COLUMBIA THREADNEEDLE INVESTMENTS

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PROSPECTUS
1 May 2020

THREADNEEDLE
OPPORTUNITY INVESTMENT FUNDS
ICVC

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Important: if you are in any doubt about the contents of this Prospectus you should consult your financial adviser.

Threadneedle Investment Services Limited, the Authorised Corporate Director of the Company (the 'ACD') and AIFM, is the person responsible for the information contained in this Prospectus. To the best of the ACD's knowledge and belief (having taken reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Rules to be included in it. Threadneedle Investment Services Limited accepts responsibility accordingly.

Prospectus of Threadneedle Opportunity Investment Funds ICVC

(An open-ended investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000862)

This document constitutes the Prospectus for Threadneedle Opportunity Investment Funds ICVC (the 'Company'), which has been prepared in accordance with the FCA Rules. The Company is also subject to the OEIC Regulations. The Instrument of Incorporation of the Company is registered with the Financial Conduct Authority (the 'FCA'). The FCA product reference number for the Company is 532915.

This Prospectus is dated, and is valid as at 1 May 2020.

Copies of this Prospectus have been sent to the FCA and the Depositary.

No person has been authorised by the Company or the ACD to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company or the ACD. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Company and the ACD to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Company's Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by the ACD.

This Prospectus is based on information, law and practice at the date hereof. The Company shall not be bound by an out of date Prospectus when it has issued a new Prospectus or addendum and investors should check with the ACD that this is the most recently published Prospectus.

Copies of this Prospectus can be provided in large print or electronic format.

Shares in the Company are not available for offer or sale in any state in the United States, or to persons (including companies, partnerships, trusts or other entities) who are US Persons, nor may Shares be owned or otherwise held by such persons. Accordingly, this Prospectus may not be distributed in the United States or to a US Person. The ACD reserves the right to give notice to any Shareholder that is or that subsequently becomes incorporated in the United States or to a US Person to (i) transfer the Shares to a person that is not a US Person or (ii) request a redemption or cancellation of the Shares and the ACD may redeem or cancel the Shares if the Shareholder fails to make such transfer or request within 30 days of that notice provided by the ACD.

Definitions

'Accumulation Shares' means Gross Paying Shares (of whatever Class) in Funds of the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules.

'ACD' means Threadneedle Investment Services Limited, the authorised corporate director of the Company.

'AIFM' means the legal person appointed on behalf of the Funds, which (through this appointment) is responsible for managing the Funds in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013, which at the date of this Prospectus is the ACD.

'AIFM Directive' means the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 as amended from time to time.

'Approved Bank' means one of certain institutions as defined in the glossary to the FCA Handbook.

'Charitable Foundation' means the Columbia Threadneedle Foundation, a charity registered with the Charity Commission in England and Wales.

"China–Hong Kong Stock Connect Programme" means the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Programmes and other similar regulated securities trading and clearing linked Programmes which may be approved by the relevant authorities from time to time.

'Class' or 'Classes' in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund.

'Class E' means Shares that are available to certain retail investors via wholesale strategic partners at the discretion of the ACD, provided such entities meet any criteria imposed by the ACD in relation to such investment.

'Class S' means Shares that are designed to be available to certain defined contribution pension schemes and other entities at the discretion of the ACD, subject to such entities meeting any criteria imposed by the ACD prior to investing.

'Class X' means Shares that have been designated to accommodate an alternative charging structure whereby instead of an annual management fee charged to the Fund, the Shareholder is invoiced directly by the ACD as set out in the agreement between the ACD and each Eligible Shareholder.

'Class Z' means Shares that are available at the ACD's discretion to eligible distributors that have entered into separate fee arrangements with their clients.

'COLL' means the appropriate chapter or rule in the FCA Rules.

'Company' means Threadneedle Opportunity Investment Funds ICVC.

'Consumer Price Index' or 'CPI' means the United Kingdom government's official method for calculating the cost of living for consumers within the United Kingdom. It is calculated according to methodologies disclosed by the United Kingdom's Office for National Statistics which publishes the rate of the CPI on a monthly basis.

'Conversion' means the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and 'Convert' shall be construed accordingly.

'Dealing Day' means Monday to Friday excluding public and bank holidays in England and Wales and other days at the ACD's discretion.

'Depositary' means Citibank Europe plc, UK Branch, the depositary of the Company.

'EEA State' means a member state of the European Union and any other state which is within the European Economic Area.

'Eligible Institution' means one of certain credit institutions as defined in the glossary to the FCA Handbook.

'Eligible Shareholder' means, in respect of Class X Shares, a Shareholder or potential Shareholder who is eligible at the ACD's discretion to invest in Class X Shares upon entering into an agreement with the ACD and fulfilling the eligibility conditions set by the ACD from time to time and, in respect of Class S Shares, investors that are either (i) defined contribution pension schemes or (ii) other entities at the discretion of the ACD, subject to such entities meeting any criteria imposed by the ACD prior to investing.

'EPM' or "Efficient Portfolio Management" means the use of techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

(i) they are economically appropriate in that they are realised in a cost effective way; and

(ii) they are entered into for one or more of the following specific aims:

- reduction of risk;
- reduction of cost;
- generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.

'FCA' means the Financial Conduct Authority or any successor organisation.

'FCA Handbook' means the FCA Handbook of Rules and Guidance, as amended.

'FCA Rules' means the rules contained in the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook, as amended, published

as part of the FCA Handbook which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in that Sourcebook.

'Fraction' means a smaller denomination Share (on the basis that ten-thousand smaller denomination Shares make one larger denomination Share).

'Fund' or 'Funds' means a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund 'Gross Paying Shares' means Shares (of whatever Class) in Funds of the Company as may be in issue from time to time in respect of which income allocated to holders is credited (i) in the case of Accumulation Shares credited periodically to capital, or (ii) in the case of Income shares distributed periodically to the holders thereof in either case in accordance with relevant tax law without any tax being deducted or accounted for by the Company.

'Group' means in relation to a company, that company, any subsidiary or holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company where holding company and subsidiary have the meaning given them in section 1159 of the Companies Act 2006.

'Hedged Currency' means the currency in which a Hedged Share Class is denominated.

'Hedged Share Class' or 'Hedged Share Classes' means (according to the context) a Portfolio Currency Hedged Share Class or a Reference Currency Hedged Share Class.

'Income Shares' means Gross Paying Shares (of whatever Class) in Funds of the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders pursuant to the FCA Rules.

'Initial Offer Period' means, in respect of a newly-established Fund, a period described under the heading 'Initial Offer Period' in the section 'Buying, selling, switching and conversion of Shares' and as further set out in Appendix I (Fund details).

'Investment Funds Sourcebook' means the Investment Funds Sourcebook issued by the FCA as amended from time to time.

'Investment Manager' means Threadneedle Asset Management Limited, the investment manager to the ACD.

'Limited Issue Fund' means a Fund whose Shares are Limited Issue Shares.

'Limited Issue Shares' means Shares which, in accordance with the FCA Rules, may only be issued at limited times and in the circumstances as specified in the Prospectus.

'near cash' means money, deposits or investments which, in each case, fall within the definition of "Near Cash" and/or "Money-Market Instrument" set out in the FCA Handbook.

'Net Asset Value' or 'NAV' means the value of the Scheme Property of the Company (or of any Fund as the context requires) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Company's Instrument of Incorporation.

'OEIC Regulations' means the Open-Ended Investment Companies Regulations 2001, as amended.

'Offshore Income Gains' means gains arising on the disposal of holdings in overseas collective investment schemes which do not have distributing or reporting fund status.

'Portfolio Currency' or 'Portfolio Currencies' means (according to the context) the currency or currencies in which the underlying assets of the Fund are invested in line with the investment objective and policy applicable to the Fund.

'Portfolio Currency Hedged Share Class' or 'Portfolio Currency Hedged Share Classes' means (according to the context) a share class or classes which allow the use of currency hedging transactions to reduce the effect of exchange rate fluctuations between the Portfolio Currencies and the Hedged Currency.

"PRC" means the "People's Republic of China".

'Reference Currency' or 'Reference Currencies' means (according to the context) the currency or currencies against which the currency hedging transaction will be applied in order to reduce any exchange rate fluctuation with the Hedged Currency.

'Reference Currency Hedged Share Class' or 'Reference Currency Hedged Share Classes' means (according to the context) a share class or classes which allow the use of currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency and the Hedged Currency as set out in Appendix I (Fund details) for each of the Funds.

'Scheme Property' means the property of the Company required under the FCA Rules to be given for safe-keeping to the Depositary.

'Share' or 'Shares' means a share or shares in the Company (including larger denomination Shares and Fractions).

'Shareholder' means a holder for the time being of the Shares.

'Social Advisory Committee' means the social advisory committee to the Threadneedle UK Social Bond Fund whose role is more fully described on page 52 under the heading "Threadneedle UK Social Bond Fund, the Social Advisory Committee and Big Issue Invest".

'Social Assessment Methodology' means the methodology used to assess the social intensity of investments in the Threadneedle UK Social Bond Fund

more fully described on page 52 under the heading "Threadneedle UK Social Bond Fund, the Social Advisory Committee and Big Issue Invest".

'Switch' means the exchange of Shares of one Fund for Shares of another Fund.

'Threadneedle Group' means the ACD and any subsidiary or holding company from time to time of the ACD, and any subsidiary from time to time of a holding company of the ACD where holding company and subsidiary have the meaning given them in section 1159 of the Companies Act 2006

'US Person' means, for the purposes of the Foreign Account Tax Compliance Act, a US citizen or resident individual, a partnership or corporation organised in the United States or under the laws of the United States or any State thereof, a trust if (i) a court within the United States would have authority under applicable law to render orders or judgements concerning substantially all issues regarding administration of the trust, and (ii) one or more US person has the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. This definition shall be interpreted in accordance with sections 1471 to 1474 of the US Internal Revenue Code of 1986.

'Valuation Point' means the point, whether on a periodic basis or for a particular valuation, decided by the ACD, at which the ACD carries out a valuation of the property of the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled, sold or redeemed. The current Valuation Point is 12 noon UK time on each Dealing Day.

Details of the Company

General

THREADNEEDLE OPPORTUNITY INVESTMENT FUNDS ICVC is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC000862 and authorised by the FCA with effect from 13 January 2011.

The Company is a non-UCITS retail scheme for the purposes of the FCA Rules, an alternative investment fund for the purposes of the AIFM Directive and an umbrella company for the purposes of the OEIC Regulations.

Brexit. On 31 January 2020, the UK formally exited the European Union ('EU') on the terms of the Withdrawal Agreement, the deal agreed at a political level between the UK and the EU, and entered into an implementation period until 31 December 2020, during which negotiations on the future relationship between the UK and the EU will take place. The full scope of the changes and the consequences on the legal framework is currently not known.

COVID-19. The coronavirus disease 2019 (COVID-19) public health crisis has become a pandemic that has resulted in, and may continue to result in, significant global economic and societal disruption and market volatility due to disruptions in market access, resource availability, facilities operations, imposition of tariffs, export controls and supply chain disruption, among others. Such disruptions may be caused, or exacerbated by, quarantines and travel restrictions, workforce displacement and loss in human and other resources. The uncertainty surrounding the magnitude, duration, reach, costs and effects of the global pandemic, as well as actions that have been or could be taken by governmental authorities or other third parties, present unknowns that are yet to unfold. The impacts, as well as the uncertainty over impacts to come, of COVID-19 – and any other infectious illness outbreaks, epidemics and pandemics that may arise in the future – could negatively affect global economies and markets in ways that cannot necessarily be foreseen. In addition, the impact of infectious illness outbreaks and epidemics in emerging market countries may be greater due to generally less established healthcare systems, governments and financial markets. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The disruptions caused by COVID-19 could prevent the funds from executing advantageous investment decisions in a timely manner and negatively impact the funds' ability to achieve their investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the Funds.

Shareholders of the Company are not liable for the debts of the Company.

Head office: Cannon Place, 78 Cannon Street, London EC4N 6AG.

Address for service: The head office is the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base currency: The base currency of the Company is Pounds Sterling. Each Fund and Class is designated in Pounds Sterling.

Share capital:	Maximum	£100,000,000,000 (one hundred billion pounds Sterling)
	Minimum	£100 (one hundred pounds Sterling)

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the NAV of each of the Funds. The Company issues and redeems Shares in each of its available Classes at a price related to the relevant NAV.

The structure of the Company

The Funds

The Company is structured so that different Funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. On the introduction of any new Fund or Class, a revised Prospectus will be prepared setting out the relevant details of each Fund or Class.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. The Funds which are currently available are as follows:

Name of Fund	Product Reference Number (PRN)
Threadneedle Dynamic Real Return Fund	640394
Threadneedle Global Multi Asset Income Fund	640401
Threadneedle UK Social Bond Fund	640395

The Funds will be managed so as to be eligible as an ISA investment for the purposes of the Individual Savings Account Regulations 1998 (as amended).

Details of the Funds currently available, including their investment objectives and policies, as well as the Share Classes available for each Fund, as well as the Share Classes available for each Fund are contained in Appendix I (Fund details).

Each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and, within the Funds, charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. The liabilities, expenses and charges directly attributable to a Hedged Share Class will be charged to that specific Hedged Share Class. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which is fair to the Shareholders generally but they will normally be allocated to all Funds pro rata to the NAV of the relevant Funds.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the umbrella, or any other Fund, and shall not be available for any such purpose.

While the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under contracts which are subject to the laws of other countries it is not yet known how those foreign courts will react to provisions of the OEIC Regulations which provide for segregated liability between Funds.

The ACD makes the details of the target market for each of the Funds available on the website www.columbiathreadneedle.com. This will include the types of investor the Fund is targeted at, their knowledge and experience and risk tolerance. This information can also be obtained by contacting the ACD using the contact details set out in the Directory.

Shares

Classes of Share within the Funds:

Several Classes of Share may be issued in respect of each Fund. The Classes of Share that are currently available for each of the Funds are set out in Appendix I (Fund details) and at www.columbiathreadneedle.com. Subject to compliance with the OEIC Regulations and the FCA Rules, the ACD may create new Classes of Share in respect of any Fund.

The Funds will make available Income Shares and/or Accumulation Shares.

Holders of Income Shares are entitled to be paid the income attributed to such Shares on the relevant interim and annual allocation dates.

Holders of Accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual allocation dates. The price of Accumulation Shares increases to reflect this.

Where a Fund has different Classes, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Fund will be adjusted accordingly.

The table below shows the types of Share that are currently available as well as the types of investor for whom each Share Class may be available:

Share Class	Availability
Class 1	Available to retail and institutional investors seeking income or growth (or a combination of both) over the medium to long-term.
Class 2	Available to non-retail investors.
Class E	Available to certain eligible distributors and other entities at the discretion of the ACD and subject to such entities meeting any criteria imposed by the ACD prior to investing.
Class S	Available to certain defined contribution pension schemes and other entities at the discretion of the ACD and subject to such entities meeting any criteria imposed by the ACD prior to investing.
Class X	Available only to Eligible Shareholders.
Class Z	Available at the ACD's discretion to eligible distributors which have entered into separate fee arrangements with their clients.

Shareholders are entitled to Convert or Switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund. Details of this switching facility and the conversion facility and the restrictions are set out in the section with the heading "Buying, selling, switching and conversion of Shares" at page 9 of this Prospectus. Shareholders of Class 1, Class 2, Class E and Class Z Shares can only Switch or Convert into Class X or Class S Shares if they are classified as an Eligible Shareholder.

Hedged Share Classes

The ACD may make Hedged Share Classes available for some Funds. Threadneedle offers two types of Hedged Share Classes: Reference Currency Hedged Share Classes and Portfolio Currency Hedged Share Classes. Reference Currency Hedged Share Classes hedge the Hedged Currency against the Reference Currency of the Fund. Portfolio Hedged Share Classes hedge, in proportion to the weighting of the underlying assets of the Fund, the main currencies of the underlying assets of the Fund attributable to the Share Class against the Hedged Currency.

Where undertaken, the effects of hedging will be reflected in the value of the relevant Hedged Share Class. Hedged Share Classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency or Portfolio Currencies, and the Hedged Currency. The aim is that the Hedged Share Class should reflect the actual return of the Reference Currency of the Fund or the various Portfolio Currencies within the Fund, as applicable, plus or minus the interest rate differential between the Hedged Currency and the Portfolio Currency or Reference Currency. However, other factors will impact the return of the Hedged Share Class which will mean that the Hedged Share Class will not perfectly achieve this aim. These factors include but are not limited to:

(i) any unrealised profit/loss on the currency forward which remains uninvested until the hedge is rolled over and any profit or loss is crystallised;

(ii) transaction costs;

(iii) short term interest rate changes;

(iv) the timing of the market value hedge adjustments relative to the Fund's Valuation Point; and

(v) intra-day volatility of the value of the currency of the assets of the Fund in relation to the existing hedge.

The costs and expenses associated with the hedging transactions in respect of the relevant Hedged Share Classes and any benefits of the hedging transactions will accrue to Shareholders in that Hedged Share Class only. The instruments used to carry out the hedging will all be permitted under Appendix III Investment management and borrowing powers.

The ACD will aim to hedge between 95% and 105% of the proportion of the Net Asset Value attributable to a Hedged Share Class. When assessing the hedging transactions in respect of a Hedged Share Class both the capital and income values of the relevant Hedged Share Class will be taken into account.

The ACD will review the relevant hedging positions daily and, if appropriate, adjust the hedge to reflect investor inflows and outflows.

It should be noted that hedging transactions may be entered into whether or not the currency of a Hedged Share Class is declining or increasing in value relative to the Reference Currency or Portfolio Currency; consequently, where such hedging is undertaken, it may protect investors in the relevant Class against a decrease in the value of this currency being hedged but it may also preclude investors from benefiting from an increase in the value of this currency. Investors in Hedged Share Classes will still be exposed to the market risks that relate to the underlying investments in a Fund and any exchange rate risks that arise from the policy of the relevant Fund that is not fully hedged. There can be no guarantee that the hedging strategy applied in Hedged Share Classes will entirely eliminate the adverse effects of changes in exchange rates between the Reference Currency or Portfolio Currencies and the Hedged Currency.

The Reference Currency for each Reference Currency Hedged Share Class is set out in Appendix I (Fund details), where applicable.

Limited Issue

The ACD may, at any time in the future, decide to limit the issue of Shares in respect of a Fund or one or more particular Share Classes of a Fund if the ACD is of the opinion that it is appropriate to do so. The ACD will notify Shareholders if it makes such a determination, setting out the reasons for so limiting the capacity of the relevant Fund or Share Class. The reasons may include situations where, for example, the ACD considers that substantially all of the subscriptions relating to a Business Day, if accepted, could not be efficiently invested; could not be invested without compromising the investment objectives and policies of the Fund; or might materially prejudice existing Shareholders' interests. Currently none of the Funds are Limited Issue Funds.

Investment objectives, policies and other details of the Funds

Details of the investment objectives, policies and other details of the Funds are set out in Appendix I (Fund details).

Investment of the assets of each of the Funds must comply with the FCA Rules and the investment objective and policy of the relevant Fund. The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix II Eligible securities markets and eligible derivatives markets. A detailed statement of the general investment management and borrowing powers, including a full list of eligible investments and investment restrictions is set out in Appendix III Investment management and borrowing powers.

The investment policy of a Fund may mean that at times it is appropriate not to be fully invested but to hold cash or near cash. Investors should refer to the 'Risk Factors' section of this Prospectus and to the circumstances when this may occur which are set out in Appendix III Investment management and borrowing powers.

Where the investment policy of a Fund contains words such as 'primarily', 'principally' or 'predominantly' in the description of its investment policy, the relevant Fund will invest not less than two-thirds of the value of the property of that Fund in the specified kind of assets. However, for the purposes described in Appendix III with respect to Funds of the Company that are 'bond Funds' such a Fund may hold cash or money market securities or other instruments, including derivatives.

All Funds may use derivatives for the purposes of Efficient Portfolio Management. The aim of any derivative or forward is to assist the Investment Manager in meeting the investment objectives of the Fund by reducing risk and/or reducing cost and/or generating additional income or capital with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules within which it operates. The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Fund. Further details are set out in Appendix II Eligible securities markets and eligible derivatives at paragraph 16. Where a Fund may invest in derivatives for investment purposes, this will be stated in the investment policy of the relevant Fund.

Investors should refer to the information set out in the section of this prospectus with the heading 'Risk factors" with the sub-heading "Investments in derivatives and forward transactions and the use of EPM" in respect of the use of financial derivative instruments by the Funds.

Bond funds and particularly high yield bond funds are generally permitted to invest in a range of fixed interest securities which include non-traditional types of debt securities. These may include (without limitation), regulatory capital (such as Tier 1 and Tier 2 capital), subordinated debt and various forms of contingent capital securities including, but not limited to, contingent convertible bonds. These securities may possess features such as coupon deferral or cancellation, resettable coupon rates, loss of capital or conversion to equity. Such investments may be made by the Funds but will only be permitted in accordance with the Fund's investment objectives and policies and within the existing risk profile of the Fund.

Where the investment policy of the Fund permits it to invest in equity related securities these may include participatory notes (p-notes) and/or warrants (including low exercise price warrants).

Where the investment policy of a Fund makes reference to investment in other funds, such funds will usually be domiciled in the European Economic Area or the Channel Islands.

Where the investment policy of a Fund permits it to invest in other collective investment schemes it may invest in other Funds of the Company provided that the investing Fund complies with the FCA Rules and the OEIC Regulations.

Buying, selling, switching and conversion of Shares

General

Investors can invest in all Funds and Share Classes provided the eligibility criteria are met.

The Funds may be sold to retail and non-retail investors. Certain types of share are only available to specific types of investor. Further details of this are set out in the section of this Prospectus with the heading "Shares" on page 7 of this Prospectus.

Please note that the ACD may reject a request to buy, sell, Switch or Convert Shares if the investor is unable to demonstrate to the satisfaction of the ACD (acting reasonably) that the investor has complied with applicable law and regulation. By way of example only, such circumstances may include an inability to provide appropriate money laundering documentation or confirmation that the investor has received the most recently available non-UCITS Key Investor Information Document for the Fund they wish to invest in.

It should be noted that restrictions will apply for Funds that are Limited Issue Funds. Where applicable, details are set out in the section with the heading "Limited Issue" on page 8 and in Appendix I (Fund details).

The dealing office of the ACD is open from at least 8 a.m. until at least 6 p.m. UK time on each Dealing Day to receive requests for the issue, redemption, Switching or Conversion of Shares.

