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28 January 2020

Letter Reference: J30209

Dear Adviser,

### **Changes to the Threadneedle Managed Funds range – no action required**

We have written to your clients as unitholders in one or more of the following funds in our Managed Funds range (the “Fund(s)”), informing them of changes being made to the Funds that will take effect on 7 May 2020.

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

### **What changes are we making?**

1. We are making changes to enhance our Funds’ investment objective by including a benchmark index within each Fund’s investment objective. Each benchmark index will consist of a different blend of five indices and is referred to as a “composite index”. Each Fund will aim to beat its composite index over rolling 3-year periods. In Appendix 1 of this letter you will find details on the composite index that has been included for each Fund.

The blend of each composite index is consistent with each Fund’s investment policy, therefore there will be no material change to how the Funds are managed. However, with respect to the Threadneedle Managed Equity Fund, we are planning to increase its exposure to company shares by 10-15% (compared to recent levels), with a consequential decrease in bond exposure. Accordingly, the composite index for this Fund has been designed on this basis.

2. Following a review of the fees and charges that apply to the Funds, we will reduce the annual management fees on a number of unit classes as set out in Appendix 2 of this letter and reduce the ongoing charges figure across all unit classes as further detailed in Appendix 2.
3. We will be updating the prospectus of the Funds to include a provision that allows us to convert your existing units into units of another class of the same fund, if this is in your best interests. This is known as compulsory conversion.

### **Why are we making these changes?**

We have recently reviewed the information available to investors about the Funds. As a result, a benchmark index (composite index) is being included within the investment objective of each Fund in order to help investors better measure and evaluate Fund performance over time.

We have undertaken a comprehensive review of our fees and charges, and as a result we have made the decision to reduce our charges on a number of unit classes which reflects our commitment to giving unitholders value for money over the long term.

The ability to convert unit holdings from one unit class to another within the same fund will allow us to more easily take this action when we believe it to be in your clients' best interests. However, no such action would be taken without giving them at least 60 days' notice.

These changes do not alter the risk profile of the Funds or the way in which the Funds are currently managed in any material respect.

### **Do my clients need to take any action?**

Your clients don't need to take any action as a result of this letter. However, we invite them to read the information contained in Appendix 1 and Appendix 2.

### **Further information**

If you are unclear about any of the details relating to the changes set out in this letter, or have any further questions, please contact us.

For UK investors please call us on 0800 953 0134\*. Our team is available from 8:00am to 6:00pm UK time, Monday to Friday.

Yours faithfully



Gary Collins  
Interim Head of Distribution EMEA & Latin America  
For and on behalf of  
Threadneedle Investment Services Limited

\*Calls may be recorded

## Appendix 1 - Table comparison of Current and New Investment Objective

Managed Funds		
	Current Investment Objective	New Investment Objective
<b>Threadneedle Managed Equity Fund</b>		
Investment Objective	The Fund aims to provide a return over the long term (5 years or more), by way of capital growth.	<p>The Fund aims to achieve long-term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:</p> <ul style="list-style-type: none"> <li>■ 60% MSCI ACWI ex UK Index;</li> <li>■ 25% FTSE All-Share Index;</li> <li>■ 7% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index;</li> <li>■ 3% Bloomberg Barclays Sterling Aggregate Index; and</li> <li>■ 5% Sterling Overnight Index Average (SONIA).</li> </ul>
<b>Threadneedle Managed Equity Focused Fund</b>		
Investment Objective	The Fund aims to provide a return over the long term (5 years or more), by way of capital growth and income	<p>The Fund aims to provide a combination of long-term capital growth and some income. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:</p> <ul style="list-style-type: none"> <li>■ 50% MSCI ACWI ex UK Index;</li> <li>■ 22.5% FTSE All-Share Index;</li> <li>■ 15.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index;</li> <li>■ 7% Bloomberg Barclays Sterling Aggregate Index; and</li> <li>■ 5% Sterling Overnight Index Average (SONIA).</li> </ul>
<b>Threadneedle Managed Equity &amp; Bond Fund</b>		
Investment Objective	The Fund aims to provide a return over the long term (5 years or more), by way of capital growth and income.	<p>The Fund aims to provide a combination of long-term capital growth and income. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:</p> <ul style="list-style-type: none"> <li>■ 35% MSCI ACWI ex UK Index;</li> <li>■ 31.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index;</li> <li>■ 15% FTSE All-Share Index;</li> <li>■ 13.5% Bloomberg Barclays Sterling Aggregate Index; and</li> <li>■ 5% Sterling Overnight Index Average (SONIA).</li> </ul>

