

QUESTIONS & ANSWERS

THREADNEEDLE STERLING FUND

The Threadneedle Sterling Fund is now authorized as a short-term money market fund. As a result, from 1 May 2019, the Fund's investment objective and policy will change, and the Fund's new name will be the Threadneedle Sterling Short-Term Money Market Fund.

1. What is changing?

We have received authorisation from the Financial Conduct Authority (FCA), the UK financial services regulator, for the Fund to be categorised as a Short-Term VNAV Money Market Fund.

We will be making the following changes to the Threadneedle Sterling Fund:

- Changing its name to "Threadneedle Sterling Short-Term Money Market Fund".
- Broadening and clarifying the wording used to describe the investment policy; including addition of the performance benchmark for the purposes of performance comparison.

To meet the requirements of the EU Money Market Fund Regulation ("MMFR"), we will also be making a number of changes to the investment guidelines; these will be detailed in the Fund's prospectus.

2. What is a VNAV Money Market Fund?

VNAV means variable net asset value which means the share price is calculated by dividing the fund's net asset value by the number of shares in issue: therefore increases or decreases in the net asset value of the fund, will cause increases or decreases in its share price.

3. What is the new investment objective and policy?

The Fund aims to provide income and preserve the original value of your investment, however, this is not guaranteed.

The Fund is actively managed, and looks to provide income returns broadly in line with the 1 Month GBP London Interbank Bid Rate (LIBID), before charges are deducted.

The Fund invests in short-term assets of high credit quality from issuers that have received a favourable assessment in accordance with credit quality assessment procedures adopted by the Fund. These investments may include UK Government securities (including Treasury bills) with a maturity of 184 days or less, sterling denominated cash deposits and certificates of deposit.

In addition, up to 50% of the Fund may be invested in sterling denominated commercial paper, also with a maturity of 184 days, or less. Investment in other short-term money market funds is permitted, but limited in total to 10% of the Fund's value.

4. What is LIBID?

LIBID is the indicative interest rate that banks expect to pay when borrowing from each other in the London Interbank Market. It is widely used by short-term money market funds to provide a benchmark against which performance can be compared over time.

5. Why are you making the changes?

We are making the changes to meet our obligations under the EU Money Market Fund Regulation, which came into force in July 2018.

The new Regulation requires all existing funds with the characteristics of a money market fund to seek authorisation from the local regulator as such, and to comply with new rules.

6. When will the changes take effect?

In accordance with new European regulations¹, we have received authorisation from the Financial Conduct Authority (FCA), the UK financial services regulator, for the Fund to be categorised as a Short-Term VNAV Money Market Fund². The changes to the Threadneedle Sterling Fund's name and investment policy will take effect from 1 May 2019.

7. Will the changes affect how the Fund is managed?

As the Fund already has the characteristics of a short-term money market fund and is already managed on the same lines as a money market fund, there will be no change to the way the Fund is managed.

8. What is the new EU Money Market Fund Regulation "MMFR"?

The EU Money Market Fund Regulation is a broad set of new regulatory measures that apply to money market funds in the EU. To make these funds more resilient and safer for investors, MMFR imposes certain restrictions and requirements that money market funds have to adhere to in order to maintain their money market fund status.

9. Will these changes result in any change to the risk profile of the Fund?

No, there will be no changes to the Fund's risk profile, which will remain at the lower end of the risk spectrum.

10. Will there be any changes to the fees you charge?

No, there will be no changes to the fees as a result of these changes.

11. Do I need to take any action?

No, you do not need to take any action.

12. What can I do if I disagree with the changes?

If you disagree with the changes, you can redeem your shares or you can switch your investment, free of charge, into another Threadneedle fund. This can be done in writing or by calling us on 0800 953 0134*.

Should you decide to redeem or switch your shares, it may be treated as a disposal for the purposes of capital gains tax.

¹ EU Money Market Regulation

² As defined in the EU Money Market Regulation

13. Are there any tax implications if I redeem or switch my shares?

There may be tax implications depending on your individual circumstances. 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.

14. Are you making and changes to the Fund other than obtaining approval for it to be classified as a money market fund?

We have made additional changes to the investment policy of the Fund following the publication of the FCA Asset Management Market Study, which aims to improve disclosures for UK-regulated funds. Once these changes are made, the investment policy will provide additional information about the way the Fund is managed and to allow easier comparison between similar funds.

15. Who should I contact if I want to find out more?

If you have any questions regarding the changes, you can call us Monday to Friday between 8:00 am and 6:00 pm (UK time) on 0800 953 0134* for UK-based investors or +44 1268 444 321* for investors outside of the UK.

Please note we do not provide investment advice. If you are unsure about any aspects of your investment, you should contact a financial adviser. If you are UK based and do not have a financial adviser, you can find one in your area by visiting www.unbiased.co.uk**.

*Please note that calls may be recorded.

**Please note that Columbia Threadneedle Investments does not endorse advisers found on this site.

Comparison of current and new fund name, investment objective and policy

Sterling Fund	Sterling Short-Term Money Market Fund
<p>To achieve a high level of capital security and provide income.</p> <p>The ACD's investment policy is to invest the assets of the Fund in sterling-denominated cash deposits and certificates of deposit and UK government-issued Treasury bills. If the ACD considers it desirable it may also invest up to 50% of the total assets of the Fund in Sterling denominated commercial paper. The investment policy shall be subject to the following credit rating restrictions:</p> <ul style="list-style-type: none"> (i) Bank deposits shall be held with and certificates of deposit shall be issued by a deposit-taking institution with a minimum long-term credit rating of either (a) Standard & Poor's AA-, or (b) Moody's AA3; (ii) Commercial paper issued by institutions with a minimum short-term credit rating either (a) Standard & Poor's A1, or (b) Moody's P1, and with a maximum term to maturity of 184 days; and (iii) UK government issued treasury bills shall have a maximum term to maturity of 184 days. 	<p>The Fund aims to provide income and preserve the original value of your investment, however, this is not guaranteed.</p> <p>The Fund is actively managed, and looks to provide income returns broadly in line with the 1 Month GBP London Interbank Bid Rate (LIBID), before charges are deducted.</p> <p>The Fund invests in short-term assets of high credit quality from issuers that have received a favourable assessment in accordance with credit quality assessment procedures adopted by the Fund. These investments may include UK Government securities (including Treasury bills) with a maturity of 184 days or less, sterling denominated cash deposits and certificates of deposit. In addition, up to 50% of the Fund may be invested in sterling denominated commercial paper, also with a maturity of 184 days, or less. Investment in other short-term money market funds is permitted, but limited in total to 10% of the Fund's value.</p>