Prices for the available Funds are calculated every Dealing Day at 12 noon UK time. Shares in the Funds that are bought or sold before 12 noon will obtain the price calculated on that Dealing Day. Shares in Funds that are bought or sold after 12 noon will obtain the price calculated at 12 noon on the next Dealing Day.

Minimum subscriptions and holdings

Details of the minimum investment amounts, subsequent investment amounts and minimum holding for each of the Funds is set out in Appendix I (Fund details).

The ACD may at its discretion accept subscriptions lower than the minimum amount. If a holding is below the minimum holding the ACD has the discretion to require redemption of the entire holding.

For the Hedged Share Classes, although the above applies, if at any time the net asset value of a class falls below GBP 1 million (or the equivalent in other currency), the ACD may, in the interest of remaining Shareholders, redeem all Shares in issue in the affected Hedged Share Class and may proceed to close that Class to further investment. Shareholders remaining in the affected Hedged Share Class at the time of closure will have their investment transferred to the unhedged equivalent free of charge. Investors should refer to the section of this Prospectus with the heading "Restrictions and compulsory transfer and redemption" for further information.

Client money

The ACD does not treat monies received for the issuance of shares or monies payable to the investor upon redemption as client money as long as: (i) in relation to monies for the issuance of shares, the ACD has paid the subscription monies in exchange for shares to the Depositary by the close of business on the day following receipt of monies from the investor; or (ii) in relation to proceeds from a redemption, paid the redemption monies to the investor within four business days of receipt by the ACD of the fully authorised form of renunciation (or other sufficient instruction) and in any event by the close of business on the day following receipt of the monies from the Depositary.

In the event that the above time limits are not met by the ACD, the ACD will treat the relevant sum received with respect to subscriptions and redemptions as client money as defined under the FCA Rules. This means that the money is held in an account separate from that the ACD uses to hold its own money. The ACD will not calculate or pay to the investor any interest that might arise on those monies.

Initial Offer Period

The ACD may arrange for there to be an Initial Offer Period in respect of any newly established Fund, commencing on the date of launch of the relevant Fund. During that period, the price at which Shares in that Fund can be bought will be as fixed by the ACD and notified to the Depositary at or before the start of that period.

Details of the Initial Offer Period for each of the Funds (where applicable) are provided in Appendix I (Fund details).

Buying Shares

Procedure

Shares can be bought either by:

(i) calling the ACD (followed by written confirmation);

(ii) sending an instruction to the ACD by fax; or

(iii) sending an instruction by post to the ACD.

Contact details can be found in the "Directory" at page 74 of this Prospectus (ACD Client Services).

Any initial purchase of Shares must be accompanied by a completed application form, which can be obtained from the ACD. Completed forms should be sent by fax or post to the ACD. Subsequent investments can be made by telephone, but still require written confirmation. Unless the ACD receives instructions to the contrary, all deals will be processed on receipt and payment immediately becoming due.

Settlement is the relevant Dealing Day plus four business days for subscriptions and the relevant Dealing Day plus four business days for redemptions. As part of its credit control policy, the ACD reserves the right to cancel any contract without notice where payment has not been received by the relevant settlement date and will be entitled to recover any losses

incurred as well as interest on late settlement. During an Initial Offer Period, the ACD may require cash settlement before issuing Shares.

The ACD has the right to reject any application for Shares in whole or part, provided it has reasonable grounds for doing so. If the ACD exercises this right, the ACD will return any money sent, or the balance of such monies to the applicant, at the applicant's risk.

Where you invest a specific sum of money (rather than a specified number of Shares) and the money subscribed is not sufficient to purchase a whole number of Shares, the ACD will issue Fractions rather than returning any money to you. Each Share is made up of 10,000 Fractions.

Documents the purchaser will receive

A contract note giving details of the Shares purchased and the price obtained will be issued by the end of the business day following the later of receipt of (i) the application to purchase Shares or (ii) the Valuation Point by reference to which the purchase price is determined, together with a notice of the applicant's right to cancel (where appropriate).

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of Shareholders. Statements in respect of periodic distributions will show the number of Shares held or accumulated by the Shareholder. Individual statements of a Shareholder's (or, when Shares are jointly held, the first-named holder's) Shares will also be issued at any time on request by the registered Shareholder.

Selling Shares

Procedure

Every Shareholder has the right to require that the Company redeem his Shares on any Dealing Day. However, where the value of Shares held by a Shareholder will be less than the minimum value of Shares for the relevant Fund (as set out in Appendix I (Fund details), the ACD may require that the Shareholder redeem their full holding.

Requests to redeem Shares may be made to the ACD Client Services by:

(i) calling the ACD (followed by written confirmation);

(ii) sending an instruction to the ACD by fax; or

(iii) sending an instruction by post to the ACD.

Contact details can be found in the "Directory" at page 74 of this Prospectus (ACD Client Services).

The ACD will issue a cheque to you or make an electronic funds transfer to you in payment for Shares within four business days of receiving instructions to redeem them or the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant Shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title and (b) the Valuation Point following receipt by the ACD of the request to redeem.

Documents the seller will receive

A contract note setting out the number and price of Shares sold will be sent to the selling Shareholder (or, when the funds are held jointly, to the first-named Shareholder) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the Shareholder(s) by no later than the end of the business day following the later of the request to redeem Shares or the Valuation Point by reference to which the redemption price is determined.

Switching/Converting

A Shareholder may at any time Switch all or some of his Shares of one Fund ('Original Shares') for Shares of another Fund ('New Shares') or Convert all or some of his Shares of the same Fund ('Original Shares') for Shares of that Fund ('New Shares'), provided they meet the eligibility criteria for the New Shares. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are repurchased and the New Shares are issued. Switching or Conversion may be effected by:

(i) calling the ACD (followed by written confirmation);

(ii) sending an instruction to the ACD by fax; or

(iii) sending an instruction by post to the ACD.

Contact details can be found in the "Directory" at page 74 of this Prospectus (ACD Client Services).

The ACD may at its discretion charge a fee on the switching of Shares between Funds. These fees are set out in Appendix I (Fund details) for each Fund. There is currently no fee on a Conversion between Classes of the same Fund.

Where the value of Original Shares held by a Shareholder will be less than the minimum value of Shares for the relevant Fund (as set out in Appendix I (Fund details)), the ACD may, at its discretion, convert the Shareholder's full holding of Original Shares to New Shares or refuse to effect any Switch.

No Switch or Conversion will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended (as described in the section with the heading "Suspension of dealing in the Company" on page 12 of this Prospectus. The general provisions on procedures relating to redemption will apply equally to a Switch or Conversion. A duly completed switching form or conversion form must be received by the ACD before the Valuation Point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at those Valuation Points on that Dealing Day, or at such other date as may be approved by the ACD. Switching or Conversion requests received after a Valuation Point will be held over until the next Dealing Day in the relevant Fund or Funds.

The ACD may adjust the number of New Shares to be issued to reflect any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to the FCA Rules.

Please note that a Switch of Shares in one Fund for Shares in any other Fund is treated as a redemption and sale and therefore may have tax implications for Shareholders. For persons subject to UK taxation this will be a disposal for the purposes of capital gains taxation. A Conversion of Shares from one Class to another Class in the same Fund is not, in general, a disposal for the purposes of capital gains taxation. Conversions are not generally treated as a disposal for the purposes of capital gains tax, other than for Conversions between hedged and unhedged Share Classes. For further information on tax implications for Shareholders, please refer to the section with the heading "Capital gains tax" section on page 34 of this Prospectus.

A Shareholder that Switches Shares in one Fund for Shares in any other Fund will not be given a right by law to withdraw from or cancel the transaction.

The ACD may carry out a compulsory conversion between different Classes of Shares of the same Fund, in whole or part, where the ACD reasonably believes it is in the interests of Shareholders to do so and the ACD has given Shareholders notice of the conversion in accordance with the FCA Rules. The ACD will not apply any fees where it carries out a compulsory conversion of Shares.

In order to help Shareholders to comply with their legal and regulatory obligations including complying with the FCA's Retail Distribution Review a Shareholder may be permitted to Convert Shares of one Class of any Fund for Shares in another Class of the same Fund at the absolute discretion of the ACD.

It should be noted that the times at which Shareholders may Switch or Convert into Shares of Limited Issue Funds will be restricted. Where applicable. details will be set out in the section with the heading "Limited Issue" on page 8 of this Prospectus and in Appendix I (Fund details).

Dealing charges

The ACD may impose charges for the issue, redemptions and switching of Shares in the Funds. Details of such fees are set out in Appendix I (Fund details).

The initial charge is payable to the ACD and may be used to remunerate intermediaries. To the extent permitted by the FCA Rules, the ACD may agree to waive or reduce the initial charge at its discretion in respect of a subscription by any person, including a holder of Shares in any other collective investment scheme operated by the ACD, where such subscription is at or about the same time as the redemption of units or Shares (or other interests) in that other collective investment scheme and thereby represents a 'Switch' to the Company.

Restrictions and compulsory transfer and redemption

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that Shares are not directly or indirectly acquired or held by any person in breach of any law or governmental rule or regulation (or any interpretation of a law or governmental rule or regulation by a competent authority or entity with equivalent status) of any country or territory, or which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence, including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory. Additionally, and only for the Hedged Share Classes, if at any time the net asset value of a Class falls below GBP 1 million (or the equivalent in other currency), the ACD may, in the interest of remaining Shareholders, redeem all Shares in issue in the affected Hedged Share Class. Shareholders remaining in the affected Hedged Share Class at the time of closure will have their investment transferred to the unhedged equivalent free of charge. In this connection, the ACD may, among other things, and in its sole discretion reject any application for the purchase, sale, Switch or Conversion of Shares, or compulsorily redeem or require the sale or transfer of any Shares.

If Shares ('affected Shares') are directly or indirectly owned, acquired or controlled in any of the circumstances described above, or if the ACD believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring (i) the transfer of such Shares to a person who is qualified or entitled to own them without causing any of the adverse consequences outlined above or (ii) that a request in writing be given for the redemption or cancellation of such Shares in accordance with the FCA Rules. If the recipient of such a notice does not within 30 days after the date of receipt of such notice so transfer his affected Shares to a person qualified to own them without causing any of the adverse consequences outlined above, or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares without causing any of the adverse consequences outlined above, the ACD will compulsorily redeem the affected Shares having relied on the failure to respond to the notice as a request in writing to redeem or cancel all of the affected Shares pursuant to the FCA Rules and from that date, such person will no longer be the beneficial owner of the Shares.

A person who becomes aware that he has directly or indirectly acquired or holds affected Shares in a manner that may cause one of the adverse consequences outlined above, shall forthwith, unless he has received a notice from the ACD as aforesaid, either transfer all his affected Shares to a person qualified to own them without causing any of the adverse consequences outlined above or give a request in writing for the redemption or cancellation of all his affected Shares pursuant to the FCA Rules.

For the avoidance of doubt, and by way of example only, the rights afforded to the ACD as set out above apply in the event that a person that holds Shares (beneficially or otherwise) is, or is reasonably believed by the ACD to be, a US Person at any time during the life of the investment. Accordingly, the ACD reserves the right to give notice to such Shareholders to request a transfer of the Shares, or the redemption or cancellation of the Shares. The ACD further reserves the right to compulsorily redeem such Shares 30 days after giving notice to the Shareholder that he is required to transfer or redeem or cancel the Shares.

Liquidity risk management

The Funds are managed so that the liquidity profile of the Funds is aligned with the requirement in relation to each Fund to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in the section with the heading "Selling Shares".

The ACD has tools to deal with temporary liquidity constraints in relation to a Fund. A Fund may (i) borrow cash to meet redemptions within the limits in Appendix II; (ii) apply the deferral of redemptions provisions in the section with the heading "Deferred redemption" or (iii) apply the in specie redemption provisions in the section with the heading "In specie redemptions".

To manage and monitor liquidity risk, the ACD maintains liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for each Fund and periodic stress testing of the liquidity risk of each Fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

If the Fund's policy for managing liquidity should change, this will be set out in the annual report or will otherwise be appropriately notified to Shareholders.

Deferred redemption

The ACD may introduce provisions allowing it, in times of high redemptions, where requested redemptions exceed 10% of a Fund's value, to protect the interests of continuing Shareholders, the ACD may defer redemptions at a particular Valuation Point on a Dealing Day, to the Valuation Point on the next Dealing Day. This will allow the ACD to match the sale of Scheme Property to the level of redemptions, and should reduce the impact of dilution on a Fund. More detail about "dilution" is provided in the section with the heading "Dilution adjustment" on page 13 of this Prospectus.

Subject to sufficient liquidity being raised at the next Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

The ACD will provide notice of the introduction of this provision and its effective date in accordance with FCA Rules.

In specie redemptions

If a Shareholder requests the redemption or cancellation of Shares the ACD may, in its absolute discretion where it considers the deal to be substantial in relation to the total size of the Fund concerned, arrange that in place of payment of the price of the Shares in cash, the Company cancels the Shares and transfers the Scheme Property or, if required by the Shareholder, the net proceeds of sale of the relevant Scheme Property, to the Shareholder.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that the Scheme Property or the proceeds of sale of the Scheme Property will be transferred to that Shareholder.

The ACD will select the Scheme Property to be transferred in consultation with the Depositary. The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation/redemption than to the continuing Shareholders in the relevant Fund.

Issue of Shares in exchange for in specie assets

The ACD may, in its absolute discretion, arrange for the Company to issue Shares in exchange for assets other than money, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of the Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

The ACD will be entitled to recover any reasonable expenses it incurs in completing in specie transfers from the Scheme Property of the Fund in question.

Suspension of dealing in the Company

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Fund or Funds.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the relevant Fund is offered for sale.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension, none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

Other dealing information

Dilution adjustment

The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of Shares as stipulated in the FCA Rules and the Instrument of Incorporation is summarised in the section with the heading "Valuation of the Company" on page 17 of this Prospectus. The actual cost of purchasing or selling a Fund's investments may be higher or lower than the mid-market value used in calculating the Share price; for example, due to dealing charges (in particular, any early redemption fees charged in relation to redemption of the underlying assets of the Fund) or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Fund. In order to prevent this effect, called 'dilution', the ACD has the power to apply a 'dilution adjustment' to the subscription and/or redemption of Shares. If applied, the dilution adjustment will be paid into the relevant Fund and will become part of the relevant Fund.

The need to make a dilution adjustment will depend on the volume of subscriptions or redemptions of Shares. The ACD may make a discretionary dilution adjustment if, in its opinion, the existing Shareholders (for subscriptions) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be made in the following circumstances:

(a) where a Fund is in continual decline (is suffering a net outflow of investment);

(b) on a Fund experiencing large levels of net sales relative to its size;

(c) on a Fund experiencing net sales or net redemptions on any day equivalent to 2% or more of the size of that Fund;

(d) in any other case where the ACD is of the opinion that the interests of Shareholders require the imposition of a dilution adjustment.

The level of net sales or net redemptions on any day described in (c) above may be set with a standard percentage trigger level lower than 2% where the ACD determines that this is in the interests of Shareholders. Such circumstances can arise, for example, where the associated dilution rates are higher due to the costs of dealing in the underlying investments. For example, the costs of subscriptions in UK equity portfolios may have a higher associated dilution rate than is the case for other equity portfolios as a consequence of stamp duty on purchases of the underlying equity investments. This has the effect of an increased impact on the existing Shareholders in such Funds and therefore a reduced standard trigger threshold level may be determined to be more appropriate in order to protect existing Shareholders. Similarly, investing in investments in other regions and markets may also have higher associated costs which could result in a desire by the ACD to lower the trigger threshold for those Funds also as standard.

Where a dilution adjustment is made, it will increase the dealing price when there are net inflows into a Fund and decrease the dealing price when there are net outflows.

The price of each Class of Share in a Fund will be calculated separately but any dilution adjustment will in percentage terms affect the price of Shares of each Class identically.

On the occasions when the dilution adjustment is not made there may be an adverse impact on the total assets of a Fund.

As dilution is directly related to the inflows and outflows of money from a Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the ACD will need to make such a dilution adjustment.

Because the dilution adjustment for each Fund will be calculated by reference to the costs of dealing in the underlying investments of that Fund, including any dealing spreads, and these can vary with market conditions, this means that the amount of the dilution adjustment can vary over time. Estimates of the frequency and amount of dilution adjustment based on securities held in each Fund (or expected to be held in each Fund, as the case may be) and market conditions at the time of this Prospectus as well as the number of times the dilution adjustment has been applied for those Funds that have launched as of the date of this Prospectus are set out in Appendix V Dilution adjustment estimates.

Calculation of dilution adjustment:

In applying a dilution adjustment, the ACD must use the following basis of valuations:

(1) When by reference to any Valuation Point the aggregate value of the Shares of all Classes of Fund issued exceeds the aggregate value of Shares of all Classes cancelled, any adjustment must be upwards; and

(2) The dilution adjustment must not exceed the ACD's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the Scheme Property had been valued on the best available market offer basis plus dealing costs; or

(3) When by reference to any Valuation Point the aggregate value of the Shares of all Classes of Fund cancelled exceeds the aggregate value of Shares of all Classes issued, any adjustment must be downwards; and

(4) The dilution adjustment must not exceed the ACD's reasonable estimate of the difference between what the price would have been had the dilution adjustment not been taken into account and what the price would have been if the Scheme Property had been valued on the best available market bid basis less dealing costs.

Fair value pricing

Where the ACD has reasonable grounds to believe that:

(a) no reliable price for the property in question exists; or

(b) such price, if it does exist, does not reflect the ACD's best estimate of the value of such property, it may value the Scheme Property or any part of Scheme Property at a price which, in its opinion, reflects a fair and reasonable price for that property ("fair value pricing").

The ACD is permitted to use fair value pricing in specific circumstances and pursuant to processes and methodologies that it must have notified to the Depositary. Examples of the circumstances in which the ACD might consider using fair value pricing where the Valuation Point is set during the time when markets in which its portfolio is invested are closed for trading include:

(a) market movements above a pre-set trigger level in other correlated open markets;

(b) war, natural disaster, terrorism;

(c) government actions or political instability;

(d) currency realignment or devaluation;

(e) changes in interest rates;

(f) corporate activity;

(g) credit default or distress; or

(h) litigation.

Even if the Valuation Point is set during the time other markets are open for trading, other scenarios might include:

(i) failure of a pricing provider;

(ii) closure or failure of a market;

(iii) volatile or "fast" markets;

(iv) markets closed over national holidays;

(v) stale or unreliable prices; and

(vi) listings, suspensions or de-listings.

This list is not intended to be exhaustive.

Money laundering

Deals in Shares and deals otherwise in connection with the Company will be covered by United Kingdom legislation designed to prevent money laundering. In order to meet these requirements, the ACD may ask investors to provide proof of identity when buying or redeeming Shares. For this purpose, the ACD may use credit reference agencies (who will record that an enquiry has been made) and/or may check electronic databases. Until satisfactory proof of identity is provided (as stipulated by the UK Money Laundering and Countering the Financing of Terrorism Requirements) the ACD reserves the right to refuse to sell Shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors.

Until satisfactory proof of identity is provided the ACD reserves the right to refuse to sell Shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of these investors.

Market Timing and Late Trading

The repeated purchasing and selling of Shares in response to short-term market fluctuations is known as "market timing". The processing of subscriptions after the dealing cut off time and/or Valuation Point is known as "late trading". Shares in a Fund are not intended for market timing or late trading. The ACD has a policy in relation to market timing and late trading. As part of its policy, the ACD may refuse to accept an application for Shares from persons that the ACD reasonably believes are engaged in market timing or late trading and the ACD will actively monitor trading patterns to assist it in maintaining the stability and integrity of the prices of Shares.

Fees and expenses

General

The ACD will give written notice to the Shareholders in a time period in accordance with the FCA Rules before making an increase to any of the fees or rates specified in this Prospectus and the ACD will make available a Prospectus to reflect the increased rates.

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company and the initial offer of Shares (including preparation and printing of this Prospectus and fees of professional advisers to the Company) may be borne by the Company. Any new Fund formed may bear its own direct establishment costs.

The Company may pay out of the property of each Fund charges and expenses incurred by the Company, which will include the following expenses:

(a) the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager) and to the Depositary;

(b) expenses incurred in acquiring, holding and disposing of investments;

(c) taxation and duties payable by the Company;

(d) interest on and charges incurred in borrowings;

(e) any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;

(f) fees of the FCA and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed;

(g) fees and expenses of the auditors; and

(h) fees and expenses connected with the listing of the Shares on any stock exchange.

The ACD may from time to time subsidise costs incurred by any of the Funds including but not limited to the Auditor's fee, to keep the costs of the Fund in line with the published estimated Ongoing Charges Figure or for any other reason. Details of the ongoing charges figure for the previous reporting period can be found in the report and financial statements of the Company.

The ACD or companies in its group will pay, on behalf of the Company, the following ongoing registration and general expenses:

(i) fees and expenses in respect of establishing and maintaining the register of Shareholders and related functions including the fees of the registrar;

(ii) expenses incurred in distributing income to Shareholders;

(iii) fees in respect of the publication and circulation of details of the NAV;

(iv) the fees and expenses of tax, legal and other professional advisers of the Company;

(v) the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular Fund, and a particular Class within a Fund); and

(vi) the costs of printing and distributing reports, accounts and any prospectus, publishing prices and any costs incurred as a result of periodic updates of any prospectus and any other administrative expenses.

In return for paying or satisfying (i)-(vi) above, the ACD collects from the Company a charge as set out in Appendix I (Fund details).

The ACD believes that this charge provides greater transparency for investors and certainty as to the level of such costs, which they will bear as well as providing for simpler administration. At any particular time the actual amount of ongoing registration and general expenses listed in (i)-(vi) above may be more or less than the ACD collects from the Company, however, the ACD is under no obligation to account to the Depositary or the Shareholders for any surplus it retains in relation the payment it receives.

Value Added Tax is payable on these charges where appropriate. Expenses are allocated between capital and income in accordance with the FCA Rules.

Charges payable to the ACD

As remuneration for carrying out its duties and responsibilities for Class 1 Shares, Class 2 Shares, Class E Shares, Class S Shares and Class Z Shares (including the respective Hedged Share Classes), the ACD is paid an annual fee out of each Fund as set out in Appendix I (Fund details). In respect of Class X Shares, the investor is invoiced directly by the ACD for the payment of an annual management fee for carrying out its duties and responsibilities. All Shares, including Class X Shares, bear the pro rata share of the registration and depositary fees as well as other charges and expenses. The fees of all Share Classes are calculated on a mid-market basis with reference to the previous day's NAV of the Fund plus or minus any sales or redemptions.

