

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS  
THREADNEEDLE MANAGED EQUITY INCOME FUND  
AUGUST 2020

# THREADNEEDLE MANAGED EQUITY INCOME FUND

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*\*Collectively these comprise the Manager's Report.*

## Introduction

These Interim Reports and Unaudited Financial Statements cover the 6 months to 25 August 2020 and review the performance and market background for the Threadneedle Managed Equity Income Fund.

We hope that you find the report informative. Should you require any further information regarding any aspect of your investment, or about our other products, we would be pleased to help. Alternatively, you may find it helpful to visit [columbiathreadneedle.com](http://columbiathreadneedle.com) for further information about Columbia Threadneedle Investments.

Thank you for your continued support.



**L Weatherup**  
Director

## DIRECTORS' STATEMENT

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes (COLL) Sourcebook, we hereby certify the Interim Report and Unaudited Financial Statements on behalf of the Directors of Threadneedle Investment Services Limited.



**L Weatherup**  
Director



**R Vincent**  
Director

16 October 2020

## Investment Report

### Investment Objective and Policy

To provide a growing income with potential for capital growth.

The Fund will invest at least two-thirds of its assets in funds managed or operated by companies in the Threadneedle group. These funds may invest worldwide.

The Fund will invest at least two-thirds of its assets in funds that invest in company shares, but will also have some exposure to fixed income securities.

The Fund may also hold cash, near cash and money market instruments.

Up to 20% of the value of the Fund may be invested in funds that invest in derivatives for purposes other than Efficient Portfolio Management.

### Review

This report covers the period from 26 February 2020 to 25 August 2020.

### Performance

Over the six months to 25 August 2020, the offer price of Class A units for the Threadneedle Managed Equity Income Fund has fallen from 77.42p to 69.96p.

Over the same period, the offer price of Class B units has fallen from 80.54p to 72.89p.

Over the same period, the offer price of Class Z units has fallen from 112.30p to 101.75p.

Looking at performance within its peer group, the total return on the trust\* for the 6 month period ending 31 August 2020, including net reinvested income, is -3.24% as compared to a median return of -8.28% over the same period.

In view of the nature of the trust and its investment remit, there is no directly comparable market index.

The requirement to maintain a good level of income for investors means that a significant proportion of the portfolio continues to be held in funds with exposure to bonds.

### Market Overview and Portfolio Activity

Global equities fell sharply through the end of February and into March owing to concerns about the economic toll of the coronavirus and resulting quarantine measures. Markets thereafter recouped some losses, amid optimism over the significant fiscal and monetary response and signs that the Covid-19 pandemic may have peaked, which led some countries to ease lockdowns. However, stocks were periodically rattled by fears of a second wave of the virus as cases spiked in some areas, including northern England.

The FTSE All-Share lagged global equities over the period, hurt by its significant weighting to energy and financial stocks, which fared poorly. The index's limited exposure to technology names, which remained in favour globally, was a further headwind. Ongoing Brexit jitters also impacted the market; concern persisted that the UK and the EU might fail to agree on a trade deal before the transition period expires in December, especially as the government rejected an option to extend this.

US equities rebounded powerfully over the six months, thanks to substantial economic and fiscal policy measures, corporate earnings beating (albeit significantly lowered) expectations and improvements in jobs and spending data. The US also has a large exposure to technology stocks, which benefited from the lockdown-driven shift to online services. In contrast, European equities lagged, owing to disappointing economic data and disagreement among EU members over the size and scope of a joint recovery fund. Sentiment was lifted, however, when agreement was finally reached in July.

The pandemic took a toll on corporate profitability and economic growth. Many UK companies issued profit warnings, and announced cost-cutting plans and cash-conservation measures such as dividend cuts. Meanwhile, a wave of refinancing got underway as firms sought to shore up their finances.

On the economic front, GDP in major economies turned negative in the first quarter and fell even more steeply in the second. However, recent indicators pointed to a recovery. In the UK, retail sales returned to pre-lockdown levels in July, while the composite purchasing managers' index indicated that activity in the services and manufacturing sectors expanded at the fastest rate in more than six years in August.

