

Changes to the objective wording of TPEN Multi Asset Fund and TPEN Global Select Fund

Q&A

January 2021

1) What changes are you making to the Threadneedle Pension Fund (TPEN) Global Select Fund and TPEN Multi Asset Fund?

The objective of the Funds will be amended to reflect that they will be able to invest directly into securities. Currently, the Funds may only invest indirectly through other Columbia Threadneedle Investment funds.

TPEN Global Select Fund Investment Objective:

Current:

To invest primarily in global equities, indirectly through a fund managed by Columbia Threadneedle Investments. It aims to achieve total returns that are 3% or more per annum above its benchmark, gross of fees, over rolling 3-year periods.

New:

To invest the assets of the fund primarily in a portfolio of directly held global equities. It may also invest in funds managed by Columbia Threadneedle Investments and by companies outside the Columbia Threadneedle Investments group. It aims to achieve total returns that are 3% or more per annum above its benchmark, gross of fees, over rolling 3-year periods.

TPEN Multi Asset Fund Investment Objective:

Current:

To invest the assets of the fund primarily in a portfolio of funds managed by Columbia Threadneedle Investments. The portfolio may include exposure to equities, fixed income, commodities, property, absolute return funds, other alternative asset classes and cash. It aims to achieve total returns equivalent to cash plus 4% per annum, gross of fees, over the economic cycle (expected to be 5-7 years).

New:

To invest the assets of the fund in a portfolio of directly held securities and indirectly through funds managed by Columbia Threadneedle Investments group. It may also hold funds managed by companies outside the Columbia Threadneedle Investments group. The portfolio may include exposure to equities, fixed income, commodities, property, absolute return and long-short strategies, other alternative asset classes and cash. It aims to achieve total returns equivalent to cash plus 4% per annum, gross of fees, over the economic cycle (expected to be 5-7 years).

2) Following the changes, TPEN Multi Asset Fund will also hold derivatives for investment purposes, how will my policy document change?

Your policy terms will be updated to reflect this. In Condition 6.6, all wording will be removed and replaced with the following:

'6.6 Where considered appropriate by the Company, Investment Funds may invest in derivatives and forward transactions. The Multi-Asset Fund may invest in such instruments for the purposes of investment, efficient portfolio management and hedging. Investments by all other Investment Funds in such instruments will only be made for the purpose of efficient portfolio management and hedging. In this context, efficient portfolio management and hedging mean to enable the Investment Fund to take the most cost-effective method for reducing risk; cost or implementing the relevant fund's investment strategy.'

3) What additional risk disclosure will apply to my investment in TPEN Multi Asset Fund as a result of these changes?

We have enhanced the risk disclosures in relation to the use of derivatives; please see 'Investment in Derivatives', 'Leverage Risk' and 'Short Selling Risk' in the Key Features Document and below. We have also clarified in the Key Features Document that where required to govern over-the-counter (OTC) derivatives transactions, TPEN will enter into separate ISDA Master Agreements in respect of each Fund to ensure that in the event of TPEN default, there is no contractual set-off of TPEN's liabilities between the assets of each of the Funds under such agreements.

Investment in Derivatives: The Investment Policy of the fund allows it to invest materially in derivatives.

Leverage Risk: Leverage amplifies the effect that a change in the price of an investment has on the fund's value. As such, leverage can enhance returns to investors but can also increase losses, including losses in excess of the amount invested.

Short selling Risk: Short selling intends to make a profit from falling prices. However, if the value of the underlying investment increases, the value of the short position will decrease. The potential losses are unlimited as the prices of the underlying investments can increase very significantly in a short space of time.

Furthermore, the inclusion of the following Fund Specific Risk for both TPEN Global Select Fund and TPEN Multi Asset Fund:

China-Hong Kong Stock Connect Risk: The fund may invest through the China-Hong Kong Stock Connect programmes which have significant operational constraints including quota limits and are subject to regulatory change and increased counterparty risk.

A full risk disclosure can be found in the Key Features Document.

4) Do the changes, including investment in derivatives for investment purposes, and the additional risk disclosures change the risk and return profile of my investment in TPEN MAF?

The fund will be managed in the same way that it is currently and the risk and return profile will not change.

5) Why are you making these changes?

Columbia Threadneedle Investments 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. As such, Columbia Threadneedle will be required to comply with a new regulation, the US Bank Holding Company Act, from 31 May 2021. This regulation extends to certain fund structures that we manage, including the Funds. As a result of this regulation, the Funds will be unable to own more than 5% of another Columbia Threadneedle equity fund and this would limit our portfolio managers in their investment decisions. We believe that by enabling the Funds to hold securities directly, they can be

managed without the need for additional restrictions on them, or on their underlying equity fund(s).

6) When will the changes take place?

The changes will be effective from 3rd May 2021.

7) Do I need to take any action?

You don't need to take any action. Your Policy Terms will be updated to reflect the changes in TPEN Multi Asset Fund.

8) Will the fees change as a result of these changes?

The same annual management fees will apply, and the additional expenses are expected to be the same or less than they are currently.

9) Who will bear the costs of these fund restructures?

Columbia Threadneedle Investments will cover the costs of the fund restructures.

10) If I have any further questions who shall I contact?

If you are unclear about any of the details relating to the changes, or have any questions, Please email clientservices@columbiathreadneedle.com.