

Please address any replies to:

Columbia Threadneedle Investments

PO Box 10033

Chelmsford

Essex

CM99 2AL

United Kingdom

Tel: 0800 953 0134*

+44 1268 444 321*

Fax: 0845 113 0274

+44 1268 441 520

columbiathreadneedle.com

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Dear Investor,

Important information: Changes to your Threadneedle fund(s) – action required

We are writing to you as an investor in one or more of the Threadneedle funds listed below to inform you about a proposed change to the funds. It is important that you read this letter, as well as the enclosed Unitholder Circular, as you have the opportunity to vote on the proposed changes which we believe to be in your best interests.

- Threadneedle Managed Bond Fund
- Threadneedle Managed Bond Focused Fund
- Threadneedle Managed Equity & Bond Fund
- Threadneedle Managed Equity Focused Fund
- Threadneedle Managed Equity Fund
- Threadneedle Managed Equity Income Fund

Throughout this letter, and in the enclosed Unitholder Circular, we refer to these funds as the “Existing Funds”.

What is changing?

We are proposing to merge the Existing Funds into equivalent, new sub-funds (“New Funds”) within the Threadneedle Opportunity Investment Funds ICVC, an open-ended investment company managed by us. Full details of the proposed mergers can be found in the enclosed Unitholder Circular.

Why is Columbia Threadneedle Investments proposing these changes?

Columbia Threadneedle Investments will be subject to US federal banking laws from the end of May 2021. This is because Columbia Threadneedle is a subsidiary of Ameriprise Financial, Inc., a diversified financial services firm that has recently expanded its activities to include banking services in the US. Some of these US banking laws will apply to Columbia Threadneedle products, including the Existing Funds.

The Existing Funds are unit trusts, that are managed as ‘fund of funds’, that is, they invest in a number of other underlying Threadneedle funds to gain exposure to the relevant asset classes (e.g. UK company shares), and the portfolio manager elects how much to invest in each one. Unless these mergers are approved, Columbia Threadneedle may have to restrict how much of an underlying fund they can hold. This would impact the flexibility that our portfolio managers currently have to make investment decisions.

The New Funds will be structured as sub-funds of an open-ended investment company (OEIC), with the intention of using this structure to limit the impact of US banking laws. We anticipate that, as a result, the New Funds would be able to be managed as they are today. We firmly believe the mergers are in the best interests of unitholders and are a sensible way to allow the Existing Funds to continue to be managed in the same way, whilst retaining the greatest possible investment flexibility for the portfolio managers to pursue each fund’s investment objective. We encourage you to vote in favour of a merger.

How will my investment be affected by the mergers?

The mergers will occur through the transfer of assets from an Existing Fund into the corresponding New Fund. If the mergers are approved, each New Fund will be managed in the same way as its Existing Fund, keeping the same fund manager, investment strategy, and following the same investment process.

However, if you are invested in the Threadneedle Managed Equity Income Fund, we have taken the opportunity to better describe how the fund is managed, and introduce a performance target – to provide a way to more readily measure its investment objective in the future.

The Existing Funds will be wound-up once the mergers have taken place and the New Funds are launched. If the merger of an Existing Fund is not approved by its unitholders, that fund will remain a unit trust and, from 31 May 2021, would be subject to the restrictions imposed by US banking laws, referred to above and as further explained in the enclosed Unitholder Circular.

Will there be any cost to me as an investor?

There will be no changes to the fees and charges you currently pay, and the costs of the mergers will be met by Columbia Threadneedle Investments.

When will the mergers take place?

If approved, each merger will take place on 9 April 2021. However, for a merger to proceed, at least 75% of votes cast at an Extraordinary General Meeting (EGM) of each Existing Fund must be in favour of the merger.

You can vote for or against the proposal for the Existing Fund you are invested in, by completing the enclosed Form of Proxy. However, please note that due to the extraordinary circumstances resulting from COVID-19, voting cannot take place in person. Instead, the Chair of the meeting can vote on your behalf as instructed by you on the Form of Proxy. Investors may join the meeting virtually if they wish to do so, and the Chair will take questions. The results of the votes will be published on our website columbiathreadneedle.com/changes following the EGMs.

What do I need to do?

It is important that you read this letter and the enclosed Unitholder Circular. Together, they form notification of the proposed changes and the EGM and provide full details of the process and implications for you as an investor.

If you wish to vote, you should return the completed Form of Proxy in the pre-paid return envelope provided to Civica Election Services Ltd, The Election Centre, 33 Clarendon Road, London N8 0NW, United Kingdom to reach us no less than 48 hours before the time of the relevant EGM. The Form of Proxy can be found enclosed with this document.

What happens if the mergers are approved and I do not want my investment to be transferred?

If the mergers are approved and you do not wish for your investment to be transferred to the New Fund(s), you have the following options:

- You can switch your investment free of charge into another fund(s) in our UK range, including any of our other UK UCITS funds, over the telephone or in writing.
- You can sell your units in the Existing Fund(s) over the telephone or in writing and receive the proceeds in cash.

Are there any tax implications?

There are no tax implications associated with the merger. There may be tax implications depending on your individual circumstances should you decide to switch or sell units in the Existing Fund(s). We are unable to provide tax advice and we therefore suggest that you seek advice from your tax adviser about any potential tax implications before you take any action.

Further information

If you are unclear about the contents of this letter, or have any further questions, please contact us. For UK investors please call us on 0800 953 0134*. For investors outside the UK, please call +44 1268 444 321*. Our team is available from 8:00am to 6:00pm, Monday to Friday (UK time). Please note that we are unable to provide financial or tax advice.

If you are unsure about your investment you should speak to a financial adviser. If you are based in the UK, you can find one in your area by visiting www.unbiased.co.uk – please note we do not endorse the advisers on the site.



Dei McLaughlin
Head of EMEA Client Services
Columbia Threadneedle Investments

*Calls may be recorded.