To soften the economic blow of the coronavirus crisis, governments and central banks around the world unleashed unprecedented levels of stimulus. The Bank of England cut rates to a record low and announced a fresh round of bond purchases. Meanwhile, the UK government unveiled a £350bn stimulus plan and offered to pay 80% of furloughed employees' wages. In his summer statement, the chancellor announced additional measures targeting hard-hit sectors, such as hospitality, tourism and housing.

Amid the coronavirus crisis, core government bonds benefited from a flight to safety; yields on US Treasuries, UK gilts and German bunds fell to record lows. The downtrend in yields was also driven by the plunge in oil prices and central banks' stimulus measures. Credit spreads (the yield premium over 'risk-free' government bonds) widened sharply in the sell-off in late March, but tightened thereafter as markets recovered. Overall, spreads in the sterling investment -grade (IG) market tightened over the period, but those in European high yield widened.

The Threadneedle Managed Equity Income portfolio is invested in both equity and bond funds, with a bias towards UK equities.

At the end of the review period, circa (c.) 60% of the portfolio was invested in UK equity funds. This was almost equally split between the monthly income funds (the Threadneedle UK Monthly Income Fund and Threadneedle Monthly Extra Income Fund) and the UK income funds (Threadneedle UK Equity Income Fund and Threadneedle UK Equity Alpha Income Fund).

Of the remainder, c. 21% was distributed between two international income funds – the Threadneedle Global Equity Income Fund and Threadneedle Pan European Equity Dividend Fund. The fixed-income allocation comprised c. 18% of the fund and was largely invested in the Threadneedle Sterling Corporate Bond Fund (which invests in UK IG corporate bonds), with 5% in the Threadneedle High Yield Bond Fund. There was a small allocation to cash of c. 1%.

Equities have rebounded sharply since the lows of March, aided by the phenomenal stimulus response. While we are also reassured by the level of policy support, we think it would be premature to declare victory for markets, as we do not believe that the potentially bruising economic path into next year is fully discounted.

The underperformance of UK equities relative to global averages this year, along with the fact that the recovery has been narrowly led, has resulted in a sharply polarised market with technology and certain growth stocks trading at excessive valuations, while sentiment towards cyclicals remains depressed. Consequently, we feel there are several attractive opportunities that we can take advantage of, especially with a wave of refinancing underway as companies seek to shore up liquidity. Meanwhile, the prospects for selected domestic cyclicals appear particularly interesting, as before the virus emerged, these stocks had already suffered from a 'Brexit malaise' since the EU referendum.

The scale of dividend cuts this year is a concern, though we favour balance-sheet prudence, construct yield at portfolio level and are differentiated from the market in sourcing dividends. We are in constant dialogue with management teams to ensure rationales are scrutinised and full accountability is maintained.

In the underlying funds, our focus remains on company fundamentals to target strong, risk-adjusted returns.

The valuation case for IG credit has become less compelling, given the market's powerful recovery since late March. Meanwhile, the support measures introduced by governments and central banks will help to mitigate the significant, though temporary, interruption to economic output and employment. More specifically, much of the policy response is targeted at keeping the credit channel open. In terms of corporate fundamentals, leverage will likely continue to rise as companies issue more debt and accept government liquidity support to weather the storm. It is notable, however, that many companies have cut dividend payments and abandoned share buybacks, which is credit supportive. Meanwhile, European high yield spreads are still wider than five-year averages, offering compensation for current default expectations, but not necessarily reflecting the ongoing uncertainty.

\*Refers to the Retail Class A units

# Threadneedle Managed Equity Income Fund

## STATEMENT OF TOTAL RETURN

for the accounting period 26 February 2020 to 25 August 2020

	2020 £000	2019 £000
Income		
Net capital (losses)/gains	(7,632)	2,236
Revenue	1,406	2,024
Expenses	(528)	(659)
Net revenue before taxation	878	1,365
Taxation	—	(46)
Net revenue after taxation	878	1,319
Total return before distributions	(6,754)	3,555
Distributions	(1,295)	(1,632)
Change in net assets attributable to unitholders from investment activities	(8,049)	1,923

