

QUESTIONS & ANSWERS

THREADNEEDLE MANAGED FUNDS RANGE

As of 7 May 2020, we will be making changes to the following funds (the “Funds”):

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

FULL Q&A

1. What is changing?

a. New composite indices

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 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.

b. Reduction of fees

Following a review of the fees and charges that apply to the Funds, we will reduce the annual management fees on some unit classes as set out in Appendix 2, and reduce the ongoing charges figure across all unit classes as further detailed in Appendix 2.

c. Compulsory conversion clause

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.

Please refer to the '[Compulsory Conversion Clause](#)' Q&A for further information.

d. Transfer from Class A (direct retail non advised clients only in class A) to Class Z units

Your holding in unit class A in the Fund(s) will be converted to unit class Z on 7 May 2020, as set out in Appendix 3.

Please refer to the '[Transfers to Cheaper Classes](#)' Q&A for further information.

2. Why are the changes being made?

a. New composite indices

The composite indices serve as the target benchmarks which the Funds seek to outperform. A 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. The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark. Please refer to the investment policy of each Fund in Appendix 1 for further details.

b. Reduction of fees

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.

c. Compulsory conversion clause

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 best interests. However, no such action would be taken without giving you at least 60 days' notice.

Please refer to the '[Compulsory Conversion Clause](#)' Q&A for further information (insert link).

d. Transfer from Class A (direct retail non advised clients only in class A) to Class Z units

Please refer to the '[Transfers to Cheaper Classes](#)' Q&A for further information.

3. When are the changes being made?

The changes to the Funds will be effective from 7 May 2020.

4. What is the AMC and OCF?

The Annual Management Charge (AMC) is the fee paid for the management of your investment – usually a percentage of the assets under management of each Fund (AUM).

The Ongoing Charges Figure (OCF) is the European standard method of disclosing the charges of a share class of a fund 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 costs but ordinarily excludes the costs of buying or selling assets for the fund. The Key Investor Information Documents contain the current OCF.

5. Will there be an impact on the fees I pay?

Yes, you will see a reduction in the AMC on a number of unit classes, and a reduction in the OCF across all unit classes. The schedule of fee cuts can be seen in Appendix 2.

6. How are the composite indices different and how did you arrive at these?

The composite indices serve as the target benchmarks which the Funds seek to outperform. The design of the composite indices followed extensive research and analysis by our investment teams. Without constraining the Funds, the blends complement the current objectives and policies of the Funds.

7. How will I know whether you are doing a good job managing my Fund investment?

The introduction of the composite indices will improve how we measure and report Fund performance over time, making it easier for investors to evaluate how their investment is performing. For example, in our fund factsheets, we will compare Fund performance alongside that of the Target Benchmark (composite index).

8. Can I still compare the Funds with Peer Groups?

Yes, peer groups are another way to compare funds. We will continue to compare the Funds' performance against the average of our peers' in fund factsheets.

9. Is there a bias towards UK stocks and shares in the Managed Funds?

Historically, like many of their competitors, Threadneedle Managed Funds tend to focus on UK investments whilst offering returns from investment globally. The blended indices are a mix of Global and UK/Sterling indices. Threadneedle Managed Funds' factsheets provide further information on how the Funds are invested including the proportions in equities and bonds and the geographic split.

10. What action do I need to take?

You do not need to take any action as a result of these changes.

11. 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 (0)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 we do not endorse this website or the advisers on it.

*Please note that calls may be recorded.

Appendix 1 - Table comparison of Current and New Investment Objective

Managed Funds	Current Investment Objective & Policy	New Investment Objective & Policy
Threadneedle Managed Equity Fund		
Investment Objective & Policy	<p>The Fund aims to provide a return over the long term (5 years or more), by way of capital growth.</p> <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to equities (company shares), with only limited exposure taken to bonds (including corporate and government bonds).</p> <p>The balance of the exposure to these different asset types may vary over time, however, equity exposure usually exceeds two-thirds of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash. Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p>	<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"> • 60% MSCI ACWI ex UK Index • 25% FTSE All-Share Index • 7% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index • 3% Bloomberg Barclays Sterling Aggregate Index • 5% Sterling Overnight Index Average (SONIA) <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to equities (company shares), with only limited exposure taken to bonds (including corporate and government bonds).</p> <p>The balance of the exposure to these different asset types may vary over time, however, equity exposure usually exceeds two-thirds of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p> <p>The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of of global equities (excluding the UK), UK equities, investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.</p>