For Class 1 Shares, Class 2 Shares, Class E Shares, Class S Shares and Class Z Shares (including the respective Hedged Share Classes) the annual management fee accrues daily and is payable monthly. The ACD will give written notice to the Shareholders not less than 60 days before any increase to the annual management fees set out in Appendix I (Fund details) and the ACD will make available a Prospectus to reflect the increased charges.

For Class X Shares, the annual management charges for the Funds will be agreed with the Eligible Shareholder and detailed in a separate agreement between the Eligible Shareholder and the ACD.

The ACD will give written notice to the Shareholders not less than 60 days before any increase to the annual management charges and the ACD will make available a Prospectus to reflect the increased charges.

The ACD is also entitled to all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in Shares.

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This will only be done with the approval of the Depositary and applies to the following Funds:

– Threadneedle UK Social Bond Fund

– Threadneedle Global Multi Asset Income Fund

This treatment of the ACD's fee will increase the amount of income available for distribution to Shareholders in the Fund concerned, but may result in capital erosion and may constrain capital growth. In addition, all or part of the other fees and expenses of the Company may be charged against capital instead of income, but only insofar as income is insufficient to meet those fees and expenses and only where the Fund allows charging against capital instead of income. The Company will charge such fees and expenses to capital in order to manage the level of income paid and/or available to Shareholders. This may result in capital erosion or may constrain capital growth and will only be done with the approval of the Depositary, subject always to the FCA Rules.

If the expenses of a Class in any period exceed the income, the ACD may take that excess from the capital property attributable to that Class up to the full amount of that excess.

The ACD may not introduce a new category of remuneration for its services to be paid out of the Scheme Property of the Company without obtaining prior approval of the Shareholders by way of resolution. Additionally, no increase to a current rate or amount of remuneration payable to the ACD or an

associate (as defined in the FCA Rules) out of the Scheme Property of the Company or any material change to any other type of payment out of the Scheme Property of the Company can be implemented without the ACD giving not less than 60 days' prior written notice to the Shareholders.

Investment Manager's fee

The Investment Manager's fees and expenses (plus any VAT thereon if applicable) will be paid by the ACD out of its remuneration under the ACD Agreement.

Depositary's fee

The Depositary's remuneration, which is payable out of the assets of each Fund, is a periodic charge at such annual percentage rate of 0.01% being paid on the same basis as the ACD's annual management charge.

The ACD will notify Shareholders in writing before making any material increase to the rate set out above, in accordance with the FCA Rules.

The Depositary is also entitled to receive out of the property of each Fund remuneration for performing or arranging for the performance of such functions as the ACD and the Depositary may from time to time agree, being functions conferred on the Depositary by the Instrument of Incorporation or the FCA Rules. The Depositary's remuneration under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the Depositary's periodic charge is to be made or as soon as practicable thereafter. The Depositary does not currently receive any remuneration under this paragraph.

Depositary's expenses

In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to the Company and each Fund, subject to approval by the ACD.

The Depositary has appointed Citibank N.A. as the custodian of the property of the Funds and is entitled to receive reimbursement of the Custodian's fees as an expense of each Fund. Citibank N.A.'s remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the assets of each Fund are held. Currently, the lowest rate is 0.002% and the highest rate is 0.44%. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £3 to £90 per transaction.

Any material increase to the Custodian's charges set out above will be subject to the agreement of the Depositary and the ACD. The ACD will notify Shareholders in writing before making any material increase to the rates set out above, in accordance with the FCA Rules.

The Depositary is also entitled to be reimbursed out of the property of each Fund in respect of remuneration charged by the Custodian for such services as the ACD, the Depositary and the Custodian may from time to time agree, being services delegated to the Custodian by the Depositary in performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or the FCA Rules. The introduction of any payment under this paragraph would be subject to the approval of the Shareholders by way of resolution.

The following further expenses may also be paid out of the property of each Fund:

(a) all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;

(b) all charges and expenses incurred in connection with the collection and distribution of income;

(c) all charges and expenses incurred in relation to the preparation of the Depositary's annual report to Shareholders; and

(d) all charges and expenses incurred in relation to stock lending.

Subject to current HM Revenue & Customs regulations, Value Added Tax at the prevailing rate may be payable in addition to the Depositary's remuneration, the Custodian's remuneration and the above expenses.

Stock lending

The Company may engage in stock lending arrangements with the Custodian, acting as stock lending agent on behalf of the Depositary. Under an agreement between the Company, the Depositary, the Investment Manager and the Custodian, the Custodian is entitled to a payment for providing stock lending services to the Company. The fee payable to the Custodian is calculated as a percentage of the gross income from stock lending and will be 12.5% of the income generated by the stock lending activity. The remaining amount of income that is generated by virtue of the stock lending activity is then applied to the Scheme Property of the Company being 87.5%.

Further detail on stock lending is set out in Appendix III Investment management and borrowing powers.

Allocation of fees and expenses between Funds

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro-rata to the NAV of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

Ongoing Charges Figure ('OCF')

The 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 cost but ordinarily excludes the costs of buying or selling assets for the Fund. The non-UCITS Key Investor Information documents contain the current OCF.

Valuation of the Company

General

There will be a single price of a Share in the Company, calculated by reference to the NAV of the Fund to which it relates. The NAV per Share of a Fund is currently calculated at 12 noon UK time on each Dealing Day.

The ACD may at any time during a Dealing Day carry out an additional valuation if the ACD considers it desirable to do so.

Calculation of the Net Asset Value

The value of the Scheme Property of the Company or of a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

(1) All the Scheme Property (including receivables) of the Company (or the Fund) is to be included, subject to the following provisions.

(2) Property which is not cash (or other assets dealt with in paragraph 3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices that it is practicable to obtain:

(a) units or shares in a collective investment scheme:

(i) if a single price for buying and redeeming units or shares is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or does not reflect market developments or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD is fair and reasonable.

(b) any other transferable security:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, the average of those two prices; or

(iii) if, in the opinion of the ACD, the price obtained is unreliable or does not accurately reflect market developments, or no recent traded price is available or if no recent price exists, at a value which in the opinion of the ACD is fair and reasonable.

(c) property other than that described in (a) and (b) above, at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

(3) Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

(4) Property which is a contingent liability transaction shall be treated as follows:

(a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of the premium shall be reflected in the valuation. If the property is an off-exchange option the method of valuation shall be agreed between the ACD and the Depositary;

(b) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

(c) if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;

(d) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).

(5) In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

(6) Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

(7) Futures or contracts for differences, which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6.

(8) All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.

(9) An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, stamp duty reserve tax and any foreign taxes or duties, will be deducted.

(10) An estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon treating periodic items as accruing from day to day will be deducted.

(11) The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.

(12) An estimated amount for accrued claims for tax of whatever nature, which may be recoverable will be added.

(13) Any other credits or amounts due to be paid into the Scheme Property will be added.

(14) A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.

(15) Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

Price per Share in each Fund and each Class

The price at which Shares are sold is based on the NAV of the relevant Fund and Class to which it relates plus any initial charge, adjusted to include any applicable dilution adjustment. The price at which Shares are redeemed is based on the NAV of the relevant Fund less any redemption charge (if applicable), adjusted to include any applicable dilution adjustment. This is done by dividing the NAV of the Fund (or the part attributed to Shares of the relevant Class) and dividing that value by the number of Shares of the relevant Class in issue. An initial charge may be deducted from the amount invested and a redemption charge may be deducted from proceeds on redemption.

The NAV of a Fund or Share will be calculated in accordance with the Company's Instrument of Incorporation.

Pricing basis

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

Publication of prices

The prices of the Shares will be published daily electronically on www.columbiathreadneedle.com or can be obtained by telephone* by contacting the ACD Client Services department at the details provided in the section of this Prospectus with the heading 'Directory'. Investors will be informed in accordance with the FCA Rules of any change in the method of publication of prices.

As the ACD deals on a forward pricing basis, the price that is available will not necessarily be the same as the price at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the failure to publish prices by such sources for reasons beyond the control of the ACD.

*Please note that calls and electronic communications may be recorded.

Risk factors

Potential investors should consider the following risk factors before investing in the Company. Please also note that specific risk factors which apply to each Fund as set out in Appendix I (Fund details).

General

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Company. Past performance is not indicative of future performance. There is no assurance that the investment objective of any Fund will actually be achieved.

Geopolitical events, such as the UK's decision to leave the European Union, can lead to greater volatility in local and or global markets.

Effect of initial charge

Where an initial charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Shares should be viewed as a long-term investment.

Suspension of dealings in Shares

Investors are reminded that in certain circumstances their right to request the Company to redeem Shares may be suspended. Please refer to the section with the heading "Suspension of dealing in the Company" at page 12 of this Prospectus for further details.

Currency exchange rates

Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment and the level of income.

Risk to Capital Growth

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee, as well as all or part of other fees and expenses of the Company, may be charged against capital instead of against income. The Company will charge such fees and expenses to capital in order to manage the level of income paid and/or available to Shareholders. This may result in capital erosion or may constrain capital growth.

Hedged Share Class

There can be no guarantee that the hedging strategy applied in Hedged Share Classes will entirely eliminate the adverse effects of changes in exchange rates between the Reference Currency or Portfolio Currency and the Hedged Currency.

It should be noted that hedging transactions may be entered into whether or not the currency of a Hedged Share Class is declining or increasing in value relative to the Reference Currency or Portfolio Currency. Consequently, where such hedging is undertaken, it may protect investors in the relevant class against a decrease in the value of this currency being hedged but it may also preclude investors from benefiting from an increase in the value of the currency. Hedged Share Classes and unhedged Share Classes of the same Fund participate in the same pool of assets and/or liabilities. As a result, Shareholders should note that the liabilities arising from one Share Class in a Fund may affect the Net Asset Value of the other Share Classes in the same Fund.

Segregated Liability of the Funds

While the OEIC Regulations provided for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under contracts which are subject to the laws of other countries it is not yet known how those foreign courts will react to provisions of the OEIC Regulations which provide for segregated liability between Funds. Shareholders are not, however, liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

Regulatory Risk

The Company is resident in the United Kingdom and non-United Kingdom investors should note that the regulatory protections provided by the regulatory authorities in their country of domicile may not apply. Investors should consult their financial advisers for further information in this area.

Investment objectives

Investors should be aware of the investment policies of the Funds as these may state that the Funds may invest on a limited basis into markets not naturally associated with the name of the Fund. These other markets may act with more or less volatility than the core investment area and performance will be in part dependent on these investments. Investors should ensure (prior to any investment being made) that they are satisfied with the risks associated with the overall objectives disclosed.

Emerging Markets

This section is applicable to Funds that invest in some overseas markets. These investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities. Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed countries because brokers and counterparties in such countries may be less well capitalized and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security.

Investment in emerging markets may involve a higher than average risk. In addition, an investment in emerging market currencies and debt may involve higher risk than an investment in debt and currencies issued in more developed markets.

Investors should consider whether or not investment in such Funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject to:

(a) accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;

(b) the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions:

(a) Restrictions on foreign investment in emerging markets may preclude investment in certain securities by certain Funds and, as a result, limit investment opportunities for the Funds. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets;

(b) The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments;

(c) Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market. The proceeds for illiquid securities that form part of the redemption will in these circumstances be paid in cash once the proceeds become available. Please refer to the section of this Prospectus with the heading "In specie redemption" for further information.

(d) Economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal/fiscal regulation/ market reforms. Assets could be compulsorily acquired without adequate compensation;

(e) Share registration services, whilst appropriately licensed in Russia, may not be subject to such tight controls as those in more developed countries. This may mean that the Investment Manager may not secure good title to the Russian securities held;

(f) Higher volatility than in the more developed markets of the world. The paucity of accurate and meaningful information, and inefficiencies in distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity together with low dealing volumes can restrict the Investment Manager's ability to execute deals; and

(g) Some emerging markets countries may restrict investment into securities and/or currency and therefore the ACD may seek exposure to emerging markets through securities and derivatives that invest in underlying emerging markets currencies and securities. These

securities and derivatives may be less liquid than a direct investment in the underlying security or currency.

Taxation

Shareholders should be aware that gains made by the Funds on the disposal of investments in overseas collective investment schemes which are not certified by HMRC as distributing or reporting funds, may be treated as Offshore Income Gains and as such included in the taxable income of the Funds. A Fund will be subject to UK tax, currently at the rate of 20%, on its taxable income in excess of relievable expenses.

If a Fund should invest over 50% of its assets in non-reporting/non-distributing offshore funds at any time then it will enter a special tax regime for authorised investment funds known as the 'FINROFs' tax regime. The Fund would then be exempt from tax on any gains it realises on the disposal of non-reporting/non-distributing offshore funds, but investors in the Fund would be subject to income tax (as opposed to capital gains tax) on gains realised on the disposal of their holdings in the Fund.

Tax law and practice in certain countries into which a Fund invests or may invest in the future (in particular in the emerging markets) is not clearly established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Company could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

Investments in collective investment schemes

Where a Fund is permitted to invest all or part of its assets in collective investment schemes, investors should be aware of such potential exposure to the asset classes of those underlying collective investment schemes in the context of all their investments.

Some Funds may invest in other collective investment schemes. Investment decisions of such underlying collective investment schemes are made at the level of such collective investment schemes. There can be no assurance that the selection of the managers of the underlying collective investment schemes will result in an effective diversification of investment styles and that positions taken by the underlying collective investment schemes will always be consistent. The underlying collective investment schemes may not be subject to the supervision of the FCA and may be less regulated, custody and audit rules may notably differ. The valuations of the assets of the underlying collective investment schemes may not be verified by an independent third party on a regular or timely basis.

Both the Fund and the underlying collective investment schemes will have costs and impose fees and commissions, which will cause a higher level of fees than if the investors invested directly in the underlying collective investment schemes. However, when a Fund invests in units/shares of other collective investment schemes that are managed, either directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Investment Manager or other company may not charge subscription or redemption fees on account of the Fund's investment in the units of such other collective investment schemes.

Some underlying collective investment schemes may invest in assets that are not readily realisable or may be hard to value. The value of these assets is a matter of the relevant valuation agent's policy and the true value may not be recognised until the asset is sold. This may be an ongoing risk for collective investment schemes investing in property, but could also include other asset classes in extreme market conditions. There may be occasions where these collective investment schemes restrict redemptions and as such the Funds may not be able to liquidate a position in such collective investment schemes. In a falling market this may result in losses to the Funds.

Investment in unregulated collective investment schemes

Where the investment objective of a Fund permits investments in unregulated collective investment schemes, such as hedge funds, Shareholders should be aware that in addition to annual management fees, hedge funds are normally subject to performance fees, which are typically a proportion of any absolute return achieved by these funds. In addition, some hedge funds will apply a redemption fee where an investment in the hedge fund is held for less than a specified period. In both cases the effect will be to reduce the total return for the investor in these funds.

Hedge funds may utilise investment techniques (such as leverage, short selling and the use of derivatives) that carry additional risks and investment in hedge funds is suitable only where a Fund can assume the risk of losing the entire value of the amount invested in hedge funds. If realised, this would have a direct, adverse effect on the value of a Fund.

Prospective investors should consider, among other things, the following additional risk factors applicable to investments in hedge funds:

– Borrowing: Hedge funds may use borrowings for the purpose of making investments. The use of borrowing creates special risks and may significantly increase a Fund's investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the hedge fund's exposure to capital risk. Some hedge funds may not be subject to any limitations on the amount of their borrowings, and therefore, the amount of borrowings that a hedge fund may have outstanding at any time may be large in comparison to its capital.

– Market Exposure: The market exposure of hedge funds consists of the aggregate gross exposure of the hedge fund to securities, issuers, indices, interest rates and currencies. In addition, hedge funds may borrow cash or securities and apply the same to further market exposures. The result may be that a hedge fund has market exposures that significantly exceed its net asset value. If the different market exposures of the hedge funds have a high correlation, then the higher the aggregate market exposures the greater the amount of the Fund's assets that are at risk, and the greater the likelihood that the hedge fund's liabilities might exceed its net assets.

- Counterparty Risk: A hedge fund will be subject to the risk of the inability of any counterparty (including the prime broker) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes such as, for example, chaotic or volatile market conditions.

- Market Counterparties: A hedge fund will rank as an unsecured creditor of market counterparties in relation to transactions in derivatives executed through them and assets which the market counterparty borrows, lends, pledges or hypothecates and in relation to cash deposited with the market counterparty. In the event of the insolvency of the market counterparty, the hedge fund might not be able to recover equivalent assets in part or in full.

- Assets of a Fund may be invested in hedge funds and other investments that are denominated in currencies different to the denomination of a particular Fund. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Investment Manager may seek to hedge the foreign currency exposure of Shares in a Fund. However, a Fund will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between currencies. In addition, the value of an investment represented by a hedge fund in which a Fund invests may be affected by fluctuations in the currency of the country where such a hedge fund invests, by foreign exchange rules, or by the application of the various tax laws of the relevant countries (including withholding taxes), government changes or variations of the monetary and economic policy of the relevant countries.

Underlying fund expenses

Investors should be aware that – where the Funds invest in other funds that are managed by companies in the ACD's group of companies – the funds that the Funds invest in will be subject to arrangements whereby no underlying annual management charge will be made on those funds. They will remain subject to other costs in the underlying funds such as registrar fees, audit fees and the costs of investing in equities and bonds. In addition, investors should be aware that some of the underlying funds may be subject to performance fees, which are typically a proportion of any excess return over and above a specific performance target.

There will be no initial charge payable by the Funds when acquiring shares or units in underlying funds and no exit charge payable on the disposal of shares or units in underlying funds. Please refer to Appendix I for more information.

Investments in derivatives and forward transactions and the use of EPM

The FCA Rules for "NURS Schemes" permit the use of derivatives and forward transactions for both EPM and investment purposes (including short selling and leverage). Investors should consider potential exposure to derivatives in the context of all their investments.

The ACD has a 'Risk Management Policy' in respect of the measurement and monitoring of risks attached to financial derivative instrument positions entered into by the Company. This policy document has been sent to the Depositary and to the FCA and is available upon request. The Risk Management Policy and processes do not guarantee that the derivative strategies will work in every instance.

Derivative instruments, including but not limited to swaps, futures, and certain FX contracts, are subject to new regulations such as EMIR, MiFID II/MiFIR and similar regulatory regimes in the U.S., Asia, and other global jurisdictions. The implementation of such regulations, including new requirements requiring mandatory clearing and margining, may increase the overall costs to the Fund of entering into and maintaining such derivative instruments and may impact the Fund's returns or the ability of the Investment Manager to achieve their investment objectives. Global regulation of derivative instruments is a rapidly-changing area and, as such, the full effects of present or future legislation or regulations in this area are not known, but could be substantial and adverse.

Each Fund is permitted by the FCA Rules to use derivatives and forward transactions for the purposes of EPM. Any Fund also permitted to use derivatives and forward transactions for investment purposes will provide details of this within its investment policy. **The risks relating to the different uses are explained below.**

Use of derivatives and forward transactions for EPM purposes

The use of derivatives and forward transactions for the purposes of EPM will not materially alter the risk profile of any Fund.

EPM is applied in a cost effective way, to achieve at least one of the following: the reduction of risk; reduction of cost or the generation of additional capital or income.

In addition to derivatives and forward transactions, techniques such as temporary borrowing, cash holding and stock lending may also be used for EPM.

The use of derivatives and forward transactions for EPM is not intended to increase Fund volatility. In adverse situations, however, the use of derivatives may become ineffective and a Fund may suffer significant loss as a result.

When entering into EPM (including techniques such as stock lending), the Investment Manager may use one or more separate counterparties to undertake transactions on behalf of a Fund. Consequently, a Fund may be required to pledge or transfer collateral paid from within its assets to a secure a contract. Therefore, there is a risk that a counterparty will wholly or partially fail to honour their contractual arrangements to return collateral and any other payments due to the relevant Fund. The ACD measures the creditworthiness of counterparties as part of the risk management process. A counterparty may be an associate of the ACD or the Investment Manager, which may give rise to a conflict of interest. Please contact the ACD for further details on the ACD's conflicts of interest policy. EPM strategies may be limited by market conditions, regulatory limits and tax considerations. The ACD, the Investment Manager or the Fund will not be liable for failure to implement an EPM

strategy, so long as they have acted reasonably and in accordance with the FCA rules.

The use of derivatives for EPM allows a Fund to manage various risks including the following: default risk, market risk, interest rate or duration risk, currency risk and curve risk. A brief description of the ACD's interpretation of each of these risks is set out below:

– Default risk: the risk that the issuer fails to pay.

– Market risk: the risk that general market conditions impact the price of the asset owned by the Fund.

– Interest rate / duration risk: the risk that the price of a bond is sensitive to a change in its yield.

– Currency risk: the risk that can arise when bonds are denominated in a currency that is not the base currency of the Fund.

– Curve risk: the risk that the shape of both the credit yield curve and maturity yield curve can change significantly over time.

The AIFM Directive and associated guidance on how leverage is to be calculated means that some derivative trades classified as EPM may create leverage under the commitment method (as described in paragraph 33 of Appendix II). The maximum amount of that leverage is set out in Appendix I but will never be more than 200% of the NAV. For all derivative trades made for EPM the ACD will mitigate the leverage by holding appropriate assets to cover the derivative exposure so that there is no material impact to the risk profile of the Fund.

Use of derivatives forward transactions for investment purposes

The use of derivatives for investment purposes may increase the risk profile of the Fund. The Funds' exposure involves synthetic short sales of investments and leverage, which may increase the risk of the Funds and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive returns, but causes a faster decrease in the value of assets if prices fall. These techniques may be achieved through the use of derivatives and forward transactions.

Exchange Traded Funds

The Funds may invest in exchange traded funds. Exchange traded funds represent a basket of securities that may be traded on an exchange and may not necessarily trade at the net asset value of their underlying holdings. As a result they may trade at a price that is above or below the value of the underlying portfolio.

Commodities

The Funds may have exposure to commodities, including commodity indices. The value of commodities may be affected by changes in overall market movements, changes in interest rates or factors affecting a particular industry or commodity for example, weather, embargoes, tariffs and international economic, political and regulatory developments and trading activities in commodities and related contracts. If the commodity exposure is to a commodity index, the Funds are subject to normal fluctuations in the performance of that commodity index.

Warrants

When a Fund invests in warrants, the price per share of the Fund may fluctuate more than if the Fund was investing in the underlying securities because of the greater volatility of the warrant price.

Credit Risk

The value of a Fund may be adversely affected if any of the institutions in which the cash is invested or deposited suffers insolvency or other financial difficulties.

Shareholder Concentration Risk

A Fund with high shareholder concentration may have compounded funding liquidity risks.

Liquidity Risk

In extreme market conditions, it may be difficult for a Fund to realise an investment at short notice without suffering a discount to market value. In such circumstances the investor may suffer a delay in realising his investment or may incur a dilution adjustment.

