

## **NOTICE TO THE SHAREHOLDERS OF THE SICAV'S PORTFOLIO**

### **THREADNEEDLE (LUX) – MULTI ASSET TARGET ALPHA** (the "**Portfolio**")

#### **IMPORTANT**

4 September 2014

Dear Shareholders,

As part of our commitment to offer Shareholders the best possible investment opportunities and following a review of the Portfolio, the board of directors of the SICAV (the "**Board**") noted the small size of the portfolio and has resolved to reposition the Portfolio by making the material changes listed below. Please consider the changes carefully. If you are unsure of the impact of these changes on your investment, you should contact your professional advisor. You are also free to redeem your shares in the Portfolio, or switch into an alternative portfolio of the SICAV *free of any charges* during a period starting on the date of this notice and ending on the Effective Date.

#### **What is changing?**

The investment objective and policy of the Portfolio will change, and while the Portfolio will continue to follow a multi-asset strategy, Threadneedle Asset Management Limited, the Portfolio's sub-advisor (the "**Sub-Advisor**"), will no longer focus on achieving an absolute return regardless of market conditions but will seek to generate income with the prospect of capital appreciation.

In order to achieve the Portfolio's new objective, the Sub-Advisor intends to reduce the asset classes in which the Portfolio is invested to focus on a combination of fixed income and equities. While retaining the ability to invest in other funds, the Portfolio will generally invest directly in its target assets rather than through such funds.

The Portfolio will continue to use derivative instruments for investment purposes, including the use of certain covered derivative instruments to generate additional income, but overall the use of derivative instruments will be less of a focus than is currently the case.

In order to accurately reflect the nature of the revised objective and policy, the Portfolio's name will change to "**Threadneedle (Lux) – Global Multi Asset Income**".

As a result of the Portfolio no longer investing substantively in other funds, the settlement period for the Purchase of Shares and Redemption of Shares will be reduced from four Business Days to three Business Days, in line with other portfolios of the SICAV.

Additionally, as a result of its new investment objective and policy, the Portfolio will no longer be subject to a performance fee. In addition, the Asset Management Fee of the 'A Shares' of the Portfolio will reduce from 1.35% to 1.25% per annum.

## Why are we making these changes?

Since the launch of the Portfolio in September 2012, the Portfolio has not attracted sufficient assets to make it viable in the long term. As a result, the Board resolved to reposition the Portfolio as an income focussed strategy, which it believes will be more attractive to investors and will allow the Portfolio to successfully attract further investment. We believe that Shareholders will benefit from participating in a larger fund as it will allow the investment manager to implement the investment strategy more effectively.

## How does this affect your investment?

The Portfolio will focus on generating income, with the prospect for capital growth, rather than generating an absolute return. As a result the Portfolio may not suit your investment requirements following implementation of the changes, and you should therefore consider the changes carefully and consider the options set out in this letter.

The change in the investment policy will result in a reduced exposure to financial derivative instruments. As a result, the Portfolio's global exposure shall be calculated using the relative value-at-risk methodology and not the absolute value-at-risk methodology. Accordingly, the Portfolio's expected level of leverage will significantly decrease, from 0-700% (based on the sum of notionals approach and on the commitment approach) to 350% based on the sum of notionals approach and 250% based on the commitment approach.

All other features of the Portfolio, such as the reference currency (USD) and Share Classes available will remain unchanged. The Portfolio will also continue to be managed by the same investment management team within the Sub-Advisor as is currently the case.

## When will the changes be implemented?

The changes to the Portfolio will be effective from 4 November 2014 (the "**Effective Date**").

## What should you do next?

Please carefully read the Summary of Changes table overleaf.

Shareholders should note that the changes described are material and result in a change to the risk profile of the Portfolio. As a result, (i) Shareholders who are unsure of the impact of the changes should consult their professional advisor and (ii) Shareholders who disagree with such changes may redeem their Shares or switch into an alternative portfolio of the SICAV *free of any charges* during a period starting on the date of this notice and ending on the Effective Date. **If Shareholders take no action, they will retain their Shares in the Portfolio, which will implement these changes from the Effective Date.**

An updated version of the SICAV's prospectus as well as Key Investor Information Documents of the Portfolio reflecting the amendments detailed above will be available in November 2014 at the registered office of the SICAV and on the website [www.threadneedle.com](http://www.threadneedle.com).