Threadneedle Managed Equity Focused Fund		
Investment Objective & Policy	<p>The Fund aims to provide a return over the long term (5 years or more), by way of capital growth and income.</p> <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to equities (company shares), but also has some exposure to bonds (including corporate and government bonds).</p> <p>The balance of the exposure to these different asset types may vary over time, however, equity exposure is usually between 50-85% of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p>	<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"> • 50% MSCI ACWI ex UK Index • 22.5% FTSE All-Share Index • 15.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index • 7% Bloomberg Barclays Sterling Aggregate Index • 5% Sterling Overnight Index Average (SONIA) <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to equities (company shares), but also has some exposure to bonds (including corporate and government bonds).</p> <p>The balance of the exposure to these different asset types may vary over time, however, equity exposure is usually between 50-85% of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p> <p>The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), UK equities, investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.</p>
Threadneedle Managed Equity & Bond Fund		
Investment Objective & Policy	<p>The Fund aims to provide a return over the long term (5 years or more), by way of capital growth and income.</p> <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p>	<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"> ■ 35% MSCI ACWI ex UK Index; ■ 31.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index; ■ 15% FTSE All- Share Index; ■ 13.5% Bloomberg Barclays Sterling Aggregate Index; and

	<p>The Fund focuses on investment in funds providing exposure to equities (company shares), and bonds (including corporate and government bonds).</p> <p>The balance of the exposure to these different asset types may vary over time, however, equity exposure will usually not exceed 60% of the Fund's value, with at least 30% exposure maintained to bonds, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p>	<ul style="list-style-type: none"> ■ 5% Sterling Overnight Index Average (SONIA). <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to equities (company shares), and bonds (including corporate and government bonds). The balance of the exposure to these different asset types may vary over time, however, equity exposure will usually not exceed 60% of the Fund's value, with at least 30% exposure maintained to bonds, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p> <p>The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global equities (excluding the UK), investment grade bonds (hedged to sterling), UK equities, investment grade sterling-denominated bonds, and cash, against which Fund performance will be evaluated over time.</p>
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Threadneedle Managed Bond Focused Fund

<p>Investment Objective & Policy</p>	<p>The Fund aims to provide a return over the long term (5 years or more), by way of income and capital growth.</p> <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares), particularly the shares of UK companies.</p> <p>The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 35% of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p>	<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"> • 47.5% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index • 20% Bloomberg Barclays Sterling Aggregate Index • 20% MSCI ACWI ex UK Index • 7.5% FTSE All-Share Index • 5% Sterling Overnight Index Average (SONIA) <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares), particularly the shares of UK companies.</p> <p>The balance of the exposure between these different</p>
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		<p>asset types may vary over time, however, equity exposure will usually not exceed 35% of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p> <p>The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance can be evaluated over time.</p>
Threadneedle Managed Bond Fund		
Investment Objective & Policy	<p>The Fund aims to provide income with potential for capital growth over the long term (5 years or more).</p> <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares).</p> <p>The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 20% of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash.</p> <p>Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p>	<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"> ■ 56% Bloomberg Barclays Global Aggregate ex GBP (GBP Hedged) Index; ■ 24% Bloomberg Barclays Sterling Aggregate Index; ■ 10% MSCI ACWI ex UK Index; ■ 5% FTSE All-Share Index; and ■ 5% Sterling Overnight Index Average (SONIA). <p>The Fund is actively managed, and invests at least 80% of its assets in other funds.</p> <p>The Fund usually invests in other Threadneedle funds, however, funds managed by companies outside the Threadneedle group may also be held, when this is considered appropriate. These funds may invest worldwide.</p> <p>The Fund focuses on investment in funds providing exposure to bonds (including corporate and government bonds), and to a lesser extent, funds investing in equities (company shares).</p> <p>The balance of the exposure between these different asset types may vary over time, however, equity exposure will usually not exceed 20% of the Fund's value, under normal market conditions.</p> <p>The Fund may also hold money market instruments, deposits, cash, and near cash. Derivatives may be used with the aim of reducing risk or managing the Fund more efficiently, and up to 20% of the value of the Fund may be invested in funds that use derivatives for investment purposes.</p> <p>The composite index is representative of the Fund's investment exposure, and provides a suitably weighted target benchmark of global investment grade bonds (hedged to sterling), investment grade sterling-denominated bonds, global equities (excluding the UK), UK equities, and cash, against which Fund performance will be evaluated over time.</p>