Dealings in the Fund may be limited due to issues of capacity or deferred due to high redemption levels. Large subscriptions may not be invested quickly resulting in the Fund holding cash.

Long-dated Floating Rate Notes

Defaults on financial instruments or of institutions may have a negative impact on asset backed securities. Increased uncertainty around the creditworthiness of the underlying investments and a general increase in risk aversion in the markets has made these instruments less desirable, which has affected both their spread (the difference between the purchase and sale price) and liquidity (ability to sell at short notice). Together these two factors make such instruments more likely to suffer larger price swings, as well as increasing the cost of selling. Although there is a risk that the credit crunch also leads to increased instances of default amongst some of the underlying credits, it is believed that this risk remains low for higher rated floating rate notes (FRNs), and as market confidence improves there will be a narrowing of dealing spreads on these FRNs which will lead to an improvement in their market value. FRNs are issued by a variety of corporations, including financial institutions, and many FRNs are backed by assets of various types, including mortgages and receivables. As such, the price of FRNs may vary with the market's perception of the creditworthiness of the issuer and/or the underlying assets. FRN liquidity may be realised through either sale or maturity. The longer an FRN's date of legal final maturity, the more sensitive it will tend to be to these credit-related factors. FRNs with a longer date of legal final maturity may be less liquid than other FRNs in adverse market conditions. This may in turn result in wider price spreads.

No Guarantee of Capital

Investors should note that the Funds do not offer any form of guarantee with respect to investment performance and no form of capital protection will apply.

Cash Concentration

Where a Fund holds at any one time a substantial proportion of their assets in cash, near cash or money market instruments, it might not, under such circumstances, participate fully in a rise in market values of the asset classes the Fund would otherwise invest in.

Fixed Income Funds

The interest rate on corporate bonds and most government bonds will not increase in line with inflation. Thus, over time, the real value of investor's income could fall.

Concentrated portfolios

Investors should note that some Funds may have concentrated portfolios (holding a limited number of investments) and if one or more of those investments decline or are otherwise adversely affected, it may have a more pronounced effect on the Fund's value than if a larger number of investments were held.

High Yield Bond

Where a Fund's investment policy is to generate a higher yield through the use of fixed interest securities, many of the investments will be in 'below investment grade' securities (generally defined as below BBB- by leading rating agencies) and may also include non-traditional types of debt security. Investment in such securities brings an increased risk of default on repayment and therefore increases the risk that the income and capital of the Fund will be affected.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher investment rating. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal claim or regarding the interest payments and it cannot be excluded that such issuers may become insolvent. Investors should be fully aware of such risks.

Investments in the PRC and the China–Hong Kong Stock Connect Programme

The following Funds can make investments in the PRC using the China-Hong Kong Stock Connect Programme: Threadneedle Dynamic Real Return Fund (up to 5%).

In addition to the usual risks of investing in emerging markets there are some specific risks connected to the China-Hong Kong Stock Connect Programme. While the economy of the PRC is in a state of transition, in extreme circumstances, the Funds may incur losses due to limited investment capabilities. The Funds may not be able to invest in China A-Shares, access the PRC market through the programme, fully implement or pursue its investment objectives or strategy due to local investment restrictions, illiquidity of the PRC domestic securities market, suspension in the trading through the programme and/or delay or disruption in execution and settlement of trades.

All Hong Kong and overseas investors in the China-Hong Kong Stock Connect Programme will trade and settle securities listed in mainland stock exchanges approved by the relevant authorities in Chinese offshore renminbi only. Such Funds will be exposed to any fluctuation in the exchange rate between the Sterling and Chinese offshore renminbi in respect of such investments.

The Chinese offshore renminbi exchange rate is a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Chinese offshore renminbi against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the PRC.

Convertibility from Chinese offshore renminbi to Chinese onshore renminbi is a managed currency process subject to foreign exchange control policies of and repatriation restrictions imposed by the government of the PRC. Under the current regulations in the PRC, the value of Chinese offshore renminbi and Chinese onshore renminbi may be different due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions and therefore is subject to fluctuations.

The China-Hong Kong Stock Connect Programme are securities trading and clearing linked programmes developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. These programmes allow foreign investors to trade eligible China A-Shares listed in mainland stock exchanges approved by the relevant authorities, through their Hong Kong based brokers.

Further information about China-Hong Kong Stock Connect Programme is available online at the website:
http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

The Funds permitted to invest in the domestic securities markets of the PRC in their objectives and policies may use the China-Hong Kong Stock Connect Programme and other similarly regulated programmes, are subject to the following additional risks:

- the relevant regulations relating to the China-Hong Kong Stock Connect Programme are untested and subject to change which may have potential retrospective effect. There is no certainty as to how they will be applied which could adversely affect the Funds. The programmes require use of new information technology systems which may be subject to operational risk due to its cross-border nature. If the relevant systems fail to function properly, trading in both Hong Kong and Shanghai and any other relevant markets through the programmes could be disrupted;

- where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local central securities depositaries, Hong Kong Securities Clearing Company Limited ("HKSCC") and ChinaClear;

- as in other emerging markets, the legislative framework is beginning to develop the concept of legal/formal ownership and of beneficial

ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to China-Hong Kong Stock Connect Programme securities held through them and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of China-Hong Kong Stock Connect Programme securities would have full ownership, and that those China-Hong Kong Stock Connect Programme securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect. Consequently, the Funds and the Depositary cannot ensure that the Funds' ownership of these securities or title is assured;

- to the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Funds will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Funds suffer losses resulting from the performance or insolvency of HKSCC;

- In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, a Fund may not fully recover any losses or its China-Hong Kong Stock Connect Programme securities and the process of recovery could also be delayed;

- the HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations which include certain restrictions on selling and buying will apply to all market participants. In the case of sale, pre-delivery of shares is required by the broker, increasing counterparty risk. Because of such requirements, the Funds may not be able to purchase and/or dispose of holdings of China A-Shares in a timely manner;

- daily quota limitations are applied to the China-Hong Kong Stock Connect Programme which does not belong to the Funds and can only be utilized on a first-come-first serve basis. This may restrict the Funds ability to invest in China A-Shares through the programmes on a timely basis;

- the China-Hong Kong Stock Connect Programme will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in each respective market are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Funds cannot carry out any China A-Shares trading. The Funds may be subject to risks of price fluctuations in China A-Shares during the time when China-Hong Kong Stock Connect Programme not trading as a result;

- the Funds will not benefit from local China investor compensation schemes.

Risks associated with the Small and Medium Enterprise Board and/or ChiNext of the Shenzhen Stock Exchange

The Funds may have exposure to stocks listed on Small and Medium Enterprise Board ("SME Board") and/or ChiNext of the SZSE and may be subject to the following risks:

- Higher fluctuation on stock prices – Listed companies on the SME Board and/or ChiNext are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SSE ("Main Board").

- Over-valuation risk – Stocks listed on SME Board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

- Differences in regulation – The rules and regulations regarding companies listed on ChiNext are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

- Delisting risk – It may be more common and faster for companies listed on the SME Board and/or ChiNext to delist. This may have an adverse impact on the relevant Sub-Fund if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext may result in significant losses for the relevant Sub-Fund and its investors.

Risks associated with investments in the China Interbank Bond Market

The following Funds can make investments in the China Interbank Bond Market: Threadneedle Dynamic Real Return Fund (up to 1%). Foreign institutional investors (such as the Fund) can invest in Mainland China interbank bond markets ("**China Interbank Bond Market**") via Bond Connect (as defined below).

Investment in China Interbank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit ("Bond Connect").

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People's Bank of China ("PBOC") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner. Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. The relevant Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Fund transacts in the China Interbank Bond Market, the Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the China Interbank Bond Market via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. The Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems

Taxation Risk

There are uncertainties under the applicable PRC tax laws on the treatment of income tax and other tax categories payable in respect of trading in China Interbank Bond Market by eligible foreign institutional investors via Bond Connect. There is also the possibility of such laws being changed and taxes being applied retrospectively. Hence it is uncertain as to the Fund's tax liabilities for trading in China Interbank Bond Market via Bond Connect.

Management and administration

The Authorised Corporate Director and AIFM

The ACD and AIFM of the Company is Threadneedle Investment Services Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985 on 26 January 1999.

The issued and paid up share capital of the ACD is £17.02 million.

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Rules.

The ultimate holding company of the ACD is Ameriprise Financial, Inc., a corporation incorporated in Delaware, USA.

Registered office and head office:

Cannon Place, 78 Cannon Street, London EC4N 6AG.

The ACD also acts as authorised corporate director of Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle UK Property Authorised Investment Fund, and as an authorised unit trust manager in respect of the following authorised unit trusts:

- Threadneedle Managed Bond Fund
- Threadneedle Managed Bond Focused Fund
- Threadneedle Managed Equity & Bond Fund
- Threadneedle Managed Equity Focused Fund
- Threadneedle Managed Equity Fund
- Threadneedle Managed Equity Income Fund
- Threadneedle UK Property Authorised Trust

The directors of the ACD are Ms. Julie Griffiths, Mr. Peter Stone, Mr. Richard B. Vincent, Ms. Laura Weatherup, Ms. Kath Cates (non-executive director) and Mrs. Ann Roughead (non-executive director). The directors act as directors of companies other than the ACD (including companies that are within the same group of companies as the ACD) but do not engage in business activities that are not connected with the Company that would be "significant" to the Company's business in terms of the FCA Rules.

Terms of appointment:

The ACD Agreement provides that the appointment of the ACD is for an initial period of three years and thereafter may be terminated upon 12 months' written notice by either the ACD or the Company, although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the

Company to the ACD. Termination cannot take effect until the FCA has approved the change of the ACD.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the agreement. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares, which it has redeemed. The fees and expenses to which the ACD is entitled are set out in the section with the heading "Charges payable to the ACD" on page 16 of this Prospectus.

Third party administrative functions, such as customer applications and record keeping, dealing with subscriptions, switching, conversion, withdrawals and terminations, and all communication centre activity in relation to the Company, have been delegated by the ACD to SS&C Financial Services Europe Ltd ("SS&C").

The ACD will satisfy itself on an ongoing basis that SS&C is competent to carry out these functions and associated responsibilities.

The Depositary

Citibank Europe plc, acting through its UK branch, Citibank Europe plc, UK Branch is the depositary of the Company. The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the FCA Rules relating to the pricing of, and dealing in, Shares and relating to the income of the Funds.

Citibank Europe plc is a public limited company that is domiciled in Ireland, with registered number 132781, and whose registered office is at 1 North Wall Quay, Dublin 1.

The Depositary is authorised by the Central Bank of Ireland and authorised and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority in the United Kingdom in relation to the provision of depositary services.

Pursuant to a restructuring event which took place under Directive 2005/56/EC on 1 January 2016, all contractual obligations of Citibank International Limited (as former depositary) were transferred by operation of law to the Depositary and as such the agreement dated 1 March 2014 between the Company, the ACD and the Depositary has been automatically transferred to the Depositary.

Head Office and Registered office:

Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB

Ultimate holding company:

Citigroup Inc., a company which is incorporated in New York, USA

Principal business activity:

Acting as corporate trustee including trusteeship of unit trust schemes and depositary of open ended investment companies.

Terms of appointment:

Under the terms of a Depositary Agreement, the Depositary has been appointed as depositary of the Scheme Property and the Scheme Property has been entrusted to the Depositary for safekeeping.

The key duties of the Depositary consist of:

(i) cash monitoring and verifying the Company's cash flows;

(ii) safekeeping of each Fund's assets;

(iii) taking reasonable care to ensure each Fund is managed in accordance with its investment and borrowing restrictions;

(iv) ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of Shares are carried out in accordance with the Instrument of Incorporation and applicable law, rules and regulations;

(v) ensuring that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;

(vi) ensuring that the Company's income is applied in accordance with the Company's Instrument of Incorporation, applicable law, rules and regulations; and

(vii) carrying out instructions from the ACD unless they conflict with the Company's Instrument of Incorporation or applicable law, rules and regulations.

Under the terms of the Depositary Agreement the Depositary has the power to delegate its safekeeping functions. The Depositary has delegated to Citibank N.A. the custody of financial instruments belonging to the Company and other assets of the Company entrusted to the Depositary for safekeeping.

As a general rule, whenever the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary. See below for situations in which the Depositary is not liable for acts or omission of a delegate which is not an associate of the Depositary or of the ACD.

In addition, a delegate (other than an associate of the Depositary or the ACD) ("A") to which custody of a financial instrument has been delegated by the Depositary and to which the obligation to return a financial instrument of the identical type or corresponding amount, to the Depositary or the investors of the Company, has been properly transferred, will be liable to return a financial instrument of identical type or corresponding amount unless it can prove that:

(i) the lost financial instrument was held in custody by another third party ("B");

(ii) A had properly sub-delegated its functions to B;

(iii) a written contract between A and B:

(a) expressly transfers from A to B the obligation to return a financial instrument of the identical type or corresponding amount to the Company, or the investors of the Company; and

(b) enables the Company, or the ACD acting on behalf of the Company, to make a claim against B in respect of the loss of the financial instrument, or for the Depositary to make such a claim on their behalf; and

(iv) a written contract between A and the Depositary expressly allows a transfer of A's obligation to return a financial instrument of the identical type or corresponding amount to the Company, or the investors of the Company, and establishes an objective reason for the transfer.

The Depositary Agreement may be terminated on 180 days' written notice by the Depositary or the Company.

The Depositary Agreement provides indemnities to the Depositary (except in respect of its failure to exercise due care and diligence) and (to the extent permitted by the OEIC Regulations and the FCA Rules) exempts it from liability for special, indirect or consequential loss or damage.

The fees to which the Depositary is entitled are set out in the section with the heading "Depositary's fee" on page 16 of this Prospectus.

Liability of the Depositary

As a general rule, the Depositary is liable for any losses suffered as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations except that it will not be liable for any loss where:

(i) the event which has led to the loss is not the result of any act or omission of the Depositary or of such third party;

(ii) the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice; and

(iii) despite rigorous and comprehensive due diligence, the Depositary could not have prevented the loss.

However, in the case of loss of a financial instrument by the Depositary, or by a third party who is its own associate or an associate of the ACD, the Depositary is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay.

In addition, in the case of loss of a financial instrument by the Depositary or by a third party who is neither an associate of its own nor an associate of the ACD to whom its custody has been properly delegated, the Depositary is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay, but it will not be under such an obligation:

(i) if it can prove that the loss arose as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; or

(ii) if it can prove that:

(a) the lost financial instrument was held in custody by a third party;

(b) the Depositary had properly delegated its functions to the third party;

(c) a written contract between the Depositary and the third party:

(A) expressly transfers such obligation to the third party; and

(B) enables the Company, or the ACD acting on behalf of the Company, to make a claim against the third party in respect of the loss of the financial instrument, or for the Depositary to make such a claim on their behalf; and

(d) a written contract between the Depositary and the AIF, or the AIFM acting on behalf of the AIF, expressly allows a transfer of the Depositary's said obligation and establishes an objective reason for the transfer.

(iii) if the Depositary delegates custody functions to a custodian in any of the following circumstances:

(a) where the Depositary has no presence in the jurisdiction where any such financial instrument is issued or commonly held; or holding such financial instrument other than through a Sub-custodian would be inefficient or uneconomic; or it is not practicable to hold the financial instrument other than through a Clearance System in which the Depositary is not a participant; or

(b) where the Depositary intends to retain the services of a global Sub-custodian, but the Depositary has no practicable way of holding assets of the type in which the Company and/or the ACD wishes to invest without appointing such global custodian; or

(c) the law of a country requires certain financial instruments to be held in custody by a local entity and there are no local entities that are subject to effective prudential regulation and supervision and, despite this, the Company or the ACD has instructed the Depositary to delegate the custody of such financial instruments to a local entity,

and the contract between the Depositary and such custodian or local entity contains a clause transferring the liability of the Depositary to such custodian or local entity and makes it possible for the Company or the ACD to make a claim against such custodian or local entity in respect of the loss of a financial

instrument belonging to the Company or for the Depositary to make such a claim on their behalf.

The Investment Manager

The ACD has appointed Threadneedle Asset Management Limited to provide portfolio management and advisory services to the ACD.

The Investment Manager also acts as the investment manager of a number of other collective investment schemes and segregated accounts.

Threadneedle Asset Management Limited is in the same group of companies as the ACD. Its registered office is at Cannon Place, 78 Cannon Street, London EC4N 6AG. The principal activity of the Investment Manager is acting as an investment manager.

FCA authorised status:

Threadneedle Asset Management Limited is authorised and regulated by the FCA under the Financial Services and Markets Act 2000 to carry on regulated activities in the UK.

Terms of appointment:

The Investment Manager was appointed by an agreement between the Company and the Investment Manager with an effective date of 18 June 2013, as restated with effect from 21 July 2014.

In accordance with its powers under the Investment Management Agreement the Investment Manager has delegated certain third party administrative, Threadneedle administrative and ancillary services to SS&C and other members of the Threadneedle Group. Where required, the Investment Manager will only engage with another member of its group of companies that is registered with or approved by the appropriate regulators in their home jurisdictions and overseas (for example, the SEC and the CFTC in the United States). The Investment Manager will remain liable for the services provided by other members of its group on behalf of the Investment Manager at all times.

The Investment Management Agreement may be terminated on 12 months' written notice by the Investment Manager or the ACD. It may also be terminated by the Company or the ACD with immediate effect if this is in the best interests of the Shareholders.

Subject to the overall policies, directions and control of the ACD, all relevant laws and regulations (including the FCA Rules), this Prospectus, the Instrument of Incorporation and all proper directions of the Depositary, the Investment Manager has complete discretion to take all day to day portfolio management decisions and to deal in investments in relation to the portfolio management of the Company, without prior reference to the ACD.

Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

In relation to the Threadneedle Global Multi Asset Income Fund from time to time, the Investment Manager may engage with various members of its Group globally to provide a variety of services to the Investment Manager where it believes this is in the interest of investors. These services may include (i) making investment recommendations to the Investment Manager and, therefore providing investment advice supported by research, to the Investment Manager, (ii) investment monitoring, (iii) trading and (iv) discretionary investment management activities. Where required the Investment Manager will only engage with an entity that is registered with or approved by the appropriate regulators in their home jurisdictions and overseas (for example the SEC and the CFTC in the United States). The Investment Manager remains liable at all times for the services provided by other members of its Group on behalf of the Investment Manager.

Auditor

The auditor of the Company is PricewaterhouseCoopers LLP. The auditor is responsible for auditing the annual accounts of the Funds and expressing an opinion on certain matters relating to the Funds in the annual report including whether its accounts have been prepared in accordance with applicable accounting standards, the FCA Rules and the instrument of incorporation.

Legal advisers

The Company is advised by Eversheds Sutherland (International) LLP.

Registrar and register of Shareholders

The ACD acts as registrar to the Company and has delegated to SS&C the responsibility of maintaining the register of Shareholders at the ACD Client Services department, details of which are provided in the Directory. The register may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

Policies of the ACD and the Investment Manager

Conflicts of interest

The ACD, the Investment Manager and other companies within the group of companies to which they belong (the "Group", which, for the avoidance of doubt includes Columbia Management Investment Advisers, LLC) may, from time to time, act as the investment manager or adviser to other funds or sub-funds which follow similar investment objectives to the Funds of the Company. It is therefore possible that the ACD and/or the Investment Manager or other member of their Group may in the course of their business have potential conflicts of interest with the Company or a particular Fund of the Company.

Each member of the Group will, however, have regard to its legal obligations and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

The Investment Manager may, subject to the investment policy of a Fund, invest the assets in other funds, sub-funds or other entities managed or advised by the Investment Manager and/or any of it associated companies. The Investment Manager might earn fees from such a scheme but the Investment Manager will invest the Fund's assets in such a scheme only if

the Investment Manager believes to do so is in the Fund's best interest even taking into account such scheme's fees. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and the other funds it manages are treated fairly.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its shareholders will be prevented. Should any such situations arise the ACD will disclose these to shareholders in an appropriate format, ordinarily this will be in the Report and Financial Statements of the Company.

The Depositary may act as the depositary of other companies.

From time to time conflicts may arise between the Depositary and the delegates or sub-delegates, for example where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for other custodial services it provides to the Funds. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to applicable laws.

Exercise of Voting Rights

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. A summary of this strategy is available on the ACD's website at www.columbiathreadneedle.com. Details of the actions taken on the basis of this strategy in relation to each Fund are available to investors by writing to the ACD Client Services Department at the details provided in the Directory.

Best Execution

The ACD's best execution policy sets out the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Company. Details of the best execution policy are available on the ACD's website at www.columbiathreadneedle.com or by contacting the ACD via ACD Client Services at the details provided in the Directory.

In addition, by 30 April each year, the Investment Manager will publish annually on its website a summary of the volumes executed for each instrument class, showing the Top 5 venues. This can be found under the 'Literature' section of the site.

Controversial Weapons

The UN Convention on Cluster Munitions came into force on 1 August 2010. This Convention prohibits all use, stockpiling, production and transfer of cluster munitions. The ACD and the Investment Manager acknowledge the importance of the Convention and the Investment Manager actively screens companies for evidence of their corporate involvement in controversial weapons that include but are not limited to anti-personnel mines, cluster munitions, biochemical weapons and depleted uranium ammunition and armour. Where a company is verified to undertake such activities, the Investment Manager's policy is not to invest in the securities issued by that company however it reserves the right to take short positions on such securities.

Responsible Investment

In discharging its obligations, the Investment Manager will have regard, as appropriate, to its policies on the Principles for Responsible Investment (PRI) and the UK Stewardship Code.

Instrument of Incorporation

The Instrument of Incorporation of the Company (which is available for inspection at the ACD's registered office at Cannon Place, 78 Cannon Street, London EC4N 6AG or the ACD Client Services Department at the details provided in the section of this Prospectus with the heading 'Directory') contains, inter alia, provisions to the following effect:

Share capital

(a) The Company may from time to time issue Shares of different Classes in respect of a Fund, and the ACD may by resolution from time to time create additional Classes in respect of a Fund (whether or not falling within one of the Classes in existence on incorporation).

(b) The ACD may by a resolution from time to time create additional Funds with such investment objectives and such restrictions as to geographic area, economic sector, monetary zone or category of transferable security or otherwise, and denominated in such currencies, as the ACD may from time to time determine.