Yours faithfully,

**The Board**

## Summary of changes

With effect on 4 November 2014, (the “**Effective Date**”), the Portfolio’s name and investment policy will change as indicated in the following table:

Feature	Current	As from the Effective Date
<b>Name</b>	Threadneedle (Lux) – Multi Asset Target Alpha	Threadneedle (Lux) – Global Multi Asset Income
<b>Investment Objective and Policy</b>	<p>The Multi Asset Target Alpha Portfolio seeks to achieve an absolute return.</p> <p>The Portfolio will invest globally in equity, fixed income and currency markets, either directly, or indirectly through collective investment schemes and/or financial derivative instruments, and when determined appropriate cash and Money Market Instruments. The Portfolio will also gain indirect exposure to commodities, property or other assets through, but not limited to, investment in collective investment schemes, securitised notes and/or financial derivative instruments where such derivatives underlying instruments are indices. The Portfolio will not invest in physical commodities or property.</p> <p>The Portfolio may invest more than 10% and up to 100% of its assets in other UCITS or UCIs.</p> <p>The Sub-Advisor’s investment process involves independently developing a current economic view based on fundamental analysis, then establishing the forward-looking view discounted in financial asset prices in the market. The Sub-Advisor will make asset allocation decisions for the benefit of the Portfolio based on disconnects identified between the current and forward-looking views. The Sub-Advisor will implement the strategy through exposure to various asset classes as described above (including through the use of both long and short financial derivative instruments), that when combined, display a low correlation to equity market returns.</p> <p>In order to implement the Portfolio’s investment policy, the Sub-Advisor may use financial derivative instruments for investment purposes. The instruments to be used to that effect will typically include, without being limited to, interest rate swaps and futures, credit default swaps, forward foreign exchange, and futures and options on Transferable</p>	<p>The Global Multi Asset Income Portfolio seeks to achieve an income with the prospect of capital appreciation over the medium to long term.</p> <p>The Portfolio will invest principally in global fixed income and global equity securities. The Portfolio may further invest in cash and other securities globally (including Money Market Instruments, currencies, REITs, convertible debt securities and other asset classes). The Portfolio will follow a flexible asset allocation policy to achieve the investment objective, and this may result in the Portfolio having no exposure to particular asset classes.</p> <p>The Portfolio may invest up to 10% in other UCITS or UCIs, and may use derivatives for investment purposes and hedging, including the generation of additional income. Such derivatives may include but are not limited to, futures and options, interest rate swaps, and foreign currency exchange contracts.</p>

