

Q&A: Non-UCITs status for OEICs from 1 January 2021

1. Why are the UK-domiciled OEIC funds unable to be UCITS funds?

UCITS is a European regulatory framework. To be UCITS funds, both the collective investment funds and their managers must be established and registered or authorised in the European Union (EU) in order to be able to manage and market funds to retail and professional investors across the EU. As the UK has now left the European Union, UK funds managed by a UK manager will no longer qualify as UCITS funds under this framework. UK-based funds do however continue to follow all of the same rules as UCITS funds.

2. What is a UCITS fund?

UCITS stands for *Undertakings for the Collective Investment in Transferable Securities*. UCITS funds can be sold to any investor within the EU under a harmonised regulatory regime. The UK OEICs still follow all the same rules and regulations as UCITS funds, but they can no longer be marketed using a UCITS passport in the EU.

3. Will you continue to market the OEICs to European Investors?

No, we will no longer market our OEIC products to European-based investors following the UK's departure from the European Union (EU) and end of the transition period on 31 December 2020.

4. Will you continue to provide information on the Funds?

We will continue to service our existing clients. All the relevant information (i.e. legal documentation, prices, performance, corporate action notifications, European MIFID Template and European PRIIPS Template) will still be available to our existing clients.

5. Can an investor / I transfer to another fund that is UCITS?

Yes. Our Luxembourg SICAV funds are still UCITS and many follow the same investment strategy as our UK OEICs. If an investor wishes to transfer to an alternative fund in this range, we will facilitate this free of charge. These funds, along with their Key Investor Information Documents (KIIDs) can be found on our website at www.columbiathreadneedle.com. Please note there may be tax implications depending on an individual investor's circumstances. We are unable to provide tax advice and we therefore suggest that investors seek professional advice about any potential tax implications.

6. Can an investor / I still top up or add to my existing investment?

This depends on the applicable law in the EU country of residence. In EU countries where it is allowed, we will continue to provide the ability to make top-ups or add to an existing investment. If you are unsure about the applicable law in your country of residence, please contact your adviser.

7. Are you planning to transfer assets from your OEIC funds to your SICAV?

Over the past two years we have carried out an extensive transfer programme, moving the vast majority of our EU investors from our UK OEIC to our Luxembourg SICAV. This has ensured that the majority of our EU-based investors remain in a UCITS-compliant fund. We do not plan any further transfers related to Brexit at this point but continue to launch new products into the Luxembourg SICAV fund range.

Upon your request, we will transfer your OEIC shares to a UCITS-compliant Luxembourg SICAV free of charge.

8. Will the UK's departure from the EU have any tax impact for the Funds?

In the event the current transition period ends without an agreement in place between the UK and the EU, UK funds (both UCITS and non-UCITS funds) may be impacted by increased levels of withholding tax on investments as they lose their UCITS status and no longer considered EU recipients. As a result, higher rates of withholding tax are likely to apply on dividend and interest payments received by UK funds, increasing the tax impact on the funds' performance.

Please note there may be tax implications depending on investors' individual circumstances. We are unable to provide tax advice and we therefore suggest that investors seek professional advice about any potential tax implications.

9. What will be the impact for investors holding the Funds within a Plan d'Epargne en Actions (PEA)?

If your shares in any of the Funds are currently held within a Plan d'Epargne en Actions (PEA), please note that with the UK leaving the EU, it is likely that the Funds will no longer be eligible for a PEA and your investment may lose its PEA status. This is because the underlying investments of the fund (i.e. UK securities) will no longer be eligible to count towards the requirement for 75% investment in European Economic Area (EEA) securities. We are unable to provide tax advice and we therefore suggest that you seek professional advice about potential tax implications.

10. Are the OEICs now categorised as Alternative Investment Funds (AIF)?

At present, all non-UCITS funds are categorised as Alternative Investment Funds (AIF) under EU regulation. UK regulation in respect of OEICs remains consistent at this stage. We continue to monitor for updates from the UK regulator regarding the future treatment of AIFs/OEICs.

11. Are the OEIC funds regulated?

The OEIC funds remain authorised and regulated by the Financial Conduct Authority (FCA) in the UK and continue to follow FCA rules in relation to retail funds, which at this time are identical to UCITS rules.

12. Is Columbia Threadneedle expecting further regulatory guidance and change as a result of the new relationship between the UK and EU?

We continue to monitor developments and to engage with our industry association and other relevant bodies to ensure we are abreast of the latest information. We will communicate any relevant updates via our websites.

13. Will there be any further impact from Brexit for UK investors invested in the Threadneedle OEIC?

No, we do not expect any impact for UK investors invested in the Threadneedle OEIC funds as a result of the UK's departure from the EU.

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