence, citizenship or domicile. If you are in any doubt about your potential liability to tax you should seek professional advice.

4. PROCEDURE FOR THE MEETING

The procedure for the Meeting is set out in Appendix 3. Details of the various consents, clearances and a list of the documents relating to the proposals which are available for inspection are set out in Appendix 4.

The extraordinary resolution to be passed in relation to the Scheme for the Existing Fund is set out in the Notice of Meeting of Shareholders in Appendix 5. If the resolution is passed at a Meeting for the Existing Fund, it is intended that the transfer for that Existing Fund will be implemented in accordance with the terms of the Scheme. If the proposal is not approved by the requisite majority of votes the Scheme will not go ahead and the Existing Fund will continue to operate as it currently does.

5. MANDATES AND OTHER INSTRUCTIONS IN RESPECT OF THE NEW SHARES

Unless you instruct us otherwise, mandates and other instructions in force on the Effective Date in respect of your Shares will continue to be effective mandates and instructions in respect of New Shares, and in respect of later acquired shares in the New Fund.

6. COSTS

The costs of convening and holding the Meeting and any adjourned meeting and of implementing the proposal shall be borne by Columbia Threadneedle Investments and not by the Existing Fund. The costs associated with the subsequent termination of the Existing Fund will also be borne by us.

7. REMINDER OF THE ACTION TO BE TAKEN

If you have any queries concerning the proposal, please contact us on 0800 953 0134 between 8.00 am and 6.00 pm (Monday to Friday). You may also wish to consult your professional adviser if you are uncertain about the contents of this document.

To be passed, the extraordinary resolution requires at least 75% of the votes cast at the Meeting to be in favour of the resolution, so it is important that you exercise your right to vote.

Please complete and return the enclosed Form of Proxy to arrive no less than 48 hours before the time of the Meeting to arrive by 11.00 am on 21 March 2016. You can attend and vote at the Meeting (and any adjourned meeting) regardless of whether or not you have completed and returned the Form of Proxy. Please note that returns by fax or email will not be accepted.

Yours sincerely



Campbell Fleming, Director

For and on behalf of

Threadneedle Investment Services Limited

(as authorised corporate director of Threadneedle Investment Funds II ICVC)

APPENDIX 1

COMPARISON OF THE MAIN FEATURES OF THE EXISTING FUND AND THE NEW FUND

The below table provides a comparison of the main features of the Existing Fund and the New Fund. For further details of the New Fund please refer to the Key Investor Information Document, available from TISL on request or at columbiathreadneedle.com. The prospectus of the New Fund is also available free of charge upon request to TISL or at columbiathreadneedle.com.

	EXISTING FUND	NEW FUND
	Threadneedle US Equity Income Fund	US Equity Income Fund
Investment objective	The objective of the Fund is to achieve a high level of income combined with the potential for long-term capital growth.	The objective of the Fund is to achieve a high level of income combined with the potential for long-term capital growth.
Investment policy	The Fund will invest principally in a portfolio of US equities, unconstrained by company size or sector classification. The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, and cash and near cash when deemed appropriate.	The Fund will invest principally in a portfolio of US equities, unconstrained by company size or sector classification. The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, and cash and near cash when deemed appropriate. The ACD will look to invest in companies that exhibit a high potential for paying above average income.
Use of derivatives	Derivatives and forward transactions may currently be used only for efficient portfolio management and hedging. Derivatives may be used for investment purposes only following notice to Shareholders.	Derivatives and forward transactions may currently be used only for efficient portfolio management and hedging. Derivatives may be used for investment purposes only following notice to Shareholders.
Fees charged to capital	The ACD has agreed with the Depositary that all of fees and expenses of the ACD, Depositary, Administrator, Registrar, Auditor, and the periodic fees of FCA and any other income expense payments that the ACD may from time to time agree with the Depositary shall be charged against capital instead of against income in relation to the Threadneedle US Equity Income Fund.	The ACD has agreed with the Depositary that all of fees and expenses of the ACD, Depositary, Administrator, Registrar, Auditor, and the periodic fees of FCA and any other income expense payments that the ACD may from time to time agree with the Depositary shall be charged against capital instead of against income in relation to the US Equity Income Fund.
Ongoing charges figure (as at 30 June 2015)	0.70% on the Institutional Class	0.67% estimated for the equivalent class (Class L).
Charges, fees and expenses:		
Redemption charge:	0%	0%
Switching charge:	2%	0%
Initial charge:	0%	0%
Annual management charges:	0% for LV= group shares* <small>*These shares have been designated to accommodate an alternative charging structure whereby instead of an annual management fee charged to the fund, the Shareholder is invoiced directly by the ACD as set out in the agreement between the ACD and each Eligible Shareholder.</small> 0.60% for institutional shares	0% for Class X Shares* <small>*These shares have been designated to accommodate an alternative charging structure whereby instead of an annual management fee charged to the fund, the Shareholder is invoiced directly by the ACD as set out in the agreement between the ACD and each Eligible Shareholder.</small> 0.60% for Class L Shares** for existing institutional shareholders <small>**This class will be closed to new investors. It will be open for existing shareholders to top up. If a shareholder redeems in entirety, they will not be permitted to invest in this class again.</small>
Depositary charges:	0.015%	0.008%
Administrator fees:	Charged as incurred, was equivalent to 3 basis points (0.03%) as at the fund year end 31 December 2014	No administrator charge is passed through to the New Fund
Registrar's fee:	Charged as incurred, was equivalent to 2 basis points (0.02%) as at the fund year end 31 December 2014	The new fund operates a "Registrar's Fee" which is charged at 0.035% for Class X and Class L shares
Charges taken from income?	No	No