	<p>Securities and indices. The Portfolio will invest in a combination of financial derivative instruments as described above at any time in order to achieve the investment objective. For example, the Sub-Advisor may use forward foreign exchange contracts on global currencies for investment purposes to benefit from expected movements between currencies. Interest rate swaps (where the underlying is the reference swap rate for a particular currency, e.g. US dollar, Euro or Sterling) or bond futures (where the underlying is a fixed income security, e.g. US Treasuries or Euro-Bund) may be used to enter into curve trades, a relative value strategy allowing the Portfolio to benefit from anticipated flattening or steepening of the yield curve. Finally, the Portfolio may also take long and short positions on diversified equity and commodity indices through the use of futures, and put and call options. Such futures and options may be used to take long positions in order to increase exposure to equity and commodity markets, or short exposure where the Sub-Advisor wishes to benefit from an expected fall in such asset prices. The Portfolio will not use financial derivative instruments on property for investment purposes. The use of the aforementioned financial derivative instruments for investment purposes may increase the risk profile of the Portfolio and the level of leverage exhibited, which may in turn lead to increased movements in the Portfolio's net asset value when compared to less leveraged Portfolios.</p> <p>In addition, it is to be noted that the Sub-Advisor may also use financial derivative instruments for hedging purposes. These will typically include, without being limited to, index futures and options, interest rate swaps, credit default swaps, bond futures and forward foreign exchange contracts. Credit default swaps allow the Sub-Advisor to buy protection against the default risk of individual sovereign or corporate fixed income securities, or baskets of such securities, to reduce the credit risk of the Portfolio. Forward foreign exchange contracts on global currencies may be used to reduce the currency risk attributed to securities denominated in currencies other than the base currency of the Portfolio. Interest rate swaps and bond futures may also be used for hedging purposes, if the Sub-Advisor</p>	
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	<p>wishes to reduce interest rate risk associated with government and non-government fixed income securities in the Portfolio. Index futures, and put and call options on diversified equity or commodity indices may be used for hedging purposes where the Sub-Advisor wishes to reduce risk associated with equity or commodity markets. The Portfolio will not use financial derivative instruments on property for hedging purposes. A mixture of direct and indirect investments may be used to target specific investment strategies and economic themes where one or more derivatives may be used to hedge unwanted investment exposure.</p> <p>The combined use of financial derivative instruments will create leverage; the expected level of leverage shall, in light of the investment policy implemented by the Sub-Advisor, typically range between 0-700% using both the commitment and sum of notionals approaches. Leverage is calculated without looking through to positions held within collective investment schemes into which the Portfolio invests. The nature of the derivative positions used by the Sub-Advisor would typically not permit them to be netted off for the purposes of the commitment approach calculation, under the relevant guidelines; hence the limit is set at the same level for both approaches. However in the event that derivative positions are held where netting or hedging is permitted in the calculation, the level of leverage on a commitment basis will be lower than that on a sum of notionals basis. As the Sub-Advisor believes that hedging through derivatives will be rare in practice, it deems that indicating the same expected levels of leverage on a sum of notional basis and on a commitment basis does appropriately reflect the Portfolio's situation. Investors should note that part of the leverage may be attributed to positions designed to reduce risk within the Portfolio through hedging, including transactions relating to the hedged Classes of the Portfolio. It is possible, in market conditions where the Sub-Advisor feels it appropriate to take a larger than normal exposure to such derivatives as described above, that the level of leverage of the Portfolio on a sum of notionals basis and/or on a commitment approach basis, is towards the upper limit referred to above and</p>	
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	<p>even, temporarily, higher than the expected upper level. In such case, the Sub-Advisor should take, in due course, any relevant measures to reduce the level of leverage by reducing such exposure.</p> <p>The Portfolio retains the flexibility to vary its exposure between asset classes where it deems necessary in order to achieve the investment objective.</p>	
<b>Typical Investor's Profile</b>	<p>This Portfolio is suitable for investors who:</p> <ul style="list-style-type: none"> <li>• seek capital appreciation;</li> <li>• have a high risk tolerance;</li> <li>• have a long term investment time horizon.</li> </ul>	<p>This Portfolio is suitable for investors who:</p> <ul style="list-style-type: none"> <li>• seek potential total returns from income and capital appreciation;</li> <li>• seek investment diversification through exposure to global fixed income and equity markets;</li> <li>• will accept moderate to high volatility and a moderate to high level of risk;</li> <li>• have a medium to long-term investment horizon.</li> </ul>
<b>Methodology used to Calculate Global Exposure</b>	Absolute Value-at-Risk	Relative Value-at-Risk
<b>Expected Level of Leverage</b>	<p>Commitment approach: 0-700%</p> <p>Sum of notionals approach: 0-700%</p>	<p>Commitment approach: 0-250%</p> <p>Sum of notionals approach: 0-350%</p>
<b>Asset Management Fee</b>	A Shares – 1.35%	A Shares – 1.25%
<b>Performance Fee (For A Shares, I Shares and Z Shares only)</b>	15%	N/A
<b>Settlement period for Purchase of Shares and Redemption of Shares</b>	Four Business Days after the relevant Valuation Date	Three Business Days after the relevant Valuation Date