## BALANCE SHEET

as at 25 August 2020

	2020 £000	February 2020 £000
<b>Assets:</b>		
<b>Fixed assets:</b>		
Investments	77,027	91,858
<b>Current assets:</b>		
Debtors	310	575
Cash and bank balances	331	392
Total assets	77,668	92,825
<b>Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable	(202)	(968)
Other creditors	(416)	(392)
Total liabilities	(618)	(1,360)
Net assets attributable to unitholders	77,050	91,465

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 26 February 2020 to 25 August 2020

	2020 £000	2019 £000
Opening net assets attributable to unitholders	91,465	98,962
Amounts receivable on the issue of units	7,659	2,253
Amounts payable on the cancellation of units	(14,027)	(7,057)
	(6,368)	(4,804)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	(8,049)	1,923
Unclaimed distributions	2	7
Closing net assets attributable to unitholders	77,050	96,088

The comparatives used within the Statement of Change in Net Assets Attributable to Unitholders are for the corresponding period of the previous year. Therefore the opening net assets attributable to unitholders for the current year are at 25 February 2020 whilst the figure disclosed in the comparatives' closing net assets attributable to unitholders is at 25 August 2019.

## DISTRIBUTION TABLE

for the accounting period 26 February 2020 to 25 August 2020

Dividend distribution in pence per unit

### Class A – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2020	Distribution Paid 2019
<b>Group 1</b>				
26/02/20 to 25/03/20	0.1850	—	0.1850	0.2100
26/03/20 to 25/04/20	0.1850	—	0.1850	0.2100
26/04/20 to 25/05/20	0.1850	—	0.1850	0.2100
26/05/20 to 25/06/20	0.1850	—	0.1850	0.2100
26/06/20 to 25/07/20	0.1850	—	0.1850	0.2100
26/07/20 to 25/08/20	0.1850	—	0.1850	0.2100
<b>Group 2</b>				
26/02/20 to 25/03/20	—	0.1850	0.1850	0.2100
26/03/20 to 25/04/20	—	0.1850	0.1850	0.2100
26/04/20 to 25/05/20	—	0.1850	0.1850	0.2100
26/05/20 to 25/06/20	—	0.1850	0.1850	0.2100
26/06/20 to 25/07/20	—	0.1850	0.1850	0.2100
26/07/20 to 25/08/20	—	0.1850	0.1850	0.2100
<b>Total distributions in the period</b>			<b>1.1100</b>	<b>1.2600</b>

### Class B – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2020	Distribution Paid 2019
<b>Group 1</b>				
26/02/20 to 25/03/20	0.1900	—	0.1900	0.2150
26/03/20 to 25/04/20	0.1900	—	0.1900	0.2150
26/04/20 to 25/05/20	0.1900	—	0.1900	0.2150
26/05/20 to 25/06/20	0.1900	—	0.1900	0.2150
26/06/20 to 25/07/20	0.1900	—	0.1900	0.2150
26/07/20 to 25/08/20	0.1900	—	0.1900	0.2150
<b>Group 2</b>				
26/02/20 to 25/03/20	—	0.1900	0.1900	0.2150
26/03/20 to 25/04/20	—	0.1900	0.1900	0.2150
26/04/20 to 25/05/20	—	0.1900	0.1900	0.2150
26/05/20 to 25/06/20	—	0.1900	0.1900	0.2150
26/06/20 to 25/07/20	—	0.1900	0.1900	0.2150
26/07/20 to 25/08/20	—	0.1900	0.1900	0.2150
<b>Total distributions in the period</b>			<b>1.1400</b>	<b>1.2900</b>

### Class Z – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2020	Distribution Paid 2019
<b>Group 1</b>				
26/02/20 to 25/03/20	0.2600	—	0.2600	0.2950
26/03/20 to 25/04/20	0.2600	—	0.2600	0.2950
26/04/20 to 25/05/20	0.2600	—	0.2600	0.2950
26/05/20 to 25/06/20	0.2600	—	0.2600	0.2950
26/06/20 to 25/07/20	0.2600	—	0.2600	0.2950
26/07/20 to 25/08/20	0.2600	—	0.2600	0.2950
<b>Group 2</b>				
26/02/20 to 25/03/20	—	0.2600	0.2600	0.2950
26/03/20 to 25/04/20	—	0.2600	0.2600	0.2950
26/04/20 to 25/05/20	—	0.2600	0.2600	0.2950
26/05/20 to 25/06/20	—	0.2600	0.2600	0.2950
26/06/20 to 25/07/20	—	0.2600	0.2600	0.2950
26/07/20 to 25/08/20	—	0.2600	0.2600	0.2950
<b>Total distributions in the period</b>			<b>1.5600</b>	<b>1.7700</b>

Group 2: units purchased during a distribution period.