	EXISTING FUND	NEW FUND
	Threadneedle US Equity Income Fund	US Equity Income Fund
Classes of Shares offered	LV= Group Shares Institutional Shares	Class X Shares Class L Shares for existing institutional shareholders* <small>*This class will be closed to new investors. It will be open for existing shareholders to top up. If a shareholder redeems in entirety, they will not be permitted to invest in this class again.</small> Additional share classes will be made available as detailed in the prospectus.
Type of Shares offered	Institutional Income Shares LV= Group Income Shares	A full list of available income and accumulation share classes is provided in the prospectus.
Minimum investment amounts		
Lump sum	£500,000 for institutional shares LV= Group shares are only available to institutional investors with the LV- group of companies.	£500,000 for institutional shares (Class L) £3 million for Class X Shares
Holding	£50,000 for institutional LV= Group shares are only available to institutional investors with the LV- group of companies.	£25,000 for institutional shares (Class L and Class X)
Top-up	£50,000 for institutional LV= Group shares are only available to institutional investors with the LV- group of companies.	£25,000 for institutional shares (Class L and Class X)
Deal cut off	2.00 pm each Dealing Day	12 noon each Dealing Day
Valuation point	2.00 pm each Dealing Day	12 noon each Dealing Day
Accounting periods end:		
- annual	31 December	30 April
- interim	30 June	31 October
Income Payment Dates:		
- annual	28 February	30 June
- interim	31 May, 31 August, 30 November	31 March, 30 September, 31 December
XD Dates:		
- annual	1 January	1 May
- interim	1 April, 1 July, 1 October	1 February, 1 August, 1 November
Service providers		
Authorised Corporate Director	Threadneedle Investment Services Limited	Threadneedle Investment Services Limited
Depositary	HSBC Bank plc	Citibank Europe plc, UK branch
Custodian	HSBC Bank plc	Citibank N.A.
Administrator	HSBC Bank plc	Citibank N.A.
Investment Manager	Threadneedle Asset Management Limited	Threadneedle Asset Management Limited
Registrar	Threadneedle Investment Services Limited, delegated to International Financial Data Services (UK) Limited	Threadneedle Investment Services Limited, delegated to International Financial Data Services (UK) Limited
Auditor	Ernst & Young LLP	PricewaterhouseCoopers LLP

APPENDIX 2

SCHEME OF ARRANGEMENT FOR THE TRANSFER OF THE EXISTING FUND TO THE NEW FUND

1. Definition and interpretation

- 1.1 In this Appendix 2 of the Scheme, unless the context otherwise requires, the terms shall have the meaning set out in the Glossary at the beginning of this document.
- 1.2 In addition, where relevant in the context, terms which are defined in the FCA Rules shall have the same meaning in this Scheme,
- 1.3 References to paragraphs are to paragraphs of the Scheme set out in this Appendix.
- 1.4 If there is any conflict between the Scheme and the Instrument or Prospectus of the Company, then the Instrument and Prospectus will prevail. If there is any conflict between the Scheme and the FCA Rules, then the FCA Rules will prevail.

