

Please address any replies to:  
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**[columbiathreadneedle.com](http://columbiathreadneedle.com)**

10 September 2018

Dear Investor

**Important: Changes to the following Threadneedle funds**

We are informing you about a proposed change to some share classes of the following UK based Threadneedle funds. It is important that you read this letter, as well as the enclosed Shareholder Circular.

- **American Fund**
- **American Select Fund**
- **European Select Fund**
- **UK Equity Income Fund**
- **UK Fund**

Throughout this letter, and in the enclosed documents, we refer to these funds as the “Existing Funds” and the affected share classes within these funds as the “Existing Shares”.

**What is changing?**

We are planning to transfer the assets of investors in the Existing Shares into equivalent share classes (the “New Shares”) within our established Luxembourg fund range (the “Lux Funds”). The transfers will be made by a process called a scheme of arrangement. The Lux Funds are managed in the same way as the Existing Funds, by the same fund managers. Full details of the proposed transfers can be found in the enclosed Shareholder Circular.

**Why is Columbia Threadneedle Investments proposing the transfers?**

As UK-based funds, the Existing Funds currently enjoy UCITS status<sup>1</sup> within the European Union (EU). However, when the UK leaves the EU, it is highly likely that these funds will lose their UCITS status. By transferring the assets to an equivalent Luxembourg-based fund, we can provide certainty for investors and ensure they will remain in a UCITS-compliant fund, regardless of any final agreement between the UK and the EU.

<sup>1</sup>UCITS stands for Undertakings for Collective Investment in Transferable Securities. UCITS provides a harmonised regulatory regime for the management and sale of mutual funds within the European Union.

### How will my clients' investment be affected by the transfer?

The Existing Funds and the Lux Funds are very similar, and will be managed in the same way by the same fund manager.

There are, however, some changes resulting from the transfers. They include the following:

1. While the Existing Funds are subject to UK regulations under the supervision of the Financial Conduct Authority (FCA), the Lux Funds are overseen by the Commission de Surveillance du Secteur Financier (CSSF) in the Grand Duchy of Luxembourg. Importantly, the level of regulatory supervision provided by the CSSF is considered equivalent to that of the FCA.
2. Some non-material differences in the wording of the investment objectives and policies.
3. Changes to the fee structure and to the way certain fees are applied. The Annual Management Charge for the New Shares will be the same as it was for the Existing Shares. In addition to our fees and charges, a subscription tax (taxe d'abonnement) of 0.05% per annum applies to retail share classes in funds based in Luxembourg. For qualifying institutional investors investing into an institutional share class (as defined by Luxembourg law and regulations) this tax reduces to 0.01% per annum. As a result, the ongoing charges figure for the Lux Funds will be correspondingly higher than the current ongoing charges figure for the Existing Funds. Please refer to Section 2.3.1 (Fee Structure) of the Shareholder Circular for further information.
4. Operational changes including the timing of Net Asset Value calculations, the impact of different public holidays on settlement periods, accounting dates and dates on which income will be paid for the Lux Funds.
5. Contact points for the servicing of investors' holdings, for deal instructions and payments will be changing. New client reference details will be provided. We will provide detailed guidance on these points in follow up correspondence, before the relevant transfer takes place.
6. The Lux Funds are covered by the Lux Company's formal complaint process. Investments in the Lux Funds are not covered by the UK Financial Services Compensation Scheme, and compensation arrangements may be different from the Existing Funds. Complaints regarding the Lux Funds will not come under the scope of the UK Financial Ombudsman Service.

**There may be additional tax implications depending on investors individual circumstances. We are unable to provide tax advice and we therefore suggest that clients seek professional advice about any potential tax implications.** Full details of the differences between the Existing Funds and the Lux Funds can be found in Section 2 and Appendix 1 of the Shareholder Circular.

The proposed transfers are shown in the following table:

Existing Funds		Lux Funds
American Fund	into	Threadneedle (Lux) – American
American Select Fund	into	Threadneedle (Lux) – American Select
European Select Fund	into	Threadneedle (Lux) – European Select
UK Equity Income Fund	into	Threadneedle (Lux) – UK Equity Income
UK Fund	into	Threadneedle (Lux) – UK Equities

**When will the transfers take place?**

In order for the transfers to proceed, at least 75% of votes cast at an Extraordinary General Meeting (EGM) for each share class must be in favour of the transfer. For the date and times of each EGM please consult the Shareholder Circular. Investors can vote for or against this proposal, for the share classes they are invested in, either in person at the EGM or by completing the enclosed proxy form. Please note that the form will need to reach us at least 48 hours before the time of the relevant meeting. If the transfer proposal for a share class is not approved, the share class will continue in current form.

The results of the votes will be published on our website [www.columbiathreadneedle.com/changes](http://www.columbiathreadneedle.com/changes) following each EGM

**What happens if the transfers are approved and my clients do not want their investment to be transferred?**

If the transfers are approved and an investor does not wish to have their investment transferred to the New Shares, they have the following options:

- Switch their investment free of charge into another Threadneedle fund or share class by calling us on 0800 953 0134\* or by writing to us at Columbia Threadneedle Investments, PO Box 10033, Chelmsford, Essex CM99 2AL, United Kingdom.
- Instruct us to sell their units over the telephone or in writing and receive the proceeds in cash. There may be additional tax implications depending on individual circumstances. We are unable to provide tax advice and we therefore suggest that clients seek professional advice about any potential tax implications.

**Further information**

If you are unclear about any of the details relating to this proposal, or have any further questions, please call us on 00352 46 40 10 7020\*. Our team is available from 9.00am to 6.00pm (CET), Monday to Friday.

Yours sincerely



Gary Collins  
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Columbia Threadneedle Investments