(c) The special rights attaching to a Class are not (unless otherwise expressly provided by the conditions of issue of such Shares) deemed to be varied by:

(i) the creation, allotment or issue of further Shares of any Class ranking *pari passu* with them;

(ii) the switch of Shares of any Class into Shares of another Class;

(iii) the creation, allotment, issue or redemption of Shares of another Class within the same Fund, provided that the interests of that other Class in the Fund represent fairly the financial contributions and benefits of Shareholders of that Class;

(iv) the creation, allotment, issue or redemption of Shares of another Fund;

(v) the exercise by the ACD of its powers to re-allocate assets, liabilities, expenses, costs or charges not attributable to one Fund or to terminate a Fund;

(vi) the passing of any resolution at a meeting of another Fund which does not relate to the Fund in which the Class is interested; or

(vii) any agreement by the ACD or the Investment Manager for the time being of any Fund to suffer a reduction in its fees, in respect of that Fund, for any period.

Transfer of Shares

(a) All transfers of registered Shares must be effected by transfer in writing in any usual or common form or in any other form as may be approved by the ACD.

(b) No instrument of transfer may be given in respect of more than one Class.

(c) In the case of a transfer to joint holders, the number of joint holders to whom a Share is to be transferred may not exceed four.

(d) In the case of Class X Shares, Shareholders must be Eligible Shareholders.

Income

(a) The following provisions apply in respect of Shares in issue in respect of the Funds available in the Company:

An allocation of income (whether annual or interim) to be made in respect of each Share issued by the Company or sold by the ACD during the accounting period in respect of which that income allocation is made shall be of the same amount as the allocation to be made in respect of the other Shares of the same Class issued in respect of the same Fund but shall where appropriate include a capital sum ('income equalisation') representing the ACD's best estimate of the amount of income included in the price of that Share, being either the actual amount of income included in the issue price of that Share or an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Shares of that Class issued or sold to Shareholders in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

(b) Each allocation of income made in respect of any Fund at a time when more than one Class is in issue in respect of that Fund shall be done by reference to the relevant holders' proportionate interests in the Scheme Property of the Fund in question. These will be ascertained for each Class as follows:

(i) A notional account will be maintained for each Class. Each account will be referred to as a 'Proportion Account'.

(ii) The word 'proportion' in this context means the proportion, which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a Fund at that time. The proportionate interest of a Class of Share in the assets and income of a Fund is its "proportion".

(iii) There will be credited to a Proportion Account:

- the subscription money (excluding any initial charges) for the issue of Shares of the relevant Class;
- that Class's proportion of the amount by which the NAV of the Fund exceeds the total subscription money for all Shares in the Fund;
- that Class's proportion of the Fund's income received and receivable; and
- any notional tax benefit as described in paragraph (v) below.

(iv) There will be debited to a Proportion Account:

- the redemption payment for the cancellation of Shares of the relevant Class;
- the Class's proportion of the amount by which the NAV of the Fund falls short of the total subscription money for all Shares in the Fund;
- all distributions of income (including equalisation) made to Shareholders of that Class;
- all costs, charges and expenses incurred solely in respect of that Class;
- that Class's share of the costs, charges and expenses incurred in respect of that Class and one or more other Classes in the Fund, but not in respect of the Fund as a whole;
- that Class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Fund as a whole; and
- any notional tax liability as described in paragraph (v) below.

(v) Tax liabilities and tax benefits are assessed by HM Revenue & Customs on each Fund as a whole. Any Fund tax liability or benefit will be allocated between Classes on a just and reasonable basis so as not to materially prejudice any Class. The allocation will be carried out by the ACD in consultation with the auditors.

(vi) Where a Class is denominated in a currency which is not the base currency, the balance on the Proportion Account shall be converted into the base currency in order to ascertain the proportions of all Classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a

rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

(vii) The Proportion Accounts are memorandum accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.

(viii) Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that Class's proportion immediately before the allocation. All such adjustments shall be made as are necessary, to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

(ix) When Shares are issued thereafter each such Share shall represent the same proportionate interest in the Scheme Property of the relevant Fund as each other Share of the same category and Class then in issue in respect of that Fund.

(x) The Company shall allocate the amount available for income allocation (calculated in accordance with the FCA Rules) between the Shares in issue relating to the relevant Fund according to the respective proportionate interests in the Scheme Property of the Fund represented by the Shares in issue at the Valuation Point in question.

Number of directors

Unless otherwise determined by an extraordinary resolution of Shareholders the number of directors shall not at any time exceed one.

Removal of ACD

The Company may by ordinary resolution remove the ACD before the expiration of its period of office, notwithstanding anything in the Instrument of Incorporation or in any agreement between the Company and the ACD, but the removal will not take effect until the FCA have approved it and a new ACD approved by the FCA has been appointed.

Proceedings at general meetings

(a) The duly authorised representative of the Depositary will nominate the chairman at general meetings. If the nominated chairman is not present within a reasonable time after the time appointed for holding the meeting and willing to act as the chairman, the Shareholders present may choose one of their number to be chairman of the meeting.

(b) The chairman of any meeting may with the consent of the meeting adjourn the meeting from time to time (or without date) and from place to place, and if he is directed by the meeting to adjourn he must do so. No business can be transacted at an adjourned meeting which might not lawfully have been transacted at the meeting from which the adjournment took place.

(c) The Shareholders have rights under the FCA Rules to demand a poll. In addition to these, a poll may be demanded by the chairman of the meeting or by the ACD on any resolution put to the vote of a general meeting.

(d) Unless a poll is required, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings shall be conclusive evidence of that fact. If a poll is required, it shall be taken in such manner as the chairman may direct.

(e) The chairman may take any action he considers appropriate for, for example, the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority.

Corporations acting by representatives

(a) Any corporation which is a Shareholder may by resolution of its directors or other governing body and in respect of any Share or Shares of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders or of any Class meeting or Fund meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Share or Shares if it were an individual Shareholder.

(b) Any corporation which is a director of the Company may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any general meeting of the Shareholders, or of any Class meeting or Fund meeting of the directors. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such corporation as the corporation could exercise if it were an individual director.

Class meetings and Fund meetings

The provisions of the Instrument of Incorporation relating to meetings shall apply to Class meetings and Fund meetings in the same way as they apply to general meetings.

Instrument of Incorporation

(a) The Instrument of Incorporation may be amended by resolution of the ACD to the extent permitted by the FCA Rules.

(b) In the event of any conflict arising between any provision of the Instrument of Incorporation and either the OEIC Regulations or the FCA Rules, the OEIC Regulations and the FCA Rules will prevail.

Indemnity

The Instrument of Incorporation contains provisions indemnifying every director, other officer and auditor against liability in certain circumstances otherwise than in respect of negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of failure to exercise due care and diligence.

Shareholder meetings and voting rights

Annual general meeting

The Company does not hold annual general meetings.

Requisitions of meetings

The ACD may requisition a general meeting at any time. Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

Notice and quorum

Shareholders will receive at least 14 days' written notice of a Shareholder's meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy or in the case of a body corporate by a duly authorised representative. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one Shareholder present in person or by proxy or in the case of a body corporate by a duly authorised representative. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered address.

Voting rights

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting is sent out.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where the FCA Rules or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the FCA Rules will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

Where a resolution (including an extraordinary resolution) is required to be conducted at a Shareholder meeting, but every Shareholder would be prohibited from voting under COLL 4.4.8R(4), the resolution may, with the prior written agreement of the Depositary to the process, instead be passed with the written consent of Shareholders representing 50% or more of, for an extraordinary resolution or, for an extraordinary resolution 75% or more of the Shares in issue.

'Shareholders' in this context means Shareholders on the date seven days before the notice of the relevant meeting is sent out but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

Class and Fund meetings

The above provisions, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of Shareholders but by reference to Shares of the Class or Fund concerned and the Shareholders and prices of such Shares.

Variation of Class rights

The rights attached to a Class or Fund may not be varied without the sanction of a resolution passed at a meeting of Shareholders of that Class or Fund by a 75% majority of those votes validly cast for and against such resolution.

Taxation

General

The information given under this heading does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, switching, converting or disposing of Shares under the laws of the jurisdiction in which they may be subject to tax. The following is based on law and practice as at the date of this Prospectus and may be subject to change.

The Company

The Funds are sub-funds of an open-ended investment company to which the Authorised Investment Funds (Tax) Regulations 2006 currently apply. Each Fund will be treated as a separate entity for UK tax purposes.

The Funds are exempt from UK tax on capital gains realised on the disposal of investments including interest paying securities and derivatives held within them.

Dividends received from UK and overseas companies are taxable when received by a Fund unless each dividend falls into one of five exemptions. The most relevant exemption will be that which exempts distributions in respect of portfolio holdings (holdings of 10% or less). It is anticipated that the majority of dividends will be exempt in the hands of the Funds. However, where the availability of treaty relief on withholding tax on overseas dividends from certain countries is unavailable because of a "subject to tax" clause in the relevant double tax treaty, a Fund may elect for dividends from these countries to be treated as taxable income. These dividends and all other income received by a Fund (e.g. interest income) will be subject to tax, currently at 20% after relief for expenses.

To the extent that a Fund receives income from, or realises a gain on investments issued in, certain countries and elects for those overseas dividends to be treated as taxable income for foreign withholding or other

foreign taxes suffered on the overseas dividends this could be used to offset against the corporate tax liability of the Fund.

In respect of any Fund which invests more than 60% of the market value of all investments held by that Fund in, broadly, interest bearing assets, such as debt securities, money placed at interest (other than cash awaiting investment), building society shares or holdings in unit trusts, ICVCs or offshore funds with similar holdings (for example, certain of the 'bond funds'), such Fund may distribute or accumulate income as yearly interest. The amount of such income whether distributed or accumulated will be deducted from the income of the Fund in computing its liability to corporation tax.

The Funds will be managed so as to be eligible as ISA investments. These Funds are identified in the section with the heading 'The structure of the Company' at page 6 of this Prospectus.

Stamp Duty Reserve Tax ("SDRT")

An SDRT liability may be payable by the Funds which invest in assets liable to SDRT (e.g. UK shares) or in respect of any transfers of non-exempt assets between Funds.

UK Shareholders

The following summary applies to holders of Shares who are resident in the UK for tax purposes.

Shareholders' income

(i) Interest distributions

UK resident individuals will be taxable on the sum of gross interest distributions received and accumulations made during the relevant tax year. Such distributions are paid under deduction of income tax at a rate of 20%, and individuals paying tax at the basic rate on such income will not be subject to further taxation. Non-taxpayers will be entitled to claim a repayment of the full amount of the tax. Investors whose total taxable income including savings income falls within the starting rate for savings income band will be able to claim back part of the tax deducted. However higher rate taxpayers and additional rate taxpayers will have further tax to pay on the gross distribution. The amount will depend on the tax rate applicable to their specific circumstances.

A personal savings allowance was introduced from 6 April 2016. UK tax resident individuals whose income is within the basic rate band will be able to earn the first £1,000 of savings income tax-free. Higher rate tax payers will be able to earn the first £500 savings income with no tax payable. Basic rate and higher rate tax payers whose total savings income is within the annual personal savings allowance can reclaim the tax withheld from the HM Revenue & Customs.

From 6 April 2017, all interest distributions are made gross so no tax will be deducted from any interest distributions. As a result, where individuals' gross interest distributions exceed their personal savings allowances detailed above, then they will be liable to pay income tax at their marginal rates (i.e. 20% for basic rate taxpayers, 40% for higher rate and 45% for additional rate taxpayers) on the excess amount.

Prior to 5 April 2017, unless corporate Shareholders could satisfy the ACD that they were beneficially entitled to the income and were UK resident or acting through a UK branch subject to UK corporation tax on the income, interest distributions and accumulations were paid net of income tax at 20%. Where income tax has been deducted, corporate Shareholders may be entitled to a credit for the tax treated as paid. All interest distributions have been made gross since 6 April 2017.

Shareholders who are within the charge to UK corporation tax should be aware that where such an investor holds an interest in a Fund and that Fund fails, at any time in an accounting period in which the investor holds its interest, to satisfy the "qualifying investments test", the investor is required to treat its interest for that accounting period as if it were rights under a creditor relationship for the purposes of the "loan relationships" regime (which governs the United Kingdom taxation of most forms of corporate debt) contained in the United Kingdom Corporation Tax Act 2009. A Fund fails to satisfy the qualifying investments test at any time when its investments consist as to more than 60 per cent by market value of, inter alia, government and corporate debt securities, money placed at interest, certain derivative contracts or holdings in collective investment schemes which do not themselves satisfy the qualifying investment test. Corporate Shareholders would in these circumstances be required to account for their interest in the Fund under the loan relationships regime, in which case all returns on their Funds in the relevant accounting period (including gains and losses) would be taxed or relieved as income receipt or expense on a "fair value" basis. Such Shareholders might therefore, depending upon their particular circumstances, incur a charge to UK corporation tax on an unrealised increase in the value of their Shares (or obtain relief against UK corporation tax for an unrealised diminution in the value of their Shares).

(ii) Dividend distributions

Other funds will make distributions or accumulations that will be treated as dividends of a UK company and will comprise dividend income for UK tax purposes. An individual recipient of a dividend distribution or accumulation was entitled to a notional tax credit of 10% of the gross dividend until April 2016. This tax credit was sufficient to cover the liability of taxpayers liable to pay tax at the basic rate of tax on savings income. Higher rate taxpayers were taxed at 32.5% and additional rate taxpayers were taxed at 37.5% on the gross dividend against which the 10% tax credit could be credited and would have further tax to pay. It is no longer possible for Shareholders who hold their shares in ISAs to reclaim the 10% tax credit. Non-taxpayers are not entitled to reclaim the tax credit.

The 10% dividend tax credit was abolished in April 2016. Instead a dividend tax allowance has been introduced. The rates of tax on dividend income received above the dividend tax allowance of £2,000 are 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Shareholders who hold their Shares in ISAs are unaffected.

The income corporate Shareholders receive in the form of a dividend distribution or accumulation is streamed into franked, unfranked and foreign income, according to the underlying gross income of the Fund. The proportion which is derived from UK and overseas dividends that fall into one of five tax exemptions is treated as franked investment income and is generally not subject to further tax unless taxed on the Shareholder as part of its trade. The income derived from all other sources (e.g. interest income, dividends that do not qualify for exemption or which a Fund has elected to tax

or Offshore Income Gains on the disposal of offshore funds without reporting funds status) is treated as an annual payment paid under deduction of income tax at the rate of 20%. The Shareholder will be subject to tax on the grossed up amount but will be entitled to a credit for tax treated as paid. Whilst this amount can be wholly offset against the corporation tax liability of the Shareholder, the maximum amount of tax which can be reclaimed by the corporate Shareholder is limited to their proportion of the Fund's net liability to corporation tax in respect of gross income.

Capital gains tax

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, if companies, corporation tax on chargeable gains ('CGT'). The redemption, sale, switching or transfer of Shares, being chargeable assets, may constitute a disposal or part disposal for the purposes of UK CGT. For individuals, there is an annual exempt amount (for the 2020-2021 tax year of £12,300). From 6 April 2016 for basic rate tax payers the rate of 10% is applied to all chargeable gains in excess of the annual exempt amount. For higher rate and additional rate tax payers a rate of 20% is applied to all chargeable gains in excess of the annual exempt amount. For a corporate Shareholder indexation relief will be allowed as a deduction from the gain calculated by reference to the period the asset was held and its initial cost. The corporate Shareholder indexation relief was frozen from 1 January 2018.

Shareholders subject to UK corporation tax may need to treat their shareholdings in a 'bond' Fund as a creditor relationship subject to a mark to market basis of accounting.

An exchange of Shares of one class for Shares of another class within a Fund may constitute for UK taxation purposes a reorganisation of the Fund within section 127 of the Taxation of Chargeable Gains Act 1992, in which case a UK resident Shareholder who exchanges one class of Share for another class of Shares within a Fund would not be treated as making a disposal of Shares giving rise to a chargeable gain or allowable loss, but instead would be treated as having acquired such new class of Shares at the same time and for the same price at which the original class of Shares were originally acquired. The above treatment may apply if there are switches from one Class of Share to another Class of Share within a Fund except when transferring to or from Hedged Share Classes.

Inheritance tax ('IHT')

Investors are potentially subject to UK inheritance tax on their investment in the Funds.

Income equalisation

When the first income distribution is received it may include an amount known as equalisation. The amount representing the income equalisation in the Share's price is a return of capital and is not taxable in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing capital gains realised on their disposal.

Income equalisation applies to the Threadneedle Dynamic Real Return Fund, Threadneedle Global Multi Asset Income Fund and the Threadneedle UK Social Bond Fund.

Foreign Account Tax Compliance Act

Pursuant to U.S. withholding provisions commonly referred to as the Foreign Account Tax Compliance Act 2010 ("FATCA"), a Foreign Financial Institution ("FFI") is under an obligation to broadly collect and provide information regarding US account holders (which includes certain equity and debt holders as well as certain account holders that are non-US entities with US owners). An FFI is a non-US entity that either (i) accepts deposits in the ordinary course of business or (ii) holds financial assets for the account of others as a substantial portion of its business or (iii) is engaged primarily in the business of investing or trading in securities or partnership interests or (iv) is an insurance company or a holding company that is a member of an expanded affiliated group where the insurance company or holding company is obligated to make payments with respect to a cash value insurance or annuity contract or (v) is an entity that is a holding company or treasury centre that is part of an expanded affiliated group that includes a depository institution, custodial institution, investment entity or is formed in connection with or availed by a collective investment vehicle or any similar investment vehicle established with an investment strategy of investing, reinvesting or trading in financial assets.

Please note that the ACD has determined that US Persons are not permitted to own Shares in the Funds.

Automatic exchange of information

The Common Reporting Standard ('CRS') is coming into effect in stages, starting from 1 January 2016, was developed by the Organisation for Economic Co-operation and Development ('OECD'). The CRS has been adopted in the UK by The International Tax Compliance Regulations 2015, and may require the Funds to report account holder information to HMRC about Shareholders. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

Mandatory disclosure of cross-border tax planning arrangements (DAC6)

The European Council Directive 2018/822 (known as DAC6) provides for the mandatory automatic exchange of information on reportable cross-border arrangements. In principle, DAC6 requires intermediaries to report potentially aggressive cross-border tax planning arrangements, so that this information can be exchanged between the tax authorities of the Member States of the European Union.

On 22 July 2019, HMRC published a draft of The International Tax Enforcement (Disclosable Arrangements) Regulations 2019 (draft regulations) that would implement DAC6 in the United Kingdom. The Member States of the European Union are required to apply the provisions of DAC6 by 1 July 2020, however, the new rules will have retrospective effect from 25 June 2018.

DAC6 is based on certain indicators (hallmarks), most of which are targeting arrangements that have the characteristics of aggressive tax planning in which the Funds do not engage.

Winding up of the Company or a Fund of the Company

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Rules. A Fund may only be wound up in accordance with the FCA Rules.

Where the Company or a Fund are to be wound up under the FCA Rules, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Rules if there is a vacancy in the position of ACD at the relevant time.

The Company or a Fund may be wound up under the FCA Rules if:

(a) an extraordinary resolution to that effect is passed by Shareholders; or

(b) the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Fund) the NAV of the Fund is less than £20 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or

(c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the relevant Fund.

On the occurrence of any of the above:

(a) COLL 5 relating to 'Investment and Borrowing Powers', COLL 6.2 relating to 'Dealing' and COLL 6.3 relating to 'Valuation and Pricing' will cease to apply to the Company or the particular Fund;

(b) the Company will cease to issue and cancel Shares in the Company or the particular Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the particular Fund;

(c) no transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;

(d) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;

(e) the corporate status and powers of the Company and, subject to the provisions of (a) and (d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company or the Fund. In the case of the Company the ACD shall also publish notice of the commencement of the winding up of the Company in the London Gazette. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

The ACD shall notify the FCA as soon as reasonably practicable after completion of the winding up of the Company or the particular Fund.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.

Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder within two months of the termination of the winding up.

General information

Dividends

Dividends will be allocated on a specific date during the year (the 'XD Date'). The XD Date is the date on which the income attributable to a Share Class is no longer contained within its price. This income is normally paid to eligible Shareholders on the 'Payment Date'. The eligible Shareholders will be those who still hold Shares at the final Valuation Point prior to the XD Date, or who subscribe on this final Valuation Point prior to the XD Date. The XD Date(s) and Payment Date(s) for each Fund are set out in Appendix I (Fund details). Payment of the income will normally be made on the 'Payment Date'.

In the event that the Payment Date is not a business day in England and Wales, payments will normally be made on the business day immediately before the Payment Date.

Accounting periods

The annual accounting period of the Company ends each year on 25 May (the accounting reference date). The interim accounting period ends each year on 25 November.

Income distributions

No distributions of income will be made in respect of the Shares of the Funds which issue Accumulation Shares.

Distributions of income are made in respect of the income available for allocation in each accounting period and are made only by Funds in respect of which there are Income Shares.

Distributions of income are distributed twice yearly in relation to the Threadneedle Dynamic Real Return Fund and quarterly for the Threadneedle Global Multi Asset Income Fund and the Threadneedle UK Social Bond Fund.

The amount available for allocation in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period, and deducting the charges and expenses of the relevant Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments (including for amortisation) which the ACD considers appropriate after consulting the auditors.

Any distribution payment of a Fund which remains unclaimed after a period of six years from the date of payment, will be forfeited and will be transferred to and become part of that Fund's capital property. Thereafter, neither the Shareholder nor any successor will have any right to it except as part of the capital property.

Annual report and financial statements

Annual long report and financial statements of the Company will be made available and published within four months of the close of each annual accounting period and half-yearly long report and financial statements will be published within two months of the close of each interim accounting period. The ACD will make the short report which details performance and activities of a Fund over the accounting period available on the website www.columbiathreadneedle.com/shortform. The ACD will provide hard copies of the short reports to Shareholders upon request.

For the first annual accounting period, a half-yearly report (long and short) will not be produced.

Genuine diversity of ownership

Shares in the Fund are and will continue to be widely available. The intended categories of investors are retail and institutional investors. Shares in the Fund are and will continue to be marketed and made available widely to reach the intended categories of investors and in a manner appropriate to attract those categories of investors.

Risk management

Upon request, the ACD will provide further information relating to the quantitative limits applying in the risk management of any Fund and the methods used.

Documents of the Company

The following documents may be inspected free of charge between 9.30 am and 4.30 pm (UK time) on every business day at the offices of the ACD at Cannon Place, 78 Cannon Street, London EC4N 6AG:

(a) the most recent annual and half-yearly reports of the Company;

(b) the Instrument of Incorporation (and any amending Instrument of Incorporation);

(c) the Risk Management Policy; and

(d) the material contracts referred to below.

Shareholders may obtain copies of the above documents from that address.

Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material: the agreement dated 9 June 2008 between the Company and the ACD as restated effective from 21 July 2014, the agreement with an effective date of 5 April 2014 (as restated effective from 21 July 2014) between the Company, the ACD and the Depositary and the portfolio management agreement effective from 21 July 2014 between the ACD and the Investment Manager.