2. Meeting of Shareholders of the Existing Fund

- 2.1 The transfer of the assets of the Existing Fund into the New Fund is conditional on the passing of the extraordinary resolution at the Meeting of Shareholders of the Existing Fund by which the Shareholders approve the Scheme in relation to the Existing Fund and instruct TISL, HSBC and Citibank to implement the Scheme.
- 2.2 If the extraordinary resolution is passed at the Meeting, the Scheme will be binding on all Shareholders in the Existing Fund (whether or not they voted in favour of it, or voted at all) and the Scheme will be implemented in relation to the Existing Fund as set out in the following paragraphs. If the extraordinary resolution is not passed in relation to the Existing Fund, that Existing Fund will continue to be operated by TISL.

3. Suspension of dealings in the Existing Fund

- 3.1 To facilitate implementation of the transfer under the Scheme, dealing in existing Shares will be suspended from immediately after 2:00 pm on 19 May 2016.
- 3.2 On implementation of the Scheme in relation to the Existing Fund, a Shareholder may transfer or sell all or some of his/her New Shares on and from the first Dealing Day in accordance with the Prospectus of the Receiving Company.

4. Income allocation arrangements

The income (if any) available for allocation to Shareholders in the Existing Fund in respect of the period from 1 April 2016 to 12 noon on 20 May 2016 shall be distributed as soon as reasonably practicable and not expected to be later than 29 July 2016.

For Shareholders who have chosen to have their income reinvested rather than being paid out as distributions, the Transfer Agent will purchase additional Shares in the New Fund in respect of the income distribution on the pay date.

5. Calculation of the value of the Existing Fund

- 5.1 The Existing Fund's Value shall be calculated as at 12 noon on the Effective Date and in accordance with the basis of valuation set out in the Instrument.
- 5.2 This valuation shall be used in the calculation of the number of New Shares to be issued to each relevant Shareholder under paragraph 6 below.

6. Transfer of property of the Existing Fund to the New Fund and issue of New Shares

6.1 As at and from 12.01 pm on the Effective Date:

6.1.1 HSBC shall transfer the property of the Existing Fund (less the retained amount referred to in paragraph 10.2 below) to Citibank which shall hold it as attributable to the New Fund, and HSBC shall make or ensure the making of such transfers and re-designations as may be necessary as a result;

6.1.2 New Shares will be issued to each Shareholder to the proportion of that Shareholder's individual entitlement to the value of the Existing Fund's Value on the basis set out in paragraph 7 below.

6.2 All Shares in the Existing Fund shall be deemed to have been cancelled and shall cease to be of any value. The value of New Shares received under the Scheme will not include any element of income.

6.3 Shareholders will be treated as exchanging their Shares in the Existing Fund for New Shares free from any initial charge.

7. Basis for the issue of New Shares

7.1 Shareholders will receive net income shares in the New Fund in place of the net income shares they currently hold in the Existing Fund.

7.2 New Shares of the appropriate class and type will be issued to each Shareholder invested in the Existing Fund in proportion to that Shareholder's individual entitlement to the Existing Fund's Value on the Effective Date. The formula used in calculating a Shareholder's entitlement to New Shares is available on request.

7.3 The prices and number of Shares and New Shares is expected to be the same.

8. Notification of the New Shares

8.1 Certificates will not be issued in respect of New Shares.

8.2 TISL will send details of the number of New Shares issued to each Shareholder (or, in the case of joint holders, the first named of such holders in the register of holders of the Existing Fund) within 14 days of the Effective Date.

9. Mandates and other instructions in respect of the New Shares

Unless you instruct us otherwise, mandates and other instructions in force on the Effective Date in respect of your Shares will continue to be effective mandates and instructions in respect of New Shares, and in respect of later acquired shares in the New Fund.

10. Termination of the Existing Fund

10.1 On the Scheme becoming effective, TISL shall proceed to terminate the Existing Fund in accordance with the terms of the Company's Instrument and Prospectus, the Scheme and the Regulations. TISL shall give notice under regulation 21 of the OEIC Regulations to the FCA of the proposal to make the alterations to the Instrument and Prospectus required for the termination of the Existing Fund.

10.2 HSBC shall hold cash and other assets out of the property of the Existing Fund as a retention which will be utilised by HSBC to pay outstanding liabilities of the Existing Fund in accordance with the provisions of the Instrument and the Regulations.

