

Please address any replies to:

Columbia Threadneedle Investments

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Dear Investor

Important: Changes to the following Threadneedle funds

We are writing to you as an investor in one or more of the UK based Threadneedle funds listed below, to inform you about a proposed change to some share classes of the fund(s). 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 status¹ 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 you will remain in a UCITS-compliant fund, regardless of any final agreement between the UK and the EU.

Our aim is to provide continuity and certainty for investors in our funds. For EU and non-UK investors, the transfers will remove uncertainty regarding the future status of your investment in your home country.

¹UCITS 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 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 your New Shares will be the same as it was for your 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. 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 your holdings, where you send deal instructions and payments will be changing. You will also receive new client reference details. 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 your individual circumstances. We are unable to provide tax advice and we therefore suggest that you 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
Certain share classes of the following sub-funds	into	Certain share classes of the following sub-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. If the transfer proposal for a share class is not approved, the share class will continue in its current form. For the date and times of each EGM please consult the Shareholder Circular. The results of the votes will be published on our website www.columbiathreadneedle.com/changes following the EGM.

What do I need to do?

It is important that you read this letter and the enclosed documents. Together they form notification of the proposed changes and provide full details of the process and implications for you as an investor.

You can vote on this proposal, for the share classes you are invested in, either in person at the EGM or by completing the proxy form and returning it in the enclosed pre-paid return envelope. Please note that the form will need to reach us at least 48 hours before the time of the relevant meeting.

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

If a transfer is approved and you do not want your investment to be transferred to the New Shares, you have the following options:

- Switch your investment free of charge into another Threadneedle fund or share class by calling us on 00352 46 40 10 7020* or by writing to us at Columbia Threadneedle Investments, PO Box 10033, Chelmsford, Essex CM99 2AL, United Kingdom.
- Instruct us to sell your units over the telephone or in writing and receive the proceeds in cash.

Further information

If you are unsure about the contents of this letter, the implications for your investment and the action you should take, please contact your financial adviser.

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
Co-Head of Distribution EMEA
Columbia Threadneedle Investments