Brief summaries of the ACD Agreement and the Investment Management and Depositary Agreements are provided at page 24 of this Prospectus under the heading "Management and administration".

Privacy statement

Your data controller

For the purposes of the UK Data Protection Act 1998 and/or any consequential national data protection legislation, and/or any other applicable legislation or regulation, the data controller in respect of any personal information provided is Threadneedle Investment Services Limited. In this privacy statement 'we', 'us' and 'our' means Threadneedle Investment Services Limited.

Uses made of your personal information

This Privacy Statement covers information about you ("personal information") that you supply to us. This information will typically include information such as your name, address, date of birth, telephone number, email address, gender, financial information and other information you provide to us. Our legal basis to process your information includes doing so in order to comply with our legal obligations (e.g., for the purposes of debt collection and/or the prevention of fraud or any other crime), to perform a contract between us and you (e.g., manage and administer your account (including but not limited to contacting you with details of changes to the products you have bought, and offering you new investment products), establish and defend any legal claims, or because you have consented to our use of your information. We may also process your personal information because it is necessary for our legitimate business interests (e.g., for internal analysis and research), we may also process your data in order to comply with legal or regulatory requirements.

Sharing of your personal information

We may use external third parties such as those described below to process your personal information on our behalf in accordance with the purposes set out in this privacy statement.

Where you have notified us of your adviser, the personal information provided may be shared with your adviser. You must notify us in writing if you no longer wish us to share your personal information with your adviser or of any change to your adviser. Your adviser should have its own arrangements with you about its use of your personal information. For the avoidance of doubt, if you do wish to exercise any of your individual rights as set out in our privacy notice via your nominated adviser then we will require written authorisation from you (or both of you, in the case of a joint account) before we can share any such personal information with your adviser.

The personal information provided may also be shared with other organisations (including but not limited to governmental and/or tax authorities in the UK and outside the UK) in order for us to comply with any legal or regulatory requirements (e.g., audit reporting and anti-money laundering checks) and, in addition (in respect of tax authorities, and where lawful to do so under data protection laws) where necessary for the purposes of ensuring that tax is paid correctly and that we receive refunds of tax already paid when this is due to us. We may also transfer your personal information to appointed third party administrators, such as transfer agents, in order to process customer applications, carry out record keeping, deal with subscriptions, switching, withdrawals and terminations, and certain communications. In addition, we may share your personal information with the companies within the ACD's group of companies for the purposes set out in this privacy statement and our privacy policy.

Business changes

If we or the Threadneedle group of companies undergoes a group reorganisation or is sold to a third party, your personal information provided to us may be transferred to that reorganised entity or third party and used for the purposes highlighted above.

Overseas transfers

We may transfer your personal information to countries located outside of the European Economic Area (the 'EEA'), including to the United States. This may happen when our servers, suppliers and/or, service providers are based outside of the EEA. We may transfer your information under certain circumstances (e.g., where it is necessary to perform our contract with you). The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA – in these instances we will take steps to ensure that your privacy and confidentiality rights are respected. We implement measures such as standard data protection contractual clauses to ensure that any transferred personal information remains protected and secure. A copy of these clauses can be obtained by contacting us at the address listed below in the "Contact Information" section. Details of the countries relevant to you will be provided upon request.

Your Rights

With limited exceptions, you are entitled, in accordance with applicable law, to object to or request restriction of processing of your personal information, and to request access to, rectification, erasure and portability of your personal information. This service is provided free of charge unless requests are manifestly unfounded or excessive. In these circumstances, we reserve the right to charge a reasonable fee or, refuse to act on the request. You can write to us at ACD Client Services at the details provided in the Directory or by contacting us at the address listed below in the "Contact Information" section.

If any of the information that we hold about you is wrong, please tell us and we will put it right.

You may lodge a complaint with the applicable regulator if you consider our processing of your personal information may infringe applicable law.

Data Security and Retention

We maintain reasonable security measures to safeguard personal information from loss, interference, misuse, unauthorised access, disclosure, alteration or destruction. We also maintain reasonable procedures to help ensure that such data is reliable for its intended use and is accurate, complete and current.

Personal information will be retained only for so long as reasonably necessary for the purposes set out above, in accordance with applicable laws. For more information on our data retention periods, you can request a copy of our data retention policy by writing or emailing to the address listed below in the "Contact Information" section.

Contact Information

You can raise any issues regarding the processing of your personal information by contacting our Data Protection Officer at any time: DPO@columbiathreadneedle.com or Cannon Place, 78 Cannon Street, London EC4N 6AG.

Additional information

General

(a) The FCA Rules contain provisions on conflicts of interest governing any transaction concerning the Company which is carried out by or with any 'affected person', an expression which covers the Company, an associate of the Company, the ACD, an associate of the ACD, the Depositary, an associate of the Depositary, any investment manager and any associate of any investment manager.

(b) These provisions, among other things, enable an affected person to sell or deal in the sale of property to the Company or Depositary for the account of the Company; vest property in the Company or the Depositary against the issue of Shares in the Company; purchase property from the Company (or the Depositary acting for the account of the Company); enter into a stock lending transaction in relation to the Company; or provide services for the Company. Any such transactions with or for the Company are subject to best execution on exchange, or independent valuation or arm's length requirements as set out in the FCA Rules. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived.

(c) Investment of the property of the Company may be made on arm's length terms through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD. Neither the ACD nor any such affected person will be liable to account for any profit out of such dealings.

Notice to Shareholders

In the event that the ACD is required to give notice to Shareholders for any reason, or otherwise chooses to do so, such notice will normally be given in writing. Alternatively, and to the extent permitted by the FCA Rules, notice to Shareholders may be made by way of publishing the information on www.columbiathreadneedle.com, or by including the information in a mailing to the Shareholders such as the Company's bi-annual statements. Any document served on Shareholders by the ACD will be served to the current address of the Shareholder with reference to the records of the ACD.

Any document or notice to be served by a Shareholder on the ACD or the Company may be served at the head office of the Company.

Changes to the Funds

Where any changes are proposed to be made to a Fund the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3 of the FCA Rules. Some changes will not be fundamental, significant or notifiable, but those which do fall within these categories will be submitted to the FCA for approval. Changes to a Fund's investment objective, policy or strategy will usually be significant or fundamental, unless those changes are only for the purposes of clarification and do not result in any change in how the Funds are managed.

If the change is regarded as fundamental, Shareholder approval will be required. If a change requires Shareholder approval, this will mean that Shareholders will need to approve the change at a meeting. The procedure for Shareholder meetings is described above at the section with the heading "Shareholder meetings and voting rights".

If the change is regarded as significant, not less than 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable pre or post event notice of the change.

Information available to Shareholders

The following information will be made available to Shareholders as part of their periodic reporting:

– the percentage of each Fund's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements, and how management and performance fees will apply to these assets;

– the current risk profile of each Fund and information on the risk management systems used by the ACD to manage those risks;

– the total amount of leverage employed by each Fund calculated in accordance with the gross and commitment methods; and

– any material changes to the information above.

It is intended that Shareholders will be notified appropriately of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage that a Fund may employ will be provided to Shareholders

Such information will, at a minimum, be disclosed in the annual report for the relevant Funds.

Fair treatment of investors

Procedures, arrangements and policies have been put in place by the ACD to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

– acting in the best interests of the Funds and of the investors;

– executing the investment decisions taken for the account of each Funds in accordance with their objective, investment policy and risk profile;

– ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;

– ensuring that fair, correct and transparent pricing models and valuation systems are used for the Funds;

– preventing undue costs being charged to the Funds and investors;

– taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors;

– recognising and dealing with complaints fairly.

From time to time, the ACD may afford preferential terms of investment to certain groups or types of investor. In assessing whether any such terms are afforded, the ACD will ensure that any such concession is not inconsistent with its obligations to act in the overall best interests of Shareholders. In particular, the ACD may exercise its discretion to waive the initial charge or minimum investment amounts for investors that are investing sufficiently large amounts, either initially or who are anticipated to do so over time. The ACD may also have agreements in place with certain types of investors that result in them paying a reduced annual management charge.

The types of investors that might obtain such concessions would typically include platform service providers, distributors and institutional investors (including fund of fund investors and life companies investing as fund-link investors).

Shareholders' rights

Shareholders are entitled to participate in the Funds on the basis set out in the Prospectus (as amended from time to time). The sections of this prospectus with the headings "Complaints", "Instrument of Incorporation",

"Shareholder meetings and voting rights" and "Notice to Shareholders" set out important rights about Shareholders' participation in the Funds.

Shareholders may have no direct rights against the service providers to the Funds.

Shareholders may be able to take action if the contents of this Prospectus are inaccurate or incomplete.

Shareholders have statutory and other legal rights including the right to complain and which may include the right to cancel an order or seek compensation.

Shareholders that are concerned about their rights in respect of the Funds should seek legal advice.

Professional liability risks

The ACD covers potential professional liability risks arising from its activities as AIFM for the Funds using its own funds.

Complaints

Complaints may be referred to the ACD Client Services at the details provided in the Directory. A copy of the ACD's 'Complaint Handling Procedure' is available upon request. Complaints may also be referred to the Financial Ombudsman Service which is based at Exchange Tower, London E14 9SR.

Remuneration

The ACD, as part of Columbia Threadneedle Investments EMEA Region, shall apply remuneration policies and practices for identified staff in compliance with the AIFM Directive and regulatory requirements. Further details on the remuneration policy can be found at www.columbiathreadneedle.com. The up to date details of the remuneration policy shall include, but are not limited to, a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee.

The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation:

– the remuneration policy is in line with the business strategy, objectives, values and interests of the ACD and of the investors, and includes measures to avoid conflicts of interest. The ACD has full discretion as to whether any variable remuneration is awarded in compliance with the remuneration policy;

– where remuneration is performance-related, the total amount of remuneration is based on a combination of the assessment as to the performance of the individual and of the business unit and as to their risks and of the overall results of the ACD when assessing individual performance, taking into account financial and non-financial criteria. In particular, employees will not be eligible to receive an incentive award if at any point during the relevant performance year, and the period from the end of the performance year until the award payment date, the employee has been found, not to have met the ACD's standards of performance and conduct;

– the assessment of performance is set in a multi-year framework with stock awards set with deferral rates in accordance with applicable regulation.

Further details on the remuneration policy can be found at columbiathreadneedle.com. A paper copy of the remuneration policy is available free of charge upon request.

Governing law and jurisdiction

The ACD treats a Shareholder's participation in the Funds as being governed by the laws of England and Wales. Subject to any contrary mandatory law on jurisdiction, the English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Shareholder's participation in the Funds.

Appendix I (Fund details)

NAME	Threadneedle Dynamic Real Return Fund
Date of launch	18 June 2013
INVESTMENT OBJECTIVE & POLICY Please also refer to the section of the prospectus with the heading "Investment objectives, policies and other details of the Funds" on page 8 for further information on the investment objective and policy of the Fund.	
Investment objective and policy	The Fund aims to achieve a higher rate of return from capital appreciation and income than the rate of inflation in the UK (defined as the Consumer Price Index (CPI)), over a period of 3 to 5 years. Currently, the Fund looks to achieve an average annual return of CPI +4% when measured over this same time period, before charges are deducted. The Fund also seeks to deliver a positive return over any 3-year period (net of charges), regardless of market conditions. However, there is a risk to capital, and there is no guarantee that a positive return will be achieved in 3 years, or any other timescale. The Fund actively manages an exposure to bonds, equities (company shares), money market instruments, cash, currencies, commodities, property and other alternative asset classes on a global basis. The exposure to these asset classes varies over time, as deemed necessary to achieve the investment objective, which may result in the Fund having little or no exposure to certain asset classes. The Fund obtains exposure to different asset classes by investing in other collective investment schemes (including funds managed by Columbia Threadneedle companies) or by using derivatives (including forward transactions). The Fund may also invest directly in transferable securities (including bonds and company shares), money market instruments, deposits and cash. The Fund does not invest in physical commodities or directly in real property. In addition to using derivatives for investment purposes, derivatives may be used with the aim of reducing risk or managing the Fund more efficiently.
Other information	Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to facilitate comparison between funds with broadly similar characteristics (peer groups). This Fund is currently included in the IA Targeted Absolute Return sector. Performance data on funds within this sector may be used when evaluating the performance of this Fund.
Investor's profile	The Fund may be suitable for investors with a medium to long term investment horizon seeking a real rate of return from capital appreciation and income, who are prepared to tolerate moderate to large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.
RISK FACTORS Investors should note the "Risk factors" section of this Prospectus in terms of risks applicable to investing in the Company. The following risks are considered to be particularly relevant to the Fund.	**Investment Risk** The value of investments may fall as well as rise and investors may not get back the sum originally invested. **No Capital Guarantee** While the Fund aims to achieve a real rate of return i.e. a return on investments that is over and above the rate of inflation (defined as the Consumer Price Index) such returns are not guaranteed and no form of capital protection applies.

	Investments in other funds The investment policy allows the Fund to invest principally in assets of other collective investment schemes. Investors should consider the investment policy and asset composition of the underlying funds when assessing their portfolio exposure. **Currency Risk** Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments. **Issuer Risk** The Fund invests in securities whose value would be significantly affected if the issuer refused, was unable to, or was perceived to be unable to pay. **Interest Rate Risk** Changes in interest rates are likely to affect the Fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. **Valuation Risk** The Fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold. **Volatility Risk** The Fund may exhibit significant price volatility. **Investment in Derivatives** The investment policy of the Fund allows it to invest materially in derivatives. Investors should refer to the information set out in the section of the Prospectus with the heading "Risk factors" on page 18 and section 16 of Appendix III (Use of derivatives and forward transactions – general) in respect of investing in derivatives and forward transactions. **Investments in the PRC and the China-Hong Kong Stock Connect Programme and Risks associated with the Small and Medium Enterprise Board and/or ChiNext of the Shenzhen Stock Exchange** The Fund may invest through the China-Hong Kong Stock Connect Programme which has significant operational constraints including quota limits and is subject to regulatory change and increased counterparty risk. **Risks associated with investments in the China Interbank Bond Market** The Fund may invest in the China Interbank Bond Market (CIBM) via Bond Connect which is subject to regulatory, volatility and liquidity risk, as well as risks associated with settlement, default of counterparties and market suspension. Furthermore, the Fund may incur significant trading, taxation and realisation costs. **These "Risk factors" must be understood before making an investment in the Fund.**

DEALING INFORMATION

Dealing cut-off point	12 noon, UK time
Valuation Point	12 noon, UK time

SHARE CLASS AVAILABILITY

Details of the Share Classes that are currently available for the Company are published on the website www.columbiathreadneedle.com

Available Share Classes (at the date of this Prospectus)	Class 2 Income Shares Class 2 Accumulation Shares Class Z Income Shares Class Z Accumulation Shares Class X Accumulation Shares Class S Accumulation Shares
Approved Share Classes (Share Classes that have been approved by the ACD but have not been launched as at the date of this Prospectus)	Class 1 Income Shares Class 1 Accumulation Shares Class X Income Shares

MINIMUM SUBSCRIPTIONS AND HOLDINGS

Initial investment (minimum)

Fund			Minimum Investment
Class 1	£2,000	€2,500	US$3,000
Class 2	£5,000,000	€7,500,000	US$7,500,000
Class S	£100,000,000	N/A	N/A
Class Z	£1,000,000	€1,000,000	US$1,500,000
Class X	£3,000,000	€5,000,000	US$5,000,000

Subsequent investment (minimum)

Share class			Subsequent Investment
Class 1	£1,000	€1,000	US$1,000
Class 2	£250,000	€300,000	US$350,000
Class S	£1,000,000	N/A	N/A
Class Z	£50,000	€75,000	US$75,000
Class X	£25,000	€200,000	US$250,000

Minimum holding

Share class			Minimum Holding
Class 1	£1,000	€1,000	US$1,000
Class 2	£250,000	€300,000	US$350,000
Class S	£1,000,000	N/A	N/A
Class Z	£50,000	€75,000	US$75,000
Class X	£25,000	€200,000	US$250,000

FEES AND EXPENSES

One-off charges

Initial charge

Share Class	Initial Charge
Class 1 Shares	
For UK investors	3.75% of the gross amount invested
For non-UK investors	5.00% of the gross amount invested
Class 2 Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested

Initial charge (continued)

Share Class	Initial Charge
Class S Shares	0% of the gross amount invested
Class Z Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class X Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested

<table>
<tr><td>Switching fee</td><td>
<table>
<tr><th>Share Class</th><th>Switching Fee</th></tr>
<tr><td>Class 1 Shares</td><td></td></tr>
<tr><td>For UK investors</td><td>3.75% of the gross amount invested</td></tr>
<tr><td>For non-UK investors</td><td>5.00% of the gross amount invested</td></tr>
<tr><td>Class 2 Shares</td><td></td></tr>
<tr><td>For UK investors</td><td>0% of the gross amount invested</td></tr>
<tr><td>For non-UK investors</td><td>0% of the gross amount invested</td></tr>
<tr><td>Class S Shares</td><td>0% of the gross amount invested</td></tr>
<tr><td>Class Z Shares</td><td></td></tr>
<tr><td>For UK investors</td><td>0% of the gross amount invested</td></tr>
<tr><td>For non-UK investors</td><td>0% of the gross amount invested</td></tr>
<tr><td>Class X Shares</td><td></td></tr>
<tr><td>For UK investors</td><td>0% of the gross amount invested</td></tr>
<tr><td>For non-UK investors</td><td>0% of the gross amount invested</td></tr>
</table>
</td></tr>
<tr><td>Redemption fee</td><td>No redemption fee</td></tr>
<tr><td>Dilution adjustment</td><td>Please refer to the section with the heading “Dilution adjustment“ on page 13 of this Prospectus for details of when the dilution adjustment may be applied.</td></tr>
<tr><td colspan="2">Ongoing charges
Further details on all fees and expenses paid are described in the section with the heading “Fees and expenses“ on page 14 of this Prospectus.</td></tr>
<tr><td>Annual management fee
Further details of the annual management fee can be found in the section of the Prospectus with the heading “Charges payable to the ACD” on page 15.</td><td>Class 1 Shares (including Class 1 Hedged Shares): 1.50%
Class 2 Shares (including Class 2 Hedged Shares): 0.65%
Class S Shares: up to 0.40% (please see note below)*
Class Z Shares (including Class Z Hedged Shares): 0.75%
Class X Shares: refer to “Charges payable to the ACD“ on page 15.
*Class S Shares: The ACD will take an annual management fee at a level which will enable the ongoing charges figure, on an annualised basis, to be no more than 0.50%. The actual annual management fee taken may therefore be less than 0.40% depending on other charges to the Fund in any given year.</td></tr>
<tr><td>Investment management fee</td><td>Paid from the annual management fee</td></tr>
<tr><td>Registrar’s fee
Further details of the Registrar’s fee can be found in the section of the Prospectus with the heading “General“ on page 14.</td><td>Class 1 Shares: 0.11% per annum
Class 2 Shares: 0.035% per annum*
Class S Shares: 0.035% per annum*
Class X Shares: 0.035% per annum*
Class Z Shares: 0.11% per annum
*The Registrar’s fee on Class 2, Class S and Class X Shares will be 0.03% per annum from 1 September 2020.</td></tr>
<tr><td>Depositary’s fee
Further details of the Depositary’s fee can be found in the section of the Prospectus with the heading “Depositary’s fee“ on page 16.</td><td>The Depositary’s remuneration is 0.01% per annum, accrued daily and paid monthly.</td></tr>
</table>

DIVIDENDS & ACCOUNTING PERIOD	
XD Date(s)	26 May and 26 November
Dividend payment date(s)	25 July and 25 January
Accounting period	25 May
LEVERAGE	
The maximum level of leverage for this Fund	(a) under the Gross Method – 200% of the Fund's Net Asset Value; and (b) under the Commitment Method – 200% of the Fund's Net Asset Value.

NAME	Threadneedle Global Multi Asset Income Fund
Date of launch	31 July 2014
INVESTMENT OBJECTIVE & POLICY Please also refer to the section of the prospectus with the heading "Investment objectives, policies and other details of the Funds" on page 8 for further information on the investment objective and policy of the Fund.	
Investment objective and policy	The investment objective of the Fund is to achieve income with the prospect of capital appreciation over the medium to long term. The Fund's investment policy is to actively manage a global portfolio with exposure primarily to fixed income, equities and property and, in addition, to cash, money market instruments, currencies, commodities and other alternative asset classes. The ACD will vary the exposure between these asset classes as deemed necessary in order to achieve the investment objective, and this may result in the Fund having no exposure to particular asset classes. The Fund will invest in regulated and unregulated collective investment schemes and may also invest in transferable securities, derivatives, forward transactions, cash, deposits and money market instruments. Investments in collective investment schemes may include those managed, operated or advised by the ACD, or a company in the same group as the ACD. The Fund's exposure to property and commodities will be gained indirectly through, but not limited to, investment in collective investment schemes, securitised notes, financial derivative instruments and/or property related securities including Real Estate Investment Trusts (REITs). The Fund will not invest in physical commodities or directly in real property. The Fund may use derivatives for the purposes of Efficient Portfolio Management and for investment purposes.
Other information	The following benchmarks are currently used as a point of reference against which the Fund's performance may be compared: Peer Group: Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to facilitate comparison between funds with broadly similar characteristics (peer groups). This Fund is currently included in the IA Mixed Investment 20-60% Sharers sector. Index: A composite index comprised of 40% MSCI World Index, 40% Bloomberg Barclays Global Aggregate (Hedged to GBP) Index and 20% MSCI UK Monthly Property Index is currently considered to provide a suitably weighted performance measure of global equities, global investment grade bonds (hedged to sterling) and directly held UK property respectively.
Investor's profile	The Fund may be suitable for investors with a medium to long term investment horizon seeking income and potential capital appreciation, who are prepared to tolerate moderate to large price fluctuations. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.
RISK FACTORS Investors should note the "Risk factors" section of this Prospectus in terms of risks applicable to investing in the Company. The following risks are considered to be particularly relevant to the Fund.	**Investment Risk** The value of investments may fall as well as rise and investors may not get back the sum originally invested.