10.3 If there are any surplus monies remaining in the Existing Fund on completion of the termination they, together with any income arising therefrom, shall be transferred to the New Fund to be held by Citibank as attributable to the New Fund but no further issue of shares in the New Fund shall be made as a result.

- 10.4 If the Retained Amount is insufficient to meet all the liabilities of the Existing Fund, such excess liabilities shall be paid in accordance with the Receiving Company's instrument of incorporation and the Regulations. Any such liabilities which cannot properly be paid out of the property of the New Fund shall be paid by Columbia Threadneedle Investments.
- 10.5 On completion of the termination of the Existing Fund, HSBC shall be fully discharged from all obligations and liabilities in respect of the Existing Fund (other than those arising from any breach prior to such time).

11. Costs, charges and expenses of the Scheme

- 11.1 TISL and HSBC shall continue to receive their usual fees and expenses for respectively managing and being depositary of the Company insofar as these are attributable to the Existing Fund out of the property of the Existing Fund which accrues prior to the Effective Date.
- 11.2 The costs of preparing and implementing the transfer under the Scheme, including:
- 11.2.1 the costs of convening and holding the Meeting (and any adjourned meeting) of the Existing Fund;
 - 11.2.2 the fees and expenses payable to professional advisers in connection with the transfer and the Scheme;
 - 11.2.3 any non-UK tax liabilities, including transfer taxes, redesignation and registration fees and transaction costs,
- will be payable by TISL and not by the Existing Fund itself.
- 11.3 The costs associated with the subsequent termination of the Existing Fund will be borne by TISL.
- 11.4 No initial charge shall be taken by TISL on the issue of the New Shares.

12. TISL and each Depositary to rely on register and certificates

TISL, HSBC and Citibank shall each be entitled to assume that all information contained in the registers of Shareholders of the Existing Fund on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of New Shares in the New Fund to be issued and registered pursuant to the Scheme. TISL, HSBC and Citibank may each act and rely upon any certificate, opinion, evidence or information furnished to it by the other or by its respective professional advisers in connection with the Scheme, and shall not be liable or responsible for any resulting loss.

13. Alterations to the Scheme

- 13.1 TISL, HSBC and Citibank may agree that the Effective Date is to be other than 20 May 2016 and if they do so, such consequential adjustments shall be made to the other elements in the timetable of the Scheme as they consider appropriate.
- 13.2 The terms of the Scheme may be amended as agreed by TISL, HSBC and Citibank and approved by the FCA. If there is any conflict between the Scheme, the terms of the Instrument and/or the Prospectus, then the Scheme will prevail. If there is a conflict between the Regulations governing the Company and the Scheme then the Regulations shall prevail.

14. Governing law

The Scheme shall be governed by and shall be construed in accordance with the law of England and Wales.

Dated 4 March 2016

APPENDIX 3

PROCEDURE FOR THE SHAREHOLDER MEETING

Notice of the Meeting (the “Notice”) of Shareholders in the Existing Fund setting out the extraordinary resolution to approve the proposed scheme of arrangement in respect of the Existing Fund, is set out in Appendix 5.

The quorum for the Meeting is two Shareholders in the Existing Fund, present in person or by proxy.

Citibank has appointed Richard Vincent, Head of Product & Solutions – EMEA or other such employee of TISL or person as HSBC nominates to be chair of the Meeting.

The resolution will be proposed as “extraordinary resolution” and must be carried by a majority in favour of at least 75% of the total number of votes cast at the Meeting. Persons who are Shareholders in the Existing Fund on the date seven days before the Notice is sent out, but excluding persons who are known to TISL not to be Shareholders at the time of the Meeting, are entitled to vote and be counted in the quorum. Once passed, an extraordinary resolution is binding on all Shareholders in the Existing Fund.

TISL is only entitled to be counted in the quorum and vote at the Meeting in respect of Shares which it holds on behalf of or jointly with a person who, if himself the registered Shareholder, would be entitled to vote and from whom TISL has received voting instructions.

Associates of TISL are entitled to be counted in a quorum. They may vote at a meeting in respect of Shares which they hold on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote and from whom they have received voting instructions.