# Threadneedle Managed Equity Income Fund

## Comparative Table Disclosure

	Class A – Income units			Class B – Income units		
	25/08/2020	25/02/2020	25/02/2019	25/08/2020	25/02/2020	25/02/2019
<b>Change in net assets per unit</b>						
Opening net asset value per unit (p)	76.60	74.82	75.79	79.69	77.65	78.46
Return before operating charges (p)	(5.22)	6.19	3.35	(5.42)	6.38	3.43
Operating charges (p)	(0.49)	(1.29)	(1.29)	(0.43)	(1.14)	(1.14)
Return after operating charges (p)*	(5.71)	4.90	2.06	(5.85)	5.24	2.29
Distributions (p)	(1.11)	(3.12)	(3.03)	(1.14)	(3.20)	(3.10)
Closing net asset value per unit (p)	69.78	76.60	74.82	72.70	79.69	77.65
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	(7.45)	6.55	2.72	(7.34)	6.75	2.92
<b>Other information</b>						
Closing net asset value (£000)	39,961	53,804	56,362	21,177	25,557	27,659
Closing number of units	57,268,995	70,239,342	75,329,227	29,128,973	32,068,506	35,621,579
Operating charges (%)**	1.48†	1.67	1.68	1.24†	1.42	1.43
Synthetic element of operating charges (%)	(0.12)††	0.14	0.15	(0.11)††	0.14	0.15
Direct transaction costs (%)	–	–	–	–	–	–
<b>Prices</b>						
Highest unit price (p)	75.24	83.87	84.19	78.28	84.06	84.08
Lowest unit price (p)	57.14	73.59	70.57	59.45	76.42	73.19
	Class Z – Income units					
	25/08/2020	25/02/2020	25/02/2019			
<b>Change in net assets per unit</b>						
Opening net asset value per unit (p)	111.03	107.85	108.67			
Return before operating charges (p)	(7.54)	8.79	4.65			
Operating charges (p)	(0.44)	(1.19)	(1.19)			
Return after operating charges (p)*	(7.98)	7.60	3.46			
Distributions (p)	(1.56)	(4.42)	(4.28)			
Closing net asset value per unit (p)	101.49	111.03	107.85			
*after direct transaction costs of (p)	–	–	–			
<b>Performance</b>						
Return after charges (%)	(7.19)	7.05	3.18			
<b>Other information</b>						
Closing net asset value (£000)	15,912	12,104	14,941			
Closing number of units	15,677,339	10,901,340	13,853,478			
Operating charges (%)**	0.91†	1.07	1.08			
Synthetic element of operating charges (%)	(0.09)††	0.14	0.15			
Direct transaction costs (%)	–	–	–			
<b>Prices</b>						
Highest unit price (p)	109.10	117.10	116.70			
Lowest unit price (p)	82.84	106.30	101.70			

\*\*The Operating charges are represented by the Ongoing Charges Figure (OCF) which is the European standard method of disclosing the charges of a unit class of a fund based on the financial 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 (unless these assets are shares of another fund). The Key Investor Information Document (KIID) contains the current OCF. The calculation includes the fund's share of the expenses of the underlying fund less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions. For a more detailed breakdown please visit [columbiathreadneedle.com/fees](http://columbiathreadneedle.com/fees).

<sup>†</sup>The Ongoing Charges Figure is annualised based on the fees incurred during the accounting period or since commencement date.

<sup>††</sup>The timing of receipts of the rebates can have a significant impact on the synthetic element of operating charges which at times may fall to below zero.

# Notes to the Financial Statements

for the accounting period 26 February 2019 to 25 August 2020

## 1 ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Management Association in May 2014. The accounting policies applied are consistent with those of the annual financial statements for the year ended 25 February 2020 and are described in those financial statements.

### (b) Notes

In accordance with the guidelines of the SORP the fund has