Appendix 2 – Schedule of Fees

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

Unit Class Name	Current	New	Current	Estimated
	AMC	AMC	OCF	for 2020
Threadneedle Managed Bond Fund Institutional Accumulation GBP	0.90%	0.85%	0.99%	0.93%
Threadneedle Managed Bond Fund Retail Accumulation GBP	1.15%	0.90%	1.24%	0.98%
Threadneedle Managed Bond Fund T Income GBP	0.95%	0.55%	1.04%	0.63%
Threadneedle Managed Bond Fund Z Accumulation GBP	0.55%	0.55%	0.64%	0.63%
Threadneedle Managed Bond Focused Fund Institutional Accumulation GBP	1.00%	0.90%	1.09%	0.95%
Threadneedle Managed Bond Focused Fund Retail Income GBP	1.25%	1.10%	1.34%	1.15%
Threadneedle Managed Bond Focused Fund Retail Accumulation GBP	1.25%	1.10%	1.34%	1.15%
Threadneedle Managed Bond Focused Fund Z Accumulation GBP	0.65%	0.60%	0.74%	0.66%
Threadneedle Managed Equity & Bond Fund Institutional Accumulation GBP	1.00%	1.00%	1.08%	1.06%
Threadneedle Managed Equity & Bond Fund Retail Accumulation GBP	1.25%	1.15%	1.33%	1.21%
Threadneedle Managed Equity & Bond Fund T Income GBP	1.05%	0.65%	1.13%	0.71%
Threadneedle Managed Equity & Bond Fund Z Accumulation GBP	0.65%	0.65%	0.73%	0.71%
Threadneedle Managed Equity Focused Fund Institutional Accumulation GBP	1.20%	1.05%	1.28%	1.14%
Threadneedle Managed Equity Focused Fund Retail Accumulation GBP	1.45%	1.25%	1.53%	1.34%
Threadneedle Managed Equity Focused Fund Z Accumulation GBP	0.85%	0.70%	0.93%	0.79%
Threadneedle Managed Equity Fund Institutional Accumulation GBP	1.25%	1.10%	1.34%	1.20%
Threadneedle Managed Equity Fund Retail Accumulation GBP	1.50%	1.30%	1.59%	1.40%
Threadneedle Managed Equity Fund T Income GBP	1.15%	0.75%	1.24%	0.85%
Threadneedle Managed Equity Fund Z Accumulation GBP	0.90%	0.75%	0.99%	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 costs 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

Appendix 3 – Compulsory Conversions

Unitholders in the Existing Unit Classes will receive units in the New Unit Classes on 7 May 2020 as set out in the following table:

	From: Existing Units (unit class type)		AMC	OCF	To: New Units (unit class type)		AMC	OCF
	Unit class	ISIN			Unit class	ISIN		
Threadneedle Managed Bond Fund	Class A (Retail) Accumulation	GB0032010042	1.15 %	1.28 %	Class Z Accumulation	GB00BRTM3L73	0.55 %	0.63 %
Threadneedle Managed Bond Focused Fund	Class A (Retail) Accumulation	GB0032009937	1.25 %	1.35 %	Class Z Accumulation	GB00BRTM3K66	0.60 %	0.66 %
Threadneedle Managed Equity and Bond Fund	Class A (Retail) Accumulation	GB0001439834	1.25 %	1.36 %	Class Z Accumulation	GB00BRTM3J51	0.65 %	0.71 %
Threadneedle Managed Equity Focused Fund	Class A (Retail) Accumulation	GB0001439727	1.45 %	1.59 %	Class Z Accumulation	GB00BRTM3H38	0.70 %	0.79 %
Threadneedle Managed Equity Fund	Class A (Retail) Accumulation	GB0001448892	1.50 %	1.65 %	Class Z Accumulation	GB00BRTM3G21	0.75 %	0.85 %

For further information visit
[COLUMBIATHREADNEEDLE.COM/CHANGES](https://columbiathreadneedle.com/changes)