	Investments in other Funds The investment policy allows the Fund to invest principally in assets of other collective investment schemes. Investors should consider the investment policy and asset composition in the underlying funds when assessing their portfolio exposure. **Currency Risk** Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments. **Issuer Risk** The Fund invests in securities whose value would be significantly affected if the issuer refused to, was unable to, or was perceived to be unable to pay. **Inflation Risk** Most bond and cash funds offer limited capital growth potential and an income that is not linked to inflation. Inflation is likely to affect the value of capital and income over time. **Interest Rate Risk** Changes in interest rates are likely to affect the Fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. **Valuation Risk** The Fund's assets may sometimes be difficult to value objectively and the actual value may not be recognised until assets are sold. **Volatility Risk** The Fund may exhibit significant price volatility. **Investment in Derivatives** The investment policy of the Fund allows it to invest materially in derivatives. **Property Valuation Risk** The value of a property is a matter of a valuer's opinion and the true value may not be recognised until the property is sold. Investors should refer to the information set out in the section of the Prospectus with the heading "Risk factors" on page 18 and section 16 of Appendix III (Use of derivatives and forward transactions – general) in respect of investing in derivatives and forward transactions. **These "Risk factors" must be understood before making an investment in the Fund.**
DEALING INFORMATION	
Dealing cut-off point	12 noon, UK time
Valuation Point	12 noon, UK time

SHARE CLASS AVAILABILITY

Details of the Share Classes that are currently available for the Company are published on the website www.columbiathreadneedle.com

Available Share Classes (at the date of this Prospectus)	Class 2 Income Shares Class 2 Accumulation Shares Class E Income Shares Class Z Income Shares Class Z Accumulation Shares
Approved Share Classes (Share Classes that have been approved by the ACD but have not been launched as at the date of this Prospectus)	Class 1 Income Shares Class 1 Accumulation Shares Class X Income Shares Class X Accumulation Shares

MINIMUM SUBSCRIPTIONS AND HOLDINGS

Initial investment (minimum)

Fund		Minimum Investment	
Class 1	£2,000	€2,500	US$3,000
Class 2	£5,000,000	€7,500,000	US$7,500,000
Class E	£100,000,000	N/A	N/A
Class Z	£1,000,000	€1,000,000	US$1,500,000
Class X	£3,000,000	€5,000,000	US$5,000,000

Subsequent investment (minimum)

Share class		Subsequent Investment	
Class 1	£1,000	€1,000	US$1,000
Class 2	£250,000	€300,000	US$350,000
Class E	£1,000,000	N/A	N/A
Class Z	£50,000	€75,000	US$75,000
Class X	£25,000	€200,000	US$250,000

Minimum holding

Share class		Minimum Holding	
Class 1	£500	€1,000	US$1,000
Class 2	£250,000	€300,000	US$350,000
Class E	£1,000,000	N/A	N/A
Class Z	£50,000	€75,000	US$75,000
Class X	£25,000	€200,000	US$250,000

FEES AND EXPENSES

Further details on all fees and expenses paid are described in the section with the heading “Fees and expenses“ on page 14 of this Prospectus.

One-off charges

Initial charge

Share Class	Initial Charge
Class 1 Shares	
For UK investors	3.75% of the gross amount invested
For non-UK investors	5.00% of the gross amount invested
Class 2 Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class E Shares	0% of the gross amount invested
Class Z Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class X Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested

Switching fee

Share Class	Switching Fee
Class 1 Shares	
For UK investors	3.75% of the gross amount invested
For non-UK investors	5.00% of the gross amount invested
Class 2 Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class E Shares	0% of the gross amount invested
Class Z Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class X Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested

Redemption fee

No redemption fee

Dilution adjustment

Please refer to the section with the heading “Dilution adjustment“ on page 13 of this Prospectus for details of when the dilution adjustment may be applied.

Ongoing charges

Annual management fee

Further details of the annual management fee can be found in the section of the Prospectus with the heading “Charges payable to the ACD“ on page 15.

Class 1 Shares (including Class 1 Hedged Shares): 1.50%
Class 2 Shares (including Class 2 Hedged Shares): 0.65%
Class E Shares: up to 0.40% (please see note below)*
Class Z Shares (including Class Z Hedged Shares): 0.65%

	Class X Shares: refer to "Charges payable to the ACD" on page 15. *Class E Shares The ACD will take an annual management fee at a level which will enable the ongoing charges figure, on an annualised basis, to target 0.50%. The actual annual management fee taken may therefore be less than 0.40% depending on other charges to the Fund in any given year.
Investment management fee	Paid from the annual management fee
Registrar's fee Further details of the Registrar's fee can be found in the section of the Prospectus with the heading "General" on page 14.	Class 1 Shares: 0.11% per annum Class 2 Shares: 0.035% per annum Class E Shares: 0.035% per annum Class Z Shares: 0.11% per annum Class X Shares: 0.035% per annum
Depositary's fee	The Depositary's remuneration is 0.01% per annum, accrued daily and paid monthly.
DIVIDENDS & ACCOUNTING PERIOD	
XD Date(s)	26 February, 26 May, 26 August and 26 November
Dividend payment date(s)	25 April, 25 July, 25 October and 25 January
Accounting period	25 May
LEVERAGE	
The maximum level of leverage for this Fund	(a) under the Gross Method – 200% of the Fund's Net Asset Value; and (b) under the Commitment Method – 200% of the Fund's Net Asset Value.

NAME	Threadneedle UK Social Bond Fund
Date of launch	4 December 2013
INVESTMENT OBJECTIVE & POLICY Please also refer to the section of the prospectus with the heading "Investment objectives, policies and other details of the Funds" on page 8 for further information on the investment objective and policy of the Fund.	
Investment objective and policy	The Fund aims to provide income with the prospect of some capital growth over the long term (5 years or more), through investment in debt securities that are deemed to be supporting and funding socially beneficial activities and development, primarily in the UK. The Fund is actively managed, and seeks to maximise its investment exposure to socially beneficial activities and development, based on assessments produced under the Fund's Social Assessment Methodology. The Social Assessment Methodology ensures that social impact considerations are integrated into the investment decision-making process. Investment is directed towards eight social outcome areas: housing and property; community services; education, learning and skills; employment and training; financial inclusion; health and social care; transport and communications infrastructure, utilities and the environment. Eligible Investments are assessed to establish an overall view of the investment's "social intensity". Some debt securities will have more direct and tangible social benefits that others, however all those selected for investment are considered to have net positive impacts. A Social Advisory Committee regularly reviews the Social Assessment Methodology and the assessments carried out and may propose amendments or updates over time. An annual report is made available to investors which provides a summary of the Fund's social impact performance. The Fund may invest in all forms of debt security (usually investment grade) issued by a supranational, public, private or voluntary and/or charitable sector organisation, including without limitation, bonds, notes, bills, and loans, whether they have a fixed, floating, variable, index-linked rate or have a zero coupon. Cash or near cash will be retained within the Fund for the purpose of efficient management, and similarly deposits and money market instruments may be held for this reason. The Fund may also use derivatives and forward transactions with the aim of reducing risk or managing the Fund more efficiently (including the hedging of any non-sterling denominated securities back to sterling). Derivatives may also be used for investment purposes provided not less than 60 days' notice is given to investors.
Other information	The ICE BofA 1-10 Year Sterling Non-Gilt Index is currently used as a point of reference against which the Fund's financial performance may be compared. The Index is regarded as an appropriate performance measure of British pound sterling-denominated investment grade bonds with a remaining maturity of between 1-10 years, issued by a broad range of corporations.
Investor's profile	The Fund may be suitable for investors (as a component of their portfolio) with an investment horizon of more than five years seeking a total return (by way of income and capital appreciation) and who are prepared to tolerate moderate price fluctuations. Additionally, the Fund may be suitable for investors that seek exposure to investments deemed to be supporting and funding socially beneficial activities and development. If investors are uncertain if the Fund is suitable for them, they are advised to contact a financial adviser.

Threadneedle UK Social Bond Fund, the Social Advisory Committee and Big Issue Invest	The Social Assessment Methodology is the proprietary material of Big Issue Invest and was developed in conjunction with the ACD. Big Issue Invest has been instrumental in assisting the ACD in understanding how the Fund's activities can be deemed to be socially beneficial. In summary, the Social Assessment Methodology focuses investment on eight social areas, namely: employment and training; community services; education, learning and skills; health and social care; financial inclusion; housing and property; transport; and communication, infrastructure, utilities and the environment. Each potential investment is positively screened by the Investment Manager taking into account contextual factors such as the primary and secondary social outcome, geographical location, the nature of the financing and the level of social benefit the issuer represents to give an overall view of that investment's social intensity. This assessment will be in the form of a social ranking of "high", "medium" or "low" social intensity of an issuer. A copy of the Social Assessment Methodology is available on request from the ACD. A Social Advisory Committee (described below) will keep the Social Assessment Methodology under review and will propose amendments, updates and improvements. The social intensity of the Fund will be assessed by the Social Advisory Committee. The Social Advisory Committee is made up of six members, consisting of four members nominated by Big Issue Invest (including an independent chair), the lead fund manager and a member of Threadneedle's socially responsible investment team. As at the date of this Prospectus the members of the Social Advisory Committee are Nigel Kershaw, Sarah Forster, Mark Hepworth, John Hale, Simon Bond and Iain Richards. The Social Advisory Committee meets quarterly to (i) review, develop and endorse the Social Assessment Methodology, its application to the Fund and related monitoring in a form appropriate to the Fund; (ii) advise the Investment Manager on the assessment and monitoring of the social intensity within the Fund's holdings, potential investments and wider trends and practices relevant to social investment; (iii) review the social reports generated by the Investment Manager; (iv) where appropriate, challenge the social analysis and social footprint of the Fund; and (v) review and agree the social aspects of the Fund's reporting. Big Issue Invest will prepare an annual report on behalf of the Social Advisory Committee which will be approved by the Social Advisory Committee and be made available to investors through the communications channels suitable for the client. The annual report will also highlight through selected case studies quantitative outcomes such as number of people employed, trained and the number of people reached through the issuer's services. The investment policy is to maximise exposure to socially beneficial activities and development, based on assessments produced under the fund's Social Assessment Methodology. The exposure and assessments are reviewed by the Social Advisory Committee. The fund may invest in all forms of trade-able debt instrument (primarily investment grade) issued by a supranational, public, private or voluntary and/or charitable sector organisation, including without limitation, bonds, notes, bills, and loans, whether they have a fixed, floating, variable, index-linked rate or have a zero coupon.
RISK FACTORS Investors should note the "Risk factors" section of this Prospectus in terms of risks applicable to investing in the Company. The following risks are considered to be particularly relevant to the Fund.	**Investment and Social Investment Risk** The value of investments may fall as well as rise and investors may not get back the sum originally invested. The Fund aims to invest in assets that are deemed to be supporting and funding socially beneficial activities and development and utilises a Social Assessment Methodology. This will affect the Fund's exposure to certain issuers, industries, sectors, and regions, and may impact the relative performance of the Fund positively or negatively, depending on whether such investments are in or out of favour.

	The concept of socially beneficial activities and development is subjective. It is therefore possible that an investment may not perform in a way that an investor considers to be a socially beneficial activity or development, even though it has been selected in accordance with the Social Assessment Methodology. **Issuer Risk** The Fund invests in securities whose value would be significantly affected if the issuer refused, was unable to, or was perceived to be unable to pay. **Liquidity Risk** The Fund may hold assets that are not always readily saleable without suffering a discount to fair value. The Fund may have to lower the selling price, sell other investments or forego more appealing investment opportunities. **Inflation Risk** Most bond and cash funds offer limited capital growth potential and an income that is not linked to inflation. Inflation is likely to affect the value of capital and income over time. **Interest Rate Risk** Changes in interest rates are likely to affect the Fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. **Derivatives for EPM / Hedging** The investment policy of the Fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions. Investors should refer to the information set out in the section of the Prospectus with the heading "Risk factors" on page 18 and section 16 of Appendix III (Use of derivatives and forward transactions – general) in respect of investing in derivatives and forward transactions. **These "Risk factors" must be understood before making an investment in the Fund.**
DEALING INFORMATION	
Dealing cut-off point	12 noon, UK time
Valuation Point	12 noon, UK time
SHARE CLASS AVAILABILITY Details of the Share Classes that are currently available for the Company are published on the website www.columbiathreadneedle.com	
Available Share Classes (at the date of this Prospectus)	Class 2 Income Shares Class 2 Accumulation Shares Class Z Income Shares Class Z Accumulation Shares
Approved Share Classes (Share Classes that have been approved by the ACD but have not been launched as at the date of this Prospectus)	Class 1 Income Shares Class 1 Accumulation Shares Class X Income Shares Class X Accumulation Shares

MINIMUM SUBSCRIPTIONS AND HOLDINGS

Initial investment (minimum)

Fund			Minimum Investment
Class 1	£2,000	€2,500	US$3,000
Class 2	£5,000,000	€7,500,000	US$7,500,000
Class Z	£1,000,000	€1,000,000	US$1,500,000
Class X	£3,000,000	€5,000,000	US$5,000,000

Subsequent investment (minimum)

Share class			Subsequent Investment
Class 1	£1,000	€1,000	US$1,000
Class 2	£250,000	€300,000	US$350,000
Class Z	£50,000	€75,000	US$75,000
Class X	£25,000	€200,000	US$250,000

Minimum holding

Share class			Minimum Holding
Class 1	£1,000	€1,000	US$1,000
Class 2	£250,000	€300,000	US$350,000
Class Z	£50,000	€75,000	US$75,000
Class X	£25,000	€200,000	US$250,000

FEES AND EXPENSES

One-off charges

Initial charge

Share Class	Initial Charge
Class 1 Shares	
For UK investors	3.75% of the gross amount invested
For non-UK investors	5.00% of the gross amount invested
Class 2 Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class Z Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class X Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested

Switching fee

Share Class	Switching Fee
Class 1 Shares	
For UK investors	3.75% of the gross amount invested
For non-UK investors	5.00% of the gross amount invested
Class 2 Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class Z Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested
Class X Shares	
For UK investors	0% of the gross amount invested
For non-UK investors	0% of the gross amount invested

Redemption fee

No redemption fee

Dilution adjustment

Please refer to the section with the heading "Dilution adjustment" on page 13 of this Prospectus for details of when the dilution adjustment may be applied.

Ongoing charges

Further details on all fees and expenses paid are described in the section with the heading "Fees and expenses" on page 14 of this Prospectus.

Annual management fee

Further details of the annual management fee can be found in the section of the Prospectus with the heading "Charges payable to the ACD" on page 15.

Class 1 Shares (including Class 1 Hedged Shares): 0.75%

Class 2 Shares (including Class 2 Hedged Shares): 0.30%

Class Z Shares (including Class Z Hedged Shares): 0.30%

Class X Shares: refer to "Charges payable to the ACD" on page 15.

The ACD pays a proportion of the ACD's annual management fee to Big Issue Invest for use of the Social Assessment Methodology and for Big Issue Invest's participation on the Social Advisory Committee. This fee is utilised in furtherance of Big Issue

	Invest's aims. The ACD uses the remaining fees to pay its expenses and the expenses of its Group members that are incurred in the running of the Fund and gives any additional amounts earned to the Columbia Threadneedle Foundation, which is a charity with a focus on education and the arts.
Investment management fee	Paid from the annual management fee
Registrar's fee Further details of the Registrar's fee can be found in the section of the Prospectus with the heading "General" on page 14.	Class 1 Shares: 0.11% per annum Class 2 Shares: 0.035% per annum Class Z Shares: 0.11% per annum Class X Shares: 0.035% per annum
Depositary's fee Further details of the Depositary's fee can be found in the section of the Prospectus with the heading "Depositary's fee" on page 16.	The Depositary's remuneration is 0.01% per annum, accrued daily and paid monthly.
DIVIDENDS & ACCOUNTING PERIOD	
XD Date(s)	26 February, 26 May, 26 August and 26 November
Dividend payment date(s)	25 April, 25 July, 25 October and 25 January
Accounting period	25 May
LEVERAGE	
The maximum level of leverage for this Fund	(a) under the Gross Method – 200% of the Fund's Net Asset Value; and (b) under the Commitment Method – 200% of the Fund's Net Asset Value.

Appendix II

Eligible securities markets and eligible derivatives markets

Set out below are the securities and derivatives markets, in addition to those established in a Member State of the EU or EEA, through which the Company may invest or deal for the account of each Fund (subject to the Fund's respective investment objective and policy) when dealing in approved securities and /or derivatives.

North America	
Canada:	Toronto Stock Exchange Montreal Exchange TSX Venture Exchange
United States of America:	New York Stock Exchange NYSE American Chicago Board Options Exchange Chicago Stock Exchange, Inc. CME Chicago Board of Trade CME Group – CME Market ICE Futures US NASDAQ Stock Market NASDAQ BX, Inc. NASDAQ Futures, Inc. NASDAQ PHLX, Inc NASDAQ Options Market NYSE National NYSE American (Options) NYSE Arca Inc TRACE OneChicago BZX Exchange
Asia Pacific	
Australia:	Australian Securities Exchange ASX 24
China:	Shanghai Stock Exchange Shanghai Futures Exchange Shenzhen Stock Exchange China Interbank Bond Market China Bond Connect
Hong Kong:	Hong Kong Stock Exchange Hong Kong GEM Hong Kong Futures Exchange Shanghai-HK Stock Connect (Northbound Trading) Shenzhen-HK Stock Connect (Northbound Trading)
India:	BSE Ltd National Stock Exchange of India
Indonesia:	Indonesia Stock Exchange
Japan:	Tokyo Stock Exchange Osaka Exchange (Derivatives) Tokyo Futures-Financial Exchange
Korea:	Korea Exchange (Stock Market) KOSDAQ Korea Exchange (Derivatives)
Malaysia:	Bursa Malaysia Bursa Malaysia (Derivatives)
New Zealand:	New Zealand Exchange NZX Futures Exchange
Philippines:	Philippines Stock Exchange
Singapore:	SGX Singapore Exchange SGX Derivatives
Taiwan:	Taiwan Stock Exchange Taiwan Futures Exchange (TAIFEX) Taipei Exchange
Thailand:	Stock Exchange of Thailand

Latin America	
Brazil:	B3
Chile:	Bolsa de Comercio de Santiago
Colombia:	Bolsa de Valores de Colombia
Mexico:	Bolsa Mexicana de Valores Mexican Derivatives Exchange
Middle East & Africa	
Israel:	Tel Aviv Stock Exchange
Qatar:	Qatar Exchange
Saudi Arabia:	Saudi Stock Exchange
South Africa:	Johannesburg Stock Exchange JSX Derivatives
United Arab Emirates:	Dubai Financial Market
Europe (non-EEA)	
Russia:	Moscow Exchange
Switzerland:	SIX Swiss Exchange SIX Structured Products The market organised by the International Capital Markets Association
Turkey:	Borsa Istanbul

Appendix III

Investment management and borrowing powers

1. Investment restrictions

1.1 The Scheme Property of a Fund will be invested with the aim of achieving the investment objective of the relevant Fund but subject to the limits on investment set out in Chapter 5 of the FCA Rules (COLL 5.6). These limits apply to each Fund as summarised below.

1.2 The ACD must ensure that, taking account of the investment objective and policy of the Fund, the property of the Fund aims to provide a prudent spread of risk. Particular requirements as to this spread of risk are set out below.

1.3 The provisions of paragraphs 12 and 13 below do not apply until 12 months after the later of the date of authorisation of the Fund and the start of the Fund's initial offer period, provided that paragraph 1.2 above is complied with.

2. Cover

2.1 Where Chapter 5 of the FCA Rules allows a transaction to be entered into or an investment to be retained only if possible obligations arising out of the transaction or out of the retention would not cause the breach of any limits in Chapter 5 of the FCA Rules, it must be assumed that the maximum possible liability of a Fund under any other of those Rules has also to be provided for.

2.2 Where a Rule in Chapter 5 of the FCA Rules permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

2.2.1 it must be assumed that in applying any of those Rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and

2.2.2 no element of cover must be used more than once.

3. Transferable Securities

3.1 A transferable security is an investment which is any of the following:

3.1.1 a share;

3.1.2 a debenture;

3.1.3 a government and public security;

3.1.4 an alternative debenture;

3.1.5 a warrant; or

3.1.6 a certificate representing certain securities

3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

3.3 In applying paragraph 3.2 to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

3.5 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time. The Fund may invest in an approved money-market instrument provided that:

3.5.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

3.5.2 the instrument is issued or guaranteed in accordance with paragraphs 9 and 10.

3.6 The issue or the issuer will be regarded as regulated for the purpose of protecting investors and savings for the purposes of 3.5.1 if:

3.6.1 the instrument is an approved money-market instrument;

3.6.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to an investment in it) in accordance with paragraph 10; and

3.6.3 the instrument is freely transferable.

4. Non-UCITS retail schemes – general

4.1 The Scheme Property of a Fund may only, subject to its investment objective and policy and except where otherwise provided in COLL 5, consist of any one or more of:

4.1.1 transferable securities;

4.1.2 money market instruments;

4.1.3 permitted derivatives and forward transactions;

4.1.4 permitted deposits;

4.1.5 permitted units in collective investment schemes;

4.1.6 permitted immovables; and

4.1.7 gold up to a limit of 10% in value of the Scheme Property.

4.2 Subject to paragraph 4.3, transferable securities and money market instruments held within a Fund must be:

4.2.1 admitted to or dealt in on an eligible market within paragraph 11; or

4.2.2 recently issued transferable securities that satisfy the following requirements:

4.2.2.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

4.2.2.2 such admission is secured within a year of issue; or

4.2.3 approved money market instruments not admitted to or dealt in on an eligible market that satisfy the requirements in paragraph 3.5.

4.3 Not more than 20% in value of the Scheme Property of a Fund is to consist of:

4.3.1 transferable securities which are not within paragraph 4.2; or

4.3.2 money market instruments which are liquid and have a value which can be determined accurately at any time.

4.4 The requirements relating to spread of investments do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk is complied with.

4.5 It is not intended that the Funds will invest directly in any immovable property, tangible movable property or gold.

5. Investment in transferable securities

5.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

5.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

5.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder under the FCA Rules;

5.1.3 reliable valuation is available for it as follows:

5.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

5.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

5.1.4 appropriate information is available for it as follows:

5.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.5 it is negotiable; and

5.1.6 its risks are adequately captured by the risk management process of the ACD.

5.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

5.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and

5.2.2 to be negotiable.

6. Closed end funds constituting transferable securities

6.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5, and either:

6.1.1 where the closed end fund is constituted as an investment company or a unit trust:

6.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

6.1.1.2 where another person carries out asset management activity on its behalf, that person

is subject to national regulation for the purpose of investor protection; or

6.1.2 where the closed end fund is constituted under the law of contract:

6.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

6.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

7. Transferable securities linked to other assets

7.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

7.1.1 fulfils the criteria for transferable securities set out in paragraph 5.1; and

7.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

7.2 Where an investment in paragraph 7.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

8. Money-market instruments with a regulated issuer

8.1 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

8.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

8.1.2 the instrument is issued or guaranteed in accordance with paragraph 9.

