



QUESTIONS & ANSWERS

IMPORTANT CHANGES TO COLUMBIA THREADNEEDLE
STERLING INVESTMENT GRADE CORPORATE BOND FUNDS

With effect from 1 June 2023, certain changes will be made to the investment objectives and/or policies of certain Columbia Threadneedle bond funds, as shown below.

1. Which funds are being changed?

Changes are being made to the following funds:

- CT Sterling Short-Dated Corporate Bond Fund
- CT Sterling Corporate Bond Fund
- CT Sterling Medium and Long-Dated Corporate Bond Fund

(each a “Fund”, together the “Funds”)

2. What changes are you making?

Benchmark changes

- The existing benchmark for the CT Sterling Short-Dated Corporate Bond Fund will be replaced by the iBoxx GBP Corporates 1-5 Index.
- The iBoxx GBP Non-Gilts Index will be introduced as the benchmark of the CT Sterling Corporate Bond Fund (not previously had a formal benchmark).

Investment policy changes

We are also making changes to the Funds’ investment policies to reflect the integration of certain responsible investment (RI) measures into the investment decision-making process (details, below).

3. Why are you making the changes?

Benchmark changes

- **CT Sterling Short-Dated Corporate Bond Fund:** We are replacing the benchmark of this fund, with the iBoxx GBP Corporates 1-5 Index, since it is more representative of the type of bonds the Fund invests in. In contrast to the current benchmark index (which comprises about one-third in government-related bonds), the new benchmark consists entirely of sterling short-dated corporate bonds, which more closely reflects the investment approach being taken by the investment manager.
- **CT Sterling Corporate Bond Fund:** We have chosen to introduce the iBoxx GBP Non-Gilts Index as the benchmark of this Fund, in order to reflect the performance aims of the Fund and provide an additional measure to assess and demonstrate its performance over time (including through our Value Assessment, which is published each year on our website).

Investment policy changes

The Funds’ investment policies are being amended to reflect the integration of a range of responsible investment measures into the investment decision-making process. We believe that making the changes below will align the Funds to existing and rapidly increasing investor demand for funds with clearly defined environmental and social characteristics. The changes will:

- **Introduce a set of Environmental, Social and Governance (ESG) exclusions**, that will prevent the Funds from investing in bonds issued by companies that:
 - fail to follow good governance practices¹
 - derive revenue from certain industries or activities (such as coal) above stated thresholds
 - breach accepted international standards and principles, as determined by the investment manager.

¹ Details of Columbia Threadneedle’s good governance policy is included in the Funds’ prospectuses.

- **Establish a “positive ESG tilt” to the portfolio:** i.e., the investment manager will aim for the portfolio to compare favourably against its benchmark, over rolling 12-month periods when assessed using Columbia Threadneedle’s own ESG Materiality Rating model. The model rates bond issuers, indicating how well they are managing material ESG risks and opportunities. Our investment approach favours bonds issued by companies with stronger ratings, which means the Funds are expected to maintain a better ESG materiality score than the benchmark over time.
- **Highlight our engagement with corporate bond issuers,** in particular those with poorer ESG materiality ratings, with a view to influencing management teams to address ESG risks and improve their ESG practices, ranging from carbon emissions to board independence and diversity.

4. When will the changes take place?

The changes will be effective from 1 June 2023 (the “Effective Date”).

5. Will there be any cost to me as an investor?

The investment manager is required to sell bonds that do not comply with the new investment exclusions and find alternative investments. The costs associated with this portfolio realignment will be borne by each Fund. However, since the changes to the portfolio will be relatively minor, those costs are estimated to be no more than 0.021% of the value of each Fund.

All the administrative costs associated with making the changes will be paid by Columbia Threadneedle.

6. What is the extent of the portfolio realignment required?

The extent of the portfolio realignment anticipated is shown in the table below:

Fund	Anticipated Portfolio Realignment
CT Sterling Short-Dated Corporate Bond	6.6%
CT Sterling Corporate Bond	5.2%
CT Sterling Medium and Long-Dated Corporate Bond	2.9%

7. Will the changes affect the risk profile of the Funds?

No, there will be no change to the risk profiles.

8. What are the relevant share classes (and ISINs) of the Funds?

Fund Name	Share Class Name	ISIN
CT Sterling Corporate Bond Fund	Institutional Income GBP	GB0001451508
CT Sterling Corporate Bond Fund	Retail Income GBP	GB0031109738
CT Sterling Corporate Bond Fund	Retail Gross Income GBP	GB0033749739
CT Sterling Corporate Bond Fund	Institutional Gross Accumulation GBP	GB0033885327
CT Sterling Corporate Bond Fund	L Income GBP	GB00BDBDLK53
CT Sterling Corporate Bond Fund	L Accumulation GBP	GB00BDBDLL60
CT Sterling Corporate Bond Fund	L Gross Income GBP	GB00BDBDLM77
CT Sterling Corporate Bond Fund	Retail Accumulation GBP	GB00BDBDLN84
CT Sterling Corporate Bond Fund	Institutional X Gross Income GBP	GB00BNG64D33
CT Sterling Corporate Bond Fund	Institutional X Gross Accumulation GBP	GB00BYX3VS81
CT Sterling Medium and Long-Dated Corporate Bond Fund	Institutional Gross Income GBP	GB00BD8GM715
CT Sterling Medium and Long-Dated Corporate Bond Fund	X Accumulation GBP	GB00BFX4N376
CT Sterling Short-Dated Corporate Bond Fund	Retail Gross Accumulation GBP	GB00BD8GM822
CT Sterling Short-Dated Corporate Bond Fund	Retail Accumulation GBP	GB00BD8GM939
CT Sterling Short-Dated Corporate Bond Fund	Institutional Income GBP	GB00BD8GMB57
CT Sterling Short-Dated Corporate Bond Fund	Institutional Gross Income GBP	GB00BD8GMC64
CT Sterling Short-Dated Corporate Bond Fund	Institutional X Gross Income GBP	GB00BD8GMD71
CT Sterling Short-Dated Corporate Bond Fund	Institutional X Gross Accumulation GBP	GB00BD8GMF95

CT Sterling Short-Dated Corporate Bond Fund	Retail Gross Accumulation EUR	GB00BDRHYR91
CT Sterling Short-Dated Corporate Bond Fund	Institutional Accumulation EUR	GB00BDRHYS09
CT Sterling Short-Dated Corporate Bond Fund	Institutional Accumulation EUR Hedged	GB00BDRHYT16
CT Sterling Short-Dated Corporate Bond Fund	Retail Gross Accumulation EUR Hedged	GB00BDRHYV38
CT Sterling Short-Dated Corporate Bond Fund	Institutional Accumulation GBP	GB00BYQFJT88
CT Sterling Short-Dated Corporate Bond Fund	Y Gross Income GBP	GB00BYQFJV01

8. Do I need to take any action?

You do not need to do anything as a result of these changes. These changes will take effect automatically on the Effective Date.

9. What can I do if I disagree with the changes?

You have a number of options. Should you disagree with the changes you can choose to redeem your shares, or you can switch your investment, free of charge, into another fund(s) in our UK range*. Should you decide to redeem or switch your shares, it may trigger a taxable event. We are unable to provide tax advice and we therefore suggest you seek advice from your tax adviser about any potential tax implications before you take any action.

*Only funds managed by Threadneedle Investment Services Limited (TISL) (part of the Columbia Threadneedle group of companies), are currently available for this purpose. A fund's prospectus or Key Information Document (KIID) (available on our website) will provide this information or please contact us on 0800 953 0134 if you require help establishing alternative funds available to you.