In view of the importance of the proposal, the chair of the Meeting will order a poll to be taken in respect of the resolution. On a poll, each Shareholder may vote either in person or by proxy. The voting rights attaching to each Share of the Existing Fund are weighted according to the value of the Shares in issue at the date seven days before the Notice of Meeting is sent out. A Shareholder entitled to more than one vote on a poll need not, if he votes, use all his votes or cast all the votes he uses in the same way.

At any adjourned meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum. Any Forms of Proxy returned as required for the Meeting, will remain valid, unless otherwise instructed for the adjourned meeting.

APPENDIX 4

CONSENTS AND CLEARANCES

TISL

Threadneedle Investment Services Limited, as authorised corporate director of the Company, confirms that in its opinion the Scheme is not likely to result in any material prejudice to Shareholders or any sub-funds remaining in the Company after the implementation of the Scheme in respect of the Existing Fund.

Threadneedle Investment Services Limited, as authorised corporate director of the Receiving Company, has confirmed that the receipt of property under the Scheme by the New Fund is not likely to result in any material prejudice to the interests of existing shareholders in the New Fund, is consistent with the objectives of the New Fund and can be effected without any breach of the relevant legislation.

THE DEPOSITARIES

HSBC and Citibank have informed TISL that, while expressing no opinion as to the merits of the Scheme and not having been responsible for the preparation of this document and not offering any opinion on the fairness or merits of the Scheme, which are matters for the judgement of each Shareholder in the Existing Fund, they consent to the references made to them in this document in the form and context in which they appear.

FINANCIAL CONDUCT AUTHORITY

The Financial Conduct Authority has confirmed by letter to TISL that the Scheme if adopted will not affect the ongoing authorisation of the Company.

TAX CLEARANCES (UNITED KINGDOM)

HM Revenue & Customs has confirmed by letter to Eversheds LLP, solicitors to TISL, that section 103K of the Taxation of Chargeable Gains Act 1992 should not apply to the Scheme and consequently section 103H of that Act may apply whatever the size of holding. Accordingly, the Scheme should not involve a disposal of Shares in the Existing Fund for the purposes of tax on capital gains. The New Shares will have the same acquisition cost and acquisition date for capital gains tax purposes for each UK Shareholder as their existing Shares.

HM Revenue & Customs has also given clearance by letter under section 701 of the Income Tax Act 2007 and section 748 of the Corporation Tax Act 2010 that the Scheme does not create a tax advantage which should be cancelled.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of TISL, Cannon Place, 78 Cannon Street, London EC4N 6AG, during normal business hours on weekdays (excluding bank holidays) until the date of the Meeting (or the adjournment of it):

1. The Instrument and Prospectus of the Company and of the Receiving Company;
2. The Key Investor Information Documents and Supplemental Investor Information Documents of the Existing Fund and the New Fund;
3. The letter to TISL from each depositary referred to under “The Depositaries” above; and
4. The letter to TISL from the FCA referred to under “Financial Conduct Authority” above;
5. The letter from HM Revenue & Customs referred to under “Tax Clearances (United Kingdom)” above.

APPENDIX 5

NOTICE OF MEETING FOR THE EXISTING FUND

NOTICE IS HEREBY GIVEN that a meeting of Shareholders of the Threadneedle US Equity Income Fund (the “Existing Fund”), a sub-fund of Threadneedle Investment Funds II ICVC will be held at 7th floor, Cannon Place, 78 Cannon Street, London EC4N 6AG on 23 March 2016 at 11.00 am (the “Meeting”) to consider and vote on the following resolution which will be proposed as an **EXTRAORDINARY RESOLUTION**:

RESOLUTION

THAT:

The scheme of arrangement (the “Scheme”) for the transfer of the Existing Fund into the US Equity Income Fund (the “New Fund”), a sub-fund of Threadneedle Specialist Investment Funds ICVC, the terms of which are set out in a document dated 4 March 2016 and addressed by Threadneedle Investment Services Limited (“TISL”) to shareholders in the Existing Fund, is hereby approved and that TISL, HSBC Bank plc and Citibank Europe plc, UK Branch are hereby instructed to implement the Scheme in accordance with its terms.