### Threadneedle Managed Bond Focused Fund

Investment Objective	The Fund aims to provide a return over the long term (5 years or more), by way of income and capital growth.	<p>The Fund aims to provide a combination of income and long-term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:</p> <ul style="list-style-type: none"> <li>■ 47.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index;</li> <li>■ 20% Bloomberg Barclays Sterling Aggregate Index;</li> <li>■ 20% MSCI ACWI ex UK Index;</li> <li>■ 7.5% FTSE All-Share Index; and</li> <li>■ 5% Sterling Overnight Index Average (SONIA).</li> </ul>
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### Threadneedle Managed Bond Fund

Investment Objective	The Fund aims to provide income with potential for capital growth over the long term (5 years or more).	<p>The Fund aims to provide income with potential for long-term capital growth. It looks to outperform a composite index over rolling 3-year periods, after the deduction of charges. This composite index comprises:</p> <ul style="list-style-type: none"> <li>■ 56% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index;</li> <li>■ 24% Bloomberg Barclays Sterling Aggregate Index;</li> <li>■ 10% MSCI ACWI ex UK Index;</li> <li>■ 5% FTSE All-Share Index; and</li> <li>■ 5% Sterling Overnight Index Average (SONIA).</li> </ul>
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The new investment objectives, together with details of each Fund's respective investment policy are shown in the Managed Funds Q&A on our website [columbiathreadneedle.com/changes](http://columbiathreadneedle.com/changes). Alternatively, this information can be made available to you upon request. If you are a UK investor, please call us on 0800 953 0134.

## Appendix 2 – Schedule of Fees

Table showing the Current fees and the New fees that will apply from 7 May 2020.

Unit Class Name	Current	Current	New	Estimated for 2020
	AMC	OCF	AMC	OCF
Threadneedle Managed Bond Fund Institutional Accumulation	0.90%	1.03%	0.85%	0.93%
Threadneedle Managed Bond Fund Retail Accumulation	1.15%	1.28%	0.90%	0.98%
Threadneedle Managed Bond Fund Z Accumulation	0.55%	0.68%	0.55%	0.63%
Threadneedle Managed Bond Focused Fund Institutional Accumulation	1.00%	1.10%	0.90%	0.95%
Threadneedle Managed Bond Focused Fund Retail Income	1.25%	1.35%	1.10%	1.15%
Threadneedle Managed Bond Focused Fund Retail Accumulation	1.25%	1.35%	1.10%	1.15%
Threadneedle Managed Bond Focused Fund Z Accumulation	0.65%	0.76%	0.60%	0.66%
Threadneedle Managed Equity & Bond Fund Institutional Accumulation	1.00%	1.11%	1.00%	1.06%
Threadneedle Managed Equity & Bond Fund Retail Accumulation	1.25%	1.36%	1.15%	1.21%
Threadneedle Managed Equity & Bond Fund Z Accumulation	0.65%	0.76%	0.65%	0.71%
Threadneedle Managed Equity Focused Fund Institutional Accumulation	1.20%	1.34%	1.05%	1.14%
Threadneedle Managed Equity Focused Fund Retail Accumulation	1.45%	1.59%	1.25%	1.34%
Threadneedle Managed Equity Focused Fund Z Accumulation	0.85%	0.99%	0.70%	0.79%
Threadneedle Managed Equity Fund Institutional Accumulation	1.25%	1.40%	1.10%	1.20%
Threadneedle Managed Equity Fund Retail Accumulation	1.50%	1.65%	1.30%	1.40%
Threadneedle Managed Equity Fund Z Accumulation	0.90%	1.05%	0.75%	0.85%

### Annual Management Charge (AMC)

This is the annual charge paid to Columbia Threadneedle Investments in return for managing your investment in a fund.

### Ongoing Charges Figure (OCF)

The ongoing charges figure (OCF) is usually based on the last year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). In some cases, the ongoing charges figure may be based on an estimate of future charges, either because the share/unit class is relatively new and has an insufficient track record to be calculated exactly, or if historic figures are unlikely to accurately reflect future ongoing costs. The fund's annual report for each financial year will include details of the exact charges applied. More detailed information on our fees can be found at [www.columbiathreadneedle.co.uk/fundcharges-oeic](http://www.columbiathreadneedle.co.uk/fundcharges-oeic)