



Transfer of customer assets

Questions and Answers

What is changing?

We are planning to transfer the assets of six funds from our UK-based OEIC¹ range into equivalent funds within our established Luxembourg-based SICAV² range. The transfers will be made by a process called a cross-border merger. Following this, the six UK funds will be wound up. The proposals are subject to shareholder approval.

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 UCITS³ status. As far as we know there is nothing prohibiting EU and non-UK investors from remaining in an OEIC fund. However, our aim is to provide certainty for our 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.

How will investors in the impacted funds be affected by the mergers?

The Luxembourg funds will be managed in the same way as the existing UK funds, 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% per annum applies to retail share classes in all Luxembourg SICAVs and this will be included in the operating expenses incurred by investors. For qualifying institutional investors investing into an institutional share class this tax reduces to 0.01% per annum.

Have you communicated with investors in the impacted funds?

Yes. We have written to all impacted investors to explain the changes and how these may affect them.

INVESTOR OPTIONS

What options do EU and non-UK investors have if they don't agree with the proposals?

Our priority is to provide continuity and certainty for investors in our funds. We therefore encourage investors to vote in favour of the changes. However, if investors do not agree with the changes, they have the following options:

1. Investors can vote against the changes. Please remember, if 75% or more of the votes cast are in favour of the transfer for each resolution, the transfer will go ahead and their investment will be moved to the SICAV.
2. They can move their investment, free of charge, to another of our funds.
3. They can cash-in their investment before the merger free of charge.

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. If they don't agree with the changes:

1. Investors can vote against the changes. Please remember, if 75% or more of the votes cast are in favour of the transfer for each resolution, the transfer will go ahead and their investment will be moved to the SICAV.
2. They can move their investment, free of charge, to another of our funds.
3. They can cash in their investment before the merger free of charge.

Please note that if the investment is held within an ISA and cashed in, it will lose its ISA status.

Are there EU and non-UK investors in other Threadneedle OEIC funds?

There are other funds in our OEIC range with very small portions of EU and non-UK investors. Should any of these investors want to transfer to an alternative SICAV fund we will be happy to facilitate this. OEIC funds are likely to continue to be UCITS-compliant through the transition period until December 2020, which gives investors additional time to consider their options. We will be communicating with these investors in one of our regular shareholder mailings.

¹ OEIC stands for open-ended investment company.

² SICAV stands for société d'investissement à capital variable, which is simply French for "investment company with variable capital".

³ 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.

How will UK investors in your SICAV funds be impacted?

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

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.

Can investors continue to hold the Luxembourg funds through a Threadneedle ISA?

No. If the mergers are approved, their investments will be automatically transferred on the effective date. If investors do not want their investments to be transferred to the Luxembourg funds, they have the following options for their ISA:

1. Switch their investment in the impacted OEIC fund(s) into another Threadneedle fund(s) not affected by the mergers.
2. Alternatively, they can transfer their ISA investment to another ISA manager. To do so, they will need to complete an ISA transfer form and send it to their new ISA manager, who will then contact us to complete the transfer. Please note that ISA transfers can take around 30 days to complete.
3. They may also cash in their investment at any time, but if they do this it will lose its ISA status.

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 capital gains.

To find out more visit columbiathreadneedle.com/changes



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