Campbell Fleming

Director

for and on behalf of

Threadneedle Investment Services Limited

(as authorised corporate director of Threadneedle Investment Funds II ICVC)

Cannon Place, 78 Cannon Street, London EC4N 6AG

4 March 2016

NOTES:

- (1) To be passed, an extraordinary resolution must be carried by a majority in favour of at least 75% of the total votes cast at the Meeting.
- (2) A Shareholder entitled to attend and vote may appoint a proxy, who need not be another Shareholder, to attend and vote in their place. To be valid Forms of Proxy and the power of attorney or other authority (if any) under which they are signed (or a notarially certified copy thereof) must be deposited with Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW, returning the enclosed Form of Proxy not later than 48 hours before the time of the Meeting.
- (3) On a poll, votes may be given personally or by proxy, and the voting rights attached to each Share shall be such proportion of the voting rights attached to all of the Shares (and fractions of a Share) in issue as the price of the Share (and fractions of a Share) bears to the aggregate price(s) of all the Shares (and fractions of a share) in issue on the date seven days before the Notice of Meeting is sent out. A Shareholder entitled to vote more than one vote on a poll need not, if they vote, use all their votes or call all the votes they use in the same manner.
- (4) The quorum for the Meeting is two Shareholders present in person or by proxy. The quorum at an adjourned meeting is one Shareholder present.
- (5) In notes 1 to 4 above the expression “Shareholder” means persons who were Shareholders in the Fund on the date seven days before the Notice concerning the Meeting was sent out but excluding persons who are known to TISL not to be Shareholders in the Fund at the time of the Meeting and the expression “Shareholder” should be construed accordingly.

APPENDIX 6

FORM OF PROXY FOR THE EXISTING FUND

For use at the meeting of Shareholders of Threadneedle US Equity Income Fund (the “Existing Fund”), a sub-fund of Threadneedle Investment Funds II ICVC (the “Company”), to be held on 23 March 2016 at 11.00 am and at any adjournment thereof.

Full Name (capitals): _____

Address: _____

Account Number (if known): _____

I/We being a shareholder/s of the above mentioned Existing Fund hereby appoint the chairman of the meeting or _____ (see Note 1 below) to act as my/our proxy at the meeting of shareholders to be held at 7th floor, Cannon Place, 78 Cannon Street, London EC4N 6AG on 23 March 2016 (and at any adjournment thereof) and to attend and vote on a poll for me/us and in my/our name(s) on the extraordinary resolution set out in the Notice of Meeting dated 4 March 2016 as indicated below.

EXTRAORDINARY RESOLUTION	FOR	AGAINST
<p>THAT the scheme of arrangement (the “Scheme”) for the transfer of the Existing Fund with the US Equity Income Fund (the “New Fund”), a sub-fund of Threadneedle Specialist Investment Funds ICVC, the terms of which are set out in a document dated 4 March 2016 and addressed by Threadneedle Investment Services Limited (“TISL”) to shareholders in the Existing Fund, is hereby approved and that TISL, HSBC Bank plc and Citibank Europe plc, UK branch are hereby instructed to implement the Scheme in accordance with its terms.</p>	<input type="checkbox"/>	<input type="checkbox"/>

Signature(s):

(see Notes 3 and 4)

Dated:

NOTES ON FORM OF PROXY

- If you wish to appoint someone other than the chairman of the meeting please delete “the chairman of the meeting or” and insert in the place provided the name and address of your appointee. A proxy need not be a shareholder but must attend the meeting or any adjourned meeting in person to represent you. The amendment must be initialed. To allow effective constitution of the meeting, if it is apparent to the chairman that no shareholders will be present in person or by proxy other than by proxy in the chairman’s favour then the chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the chairman.
- Please indicate with a cross in the appropriate box how you wish your votes to be cast in respect of the extraordinary resolution. If you do not do so your proxy will vote or abstain at his discretion.
- In the case of a corporate body this Form of Proxy must be executed under seal or under the hand of an officer or attorney authorised in writing to sign on its behalf.
- In the case of joint shareholders, any such shareholder may sign but, in the event of more than one tendering votes, the votes of the shareholder whose name stands first in the register of shareholders of the Fund will be accepted to the exclusion of the others.
- To be valid, this Form of Proxy must be completed and, together with any power of attorney or other authority under which it is signed (or a copy thereof certified by a solicitor), must be returned to Electoral Reform Services, The Election Centre, 33 Clarendon Road, London N8 0NW at least 48 hours before the time of the meeting or any adjourned meeting.
- Appointing a proxy does not preclude you from attending and voting in person at the meeting or any adjournment thereof.

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