8.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

8.2.1 the instrument is an approved money-market instrument;

8.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13 below; and

8.2.3 the instrument is freely transferable.

9. Issuers and guarantors of money-market instruments

9.1 A Fund may invest in an approved money-market instrument if it is:

9.1.1 issued or guaranteed by any one of the following:

9.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

9.1.1.2 a regional or local authority of an EEA State;

9.1.1.3 the European Central Bank or a central bank of an EEA State;

9.1.1.4 the European Union or the European Investment Bank;

9.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

9.1.1.6 a public international body to which one or more EEA States belong; or

9.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

9.1.3 issued or guaranteed by an establishment which is:

9.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or

9.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

9.2 An establishment shall be considered to satisfy the requirement in paragraph 9.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

9.2.1 it is located in the European Economic Area;

9.2.2 it is located in an OECD country belonging to the Group of Ten;

9.2.3 it has at least investment grade rating;

9.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

10. Appropriate information for money-market instruments

10.1 In the case of an approved money-market instrument within paragraph 9.1.2 or which is issued by an authority within paragraph or a public international body within paragraph 9.1.1.6 but is not guaranteed by a central authority within paragraph 9.1.1.1, the following information must be available:

10.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

10.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

10.1.3 available and reliable statistics on the issue or the issuance programme.

10.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 9.1.3, the following information must be available:

10.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

10.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

10.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

10.3 In the case of an approved money-market instrument:

10.3.1 within paragraphs 9.1.1.1, 9.1.1.4 or 9.1.1.5; or

10.3.2 which is issued by an authority within paragraph 9.1.1.2or a public international body within paragraph 9.1.1.6 and is guaranteed by a central authority within paragraph 9.1.1.1; information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

11. Eligible markets regime: purpose

11.1 To protect investors the markets on which investments of the Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

11.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in unapproved securities or in money market instruments applies, and exceeding this limit because a market ceases to be eligible will generally be regarded as beyond the control of the ACD.

11.3 A market is eligible for the purposes of the FCA Rules if it is:

11.3.1 a regulated market; or

11.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public; or

11.3.3 any market within paragraph 11.4.

11.4 A market not falling within paragraphs 11.3.1 and 11.3.2 is eligible for the purposes of Chapter 5 of the FCA Rules if:

11.4.1 the ACD, after consultation with and notification to the Depositary (and any other directors of the Company), decides that market is appropriate for investment of, or dealing in, the Scheme Property;

11.4.2 the market is included in a list in the Prospectus; and

11.4.3 the Depositary has taken reasonable care to determine that:

11.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

11.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

11.5 In paragraph 11.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

11.6 The eligible markets for the Funds are set out in Appendix I.

12. Spread: general

12.1 This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 13 applies.

12.2 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body. In applying this limit of 20%, all uninvested cash comprising capital property that the Depositary holds should be included in calculating the total sum of the deposits held by it on behalf of the scheme.

12.3 Not more than 10% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by any single body. This limit of 10% is raised to 25% in value of the Scheme Property in respect of covered bonds.

12.4 The limit of 10% in 12.3 is raised to 25% in value of the Scheme Property in respect of covered bonds.

12.5 In applying paragraph 12.3 certificates representing certain securities are treated as equivalent to the underlying security.

12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property.

12.7 Funds which (in respect of investment in Shares in collective investment schemes) are dedicated to units in a single property authorised investment fund or qualifying master scheme must, in addition to the investment in the property authorised investment fund or qualifying master scheme must, only hold cash or near cash to maintain sufficient liquidity to enable the Fund to meet its commitments, such as redemptions. Funds may also use techniques and instruments for the purpose of efficient portfolio management, where appropriate, such as forward foreign exchange transactions entered into for the purpose of reducing the effect of fluctuations in the rate of exchange between relevant currencies.

12.8 Not more than 35% in value of the Scheme Property is to consist of units of any one collective investment scheme.

12.9 For the purpose of calculating the limits in 12.6, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified in 12.10.

12.10 The conditions referred to in 12.9 are that the collateral:

12.10.1 is marked-to-market on a daily basis and exceeds the value of the amount at risk;

12.10.2 is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

12.10.3 is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

12.10.4 can be fully enforced by the relevant Fund at any time.

12.11 For the purpose of calculating the limits in 12.10, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

12.11.1 comply with the conditions set out in Part 7 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and

12.11.2 are based on legally binding agreements.

12.12 In applying this paragraph 12, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

12.12.1 it is backed by an appropriate performance guarantee; and

12.12.2 it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.

12.13 For the purposes of this paragraph 12, a single body is:

12.13.1 in relation to transferable securities and money market instruments, the person by whom they are issued; and

12.13.2 in relation to deposits, the person with whom they are placed.

13. Spread: Government and public securities

13.1 The above restrictions do not apply to in respect of a transferable security or an approved money-market instrument (**"**such securities") that is issued by:

13.1.1 an EEA State;

13.1.2 a local authority of an EEA State;

13.1.3 a non-EEA State; or

13.1.4 a public international body to which one or more EEA States belong.

13.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or such securities or in any one issue.

13.3 The Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body listed in Appendix III, provided that:

13.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;

13.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

13.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and

13.3.4 the disclosures required by the FCA have been made.

13.4 The Scheme Property may be invested in government and public securities issued by any individual state, local authority or public international body issuing such securities.

13.5 In relation to such securities:

13.5.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and

13.5.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

14. Investment in collective investment schemes

14.1 No more than 10% of the value of the Threadneedle UK Social Bond Fund may be invested in units of collective investment schemes. Set out in the remainder of this paragraph are the FCA's current rules on collective investment schemes investing in other collective investment schemes.

14.2 Each Fund's investment policy permits investment in units of collective investment schemes.

14.3 A Fund may invest in units in a collective investment scheme (a "second scheme") provided that the investment is permitted under paragraphs 14.4 to 14.8.

14.4 The second scheme is a scheme which:

14.4.1 satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

14.4.2 is a Non-UCITS Retail Scheme; or

14.4.3 is recognised under section 264, 270 or 272 of the Financial Services and Markets Act 2000 (Schemes constituted in other EEA states, Schemes authorised in designated countries or territories and Individually recognised overseas schemes);

14.4.4 is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS Retail Scheme; or

14.4.5 is a scheme not falling within paragraphs 14.4.1 to 14.4.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.

14.5 The second scheme is a scheme which operates on the principle of the prudent spread of risk.

14.6 The second scheme is prohibited from holding more than 15% in value of that scheme in collective investment schemes.

14.7 The participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.

14.8 Where the second scheme is an umbrella, the provisions in paragraph 12 and paragraphs 14.6 to 14.7 apply to each sub-fund as if it were a separate scheme.

14.9 Units in a collective investment scheme do not fall within the requirements of this paragraph 14 if that collective investment scheme is managed or operated by (or, if it is an OEIC, has as its ACD) the ACD of the Company or by an associate of the ACD, unless the prospectus of the investing authorised fund clearly states that the property of that investing fund may include such units and the conditions in paragraph 14 are complied with.

14.10 In accordance with COLL 5.6.11R each of the Funds may invest in or dispose of units in collective investment schemes managed or operated by (or, if it is an OEIC has as its authorised corporate director), the ACD or an associate of the ACD.

14.11 The Fund must not invest in or dispose of units in another collective investment scheme (the second scheme), which is managed or operated by (or in the case of an OEIC has as its authorised corporate director), the ACD, or an associate of the ACD, unless:

14.11.1 there is no charge in respect of such investment or disposal; or

14.11.2 the ACD pays the Fund by the close of business on the fourth business day following the date of the agreement to invest or dispose:

(a) on investment, either:

(i) any amount by which the consideration paid by the Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or

(ii) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme; and

(b) on disposal, the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal.

14.12 In paragraph 14.11 above:

14.12.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made in accordance with the FCA rules, is to be treated as part of the price of the units and not as part of any charge; and

14.12.2 any charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

14.13 A fund may invest in another Fund of the Company provided that:

14.13.1 the second fund does not hold units in any other Fund in the Company;

14.13.2 the conditions set out in the rest of this paragraph 14 (as applicable) are complied with.

15. Investment in warrants and nil and partly paid securities

15.1 A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules in COLL 5.

15.2 Not more than 5% in value of a Fund is to consist of warrants.

16. Use of derivatives and forward transactions – general

16.1 A transaction in derivatives or a forward transaction must not be effected for the Fund unless:

16.1.1 the transaction is of a kind specified in paragraph 17 (Permitted transactions (derivatives and forwards)); and

16.1.2 the transaction is covered, as required by paragraph 21 (Cover for transactions in derivatives and forward transactions).

16.2 Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits in paragraphs 12 and 13 save as provided in paragraph 16.4.

16.3 Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of calculating any limit in this paragraph.

16.4 Where the Fund invests in an index based derivative, provided the relevant index falls within paragraph 16.6 below the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 12 and 13.

16.5 The relaxation in paragraph 16.4 is subject to the ACD taking account of paragraphs 1.2 and 4.4.

16.6 The index must:

16.6.1 have a sufficiently diversified composition;

16.6.2 be a representative benchmark for the market to which it refers; and

16.6.3 be published in an appropriate manner.

16.7 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

16.8 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

16.9 An index is published in an appropriate manner if:

16.9.1 it is accessible to the public;

16.9.2 the index provider is independent from the index-replicating scheme; this does not preclude index providers and the scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

17. Permitted transactions (derivatives and forwards)

17.1 A transaction in a derivative must be in an approved derivative or be one which complies with paragraph 20.

17.2 The underlying of a transaction in a derivative must consist of any one or more of the following to which the Fund is dedicated:

17.2.1 transferable securities;

17.2.2 approved money market instruments;

17.2.3 permitted deposits;

17.2.4 permitted derivatives and forward transactions;

17.2.5 permitted units in collective investment schemes;

17.2.6 permitted immovables;

17.2.7 gold up to a limit of 10% in value of the Scheme Property;

17.2.8 financial indices which satisfy the criteria set out in paragraph 16.6;

17.2.9 interest rates;

17.2.10 foreign exchange rates; and

17.2.11 currencies.

17.3 The exposure to the underlying must not exceed the limits in paragraphs 4.3, 12 and 13.

17.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

17.5 A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.

17.6 A transaction in a derivative must not be effected if the intended effect is to create the potential for an uncovered sale of transferable securities, money market instruments, units in collective investment schemes, or derivatives.

17.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

18. Transactions for the purchase of property

18.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if:

18.1.1 that property can be held for the account of the Company; and

18.1.2 the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the FCA Rules.

19. Requirement to cover sales

19.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless:

19.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights; and

19.1.2 the property and rights in 19.1.1 above are owned by the Company at the time of the agreement.

19.2 Paragraph 19.1 does not apply to a deposit.

20. OTC transactions in derivatives

20.1 A transaction in an OTC derivative under paragraph 17 must be:

20.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

20.1.1.1 an Eligible Institution or an Approved Bank; or

20.1.1.2 a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

20.1.2 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD:

20.1.2.1 carries out at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and

20.1.2.2 can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at its fair value;

20.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

20.1.3.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

20.1.3.1 if the value in 20.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

20.1.4 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

(a) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or

(b) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

20.1.5 For the purposes of paragraph 20.1.2 above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

21. Cover for transactions in derivatives and forward transactions

21.1 The ACD must ensure that its global exposure relating to derivatives and forward transactions held in the Funds does not exceed the net value of the Scheme Property.

22. Daily calculation of global exposure

22.1 The ACD must calculate the global exposure of the Funds on at least a daily basis.

22.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

23. Investment in deposits

23.1 The Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

24. Cash and near cash

24.1 Cash and near cash must not be retained in the Scheme Property except to the extent that this may reasonably be regarded as necessary in order to enable:

24.1.1 the pursuit of the Fund's investment objectives; or

24.1.2 redemption of units; or

24.1.3 efficient management of the Fund in accordance with its investment objectives; or

24.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

24.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

24.3 The investment policy of the Fund may mean that at times it is appropriate not to be fully invested in transferable securities but to hold cash or near cash in order to enable the pursuit of the Fund's investment objectives. In exceptional circumstances this may be 100% of its NAV. Investors should refer to the 'Risk factors' section of this Prospectus.

25. General power to borrow

25.1 The Fund may, in accordance with this paragraph 25, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the Instrument of Incorporation.

25.2 The Fund may borrow under paragraph 25.1 only from an Eligible Institution or an Approved Bank.

25.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:

25.3.1 the duration of any period of borrowing; and

25.3.2 the number of occasions on which resort is had to borrowing in any period.

25.4 The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary.

25.5 With respect to 25.4, the Depositary may only give its consent on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

25.6 A Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 25.1 to 25.5.

25.7 These borrowing restrictions and those in paragraph 26 (Borrowing Limits), do not apply to "back to back" borrowing for currency hedging purposes.

26. Borrowing limits

26.1 The ACD must ensure that the Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme Property.

26.2 This paragraph 26 does not apply to "back to back" borrowing.

26.3 In this paragraph 26, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.

27. Restrictions on lending of money

27.1 None of the money in the Scheme Property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

27.2 Acquiring a debenture is not lending for the purposes of paragraph 26.1; nor is the placing of money on deposit or in a current account.

27.3 Paragraph 26.1 does not prevent the Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

28. Restrictions on lending of property other than money

28.1 The Scheme Property of the Fund other than money must not be lent by way of deposit or otherwise.

28.2 Transactions permitted by paragraph 31 are not to be regarded as lending for the purposes of paragraph 28.1.

28.3 The Scheme Property of a Fund must not be mortgaged.

28.4 Where transactions in derivatives or forward transactions are used for the account of the sub-funds of the Company in accordance with the COLL Rules, nothing in this paragraph 28 prevents the Company or the Depositary at the request of the Company from:

28.4.1 lending, depositing, pledging or charging Scheme Property for margining requirements; or

28.4.2 transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

29. General power to accept or underwrite placings

29.1 Any power in Chapter 5 of COLL to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph 29 applies, subject to compliance with any restriction in the Instrument of Incorporation.

29.2 Subject to paragraph 29.3, this paragraph 29 applies to any agreement or understanding which:

29.2.1 is an underwriting or sub-underwriting agreement; or

29.2.2 contemplates that securities will or may be issued or subscribed for or acquired for the account of the Fund.

29.3 Paragraph 29.2 does not apply to:

29.3.1 an option; or

29.3.2 a purchase of a transferable security which confers a right to:

29.3.2.1 subscribe for or acquire a transferable security; or

29.3.2.2 convert one transferable security into another.

29.4 The exposure of the Fund to agreements and understandings within paragraph 29.2 must, on any business day, be:

29.4.1 covered in accordance with the requirements of COLL 5.3.3A; and

29.4.2 such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the FCA Rules.

30. Guarantees and indemnities

30.1 The Company or the Depositary for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

30.2 None of the Scheme Property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

30.3 Paragraphs 30.1 and 30.2 do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the rules of Chapter 5 of COLL.

30.4 Paragraphs 30.1 and 30.2 do not apply in respect of the Fund to:

30.4.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

30.4.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

30.4.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Fund and the holders of units in that scheme become the first shareholders in the Fund.

31. Stock lending

31.1 The Fund may enter into a stock lending arrangement or repo contract in accordance with COLL 5.4 if it reasonably occurs to the Company to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

31.2 The Company, or the Depositary at the request of the Company, may enter into a rep contract, or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

31.2.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;

31.2.2 the counterparty is:

31.2.2.1 an authorised person; or

31.2.2.2 a person authorised by a Home State regulator; or

31.2.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

31.2.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America:

31.2.2.4.1 the Office of the Comptroller of the Currency;

31.2.2.4.2 the Federal Deposit Insurance Corporation;

31.2.2.4.3 the Board of Governors of the Federal Reserve System; and

31.2.2.5 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 31.2.1 and the collateral is:

31.2.2.5.1 acceptable to the Depositary;

31.2.2.5.2 adequate; and

31.2.2.5.3 sufficiently immediate.

31.2.3 The counterparty for the purpose of paragraph 31.2 is the person who is obliged under the agreement referred to in paragraph 31.2.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

31.2.4 Paragraph 31.2.2.5 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

32. Collateral

32.1 Collateral is adequate of the purposes of this paragraph 32 only if it is:

32.1.1 transferred to the Depositary or its agent;

32.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and

32.1.3 in the form of one or more of:

32.1.3.1 cash; or

32.1.3.2 certificate of deposit; or

32.1.3.3 letter of credit; or

32.1.3.4 a readily realisable security; or

32.1.3.5 commercial paper with no embedded derivative content; or

32.1.3.6 a qualifying money market fund.

32.2 Where the collateral is invested in units of a qualifying money market fund whose ACD is the authorised fund manager of the investing scheme or an associate of that authorised fund manager, paragraph 14.9 must be complied.

32.3 Collateral is sufficiently immediate for the purposes of this section 31 if:

32.3.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or

32.3.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 32.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.

32.4 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.

32.5 The duty in paragraph 32.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

32.6 Any agreement for a transfer at a later date of securities or of collateral (or of the equivalent of either) under this section 32 may be regarded, for the purposes of valuation under COLL 6.3 as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Fund.

32.7 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the FCA Rules, except in the following respects:

32.7.1 it does not fall to be included in any valuation for the purposes of COLL 6.3 because it is offset under paragraph 32.6 by an obligation to transfer; and

32.7.2 it does not count as Scheme Property for any purposes of COLL 5.4.

32.8 Paragraphs 32.5 and 32.6 do not apply to any valuation of collateral itself for the purposes of COLL 5.4.

32.9 There is no limit on the value of the Scheme Property which may be the subject of repo contracts or stock lending transactions within COLL 5.4.

33. Leverage

33.1 This section explains in what circumstances and how the ACD may use leverage in respect of a sub-fund where the investment policy of that sub-fund permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

33.2 Leverage when used in this prospectus means the following sources of leverage can be used when managing a sub-fund:

33.2.1 cash borrowing, subject to the restrictions set out in paragraphs 25 ("General power to borrow") and 26 ("Borrowing limits") of this Appendix;

33.2.2 financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to paragraphs 16 ("Use of derivatives and forward transactions – general"), 17 ("Permitted transactions (derivatives and forwards)"), 18 ("Transactions for the purchase of property"), 19 ("Requirement to cover sales"), 20 ("OTC transactions in derivatives"), 21 ("Cover for transactions in derivatives and forward transactions"), 25 ("General power to borrow") and 26 ("Borrowing limits")) of this Appendix.

33.3 The ACD is required to calculate and monitor the level of leverage of a sub-fund, expressed as a ratio between the exposure of the sub-fund and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method.

33.4 Under the gross method, the exposure of a sub-fund is calculated as follows:

33.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;

33.4.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the sub-fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;

33.4.3 derivative instruments are converted into the equivalent position in their underlying assets;

33.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;

33.4.5 include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and

33.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Under the commitment method, the exposure of a sub-fund is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.

33.5 The maximum level of leverage which a sub-fund may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix I.

33.6 In addition, the total amount of leverage employed by a sub-fund will be disclosed in the sub-fund's annual report.

Appendix IV

List of states, local authorities or public international bodies issuing or guaranteeing the securities in which the Company may invest.

These are the only public bodies in which the Company may invest more than 35% of the assets of each Fund.

Australia
Austria
Belgium
Canada
Denmark
Finland
France
Germany
Greece
Iceland
Ireland
Italy
Japan
Liechtenstein
Luxembourg
Netherlands
New Zealand
Northern Ireland
Norway
Portugal
Spain
Sweden
Switzerland
United Kingdom
United States of America
Asian Development Bank (ADB)
Council of Europe Development Bank
Eurofima
European Bank for Reconstruction and Development (EBRD)
International Finance Corporation (IFC)
Nordic Investment Bank (NIB)

Appendix V

Dilution adjustment estimates

Estimates of the dilution adjustment based on securities held in each Fund and market conditions at the time of this Prospectus and number of occasions on which the dilution adjustment has been applied in the period from 20 December 2019 to20 April 2020:

Fund	Estimate of dilution adjustment applicable to purchases	Estimate of dilution adjustment applicable to sales	Number of days on which dilution adjustment has been applied during the period
Threadneedle Dynamic Real Return Fund	0.16%	-0.16%	0
Threadneedle Global Multi Asset Income Fund	0.45%	-0.45%	3
Threadneedle UK Social Bond Fund	0.39%	-0.62%	6

Updated figures for the dilution adjustment estimates will be published on www.columbiathreadneedle.com

Appendix VI

Performance of the Funds

Performance* quoted in GBP (on a bid to bid price basis, net of fees with net income tax reinvested). Annualised performance since launch is quoted to 31 March 2020.

			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Annualised Performance since launch
Dynamic Real Return Fund (launch date 18 June 2013) Target benchmark: CPI +4%													
Fund performance			N/A	N/A	N/A	N/A	5.83%	2.66%	7.92%	6.81%	-5.71%	10.25%	2.92%
Target benchmark:			N/A	N/A	N/A	N/A	4.57%	4.21%	5.62%	7.09%	6.19%	5.61%	5.61%
Global Multi Asset Income Fund (launch date 31 July 2014) Target benchmark: Not applicable													
Fund performance			N/A	N/A	N/A	N/A	N/A	5.52%	10.96%	8.12%	-3.78%	11.97	4.34%
UK Social Bond Fund (launch date 4 December 2013) Target benchmark: Not applicable													
Fund performance			N/A	N/A	N/A	N/A	11.12%	-0.01%	9.21%	3.68%	-0.50%	5.57	3.99%

* Please be aware that past performance is not a guide for future performance.

Directory

The Company and Head Office:
Threadneedle Opportunity Investment Funds ICVC
Cannon Place
78 Cannon Street
London EC4N 6AG

Authorised Corporate Director and AIFM:
Threadneedle Investment Services Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

ACD Client Services[1]
Address: Threadneedle Investment Services Limited
PO Box 10033, Chelmsford, Essex CM99 2AL
Telephone (dealing & customer enquiries): 0800 953 0134
Fax (dealing): 0845 113 0274
Email (enquiries): questions@service.columbiathreadneedle.co.uk

Investment Manager:
Threadneedle Asset Management Limited
Cannon Place
78 Cannon Street
London EC4N 6AG

Depositary:
Citibank Europe plc, UK Branch
(authorised by the FCA and authorised and regulated by the Prudential Regulatory Authority)
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Registrar
Threadneedle Investment Services Limited
delegated to:
SS&C Financial Services Europe Limited
(authorised and regulated by the FCA)
SS&C House
St Nicholas Lane
Basildon
Essex SS15 5FS

Legal Advisers
Eversheds Sutherland (International) LLP
One Wood Street
London EC2V 7WS

Auditor
PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

[1] Please note that calls and electronic communications may be recorded.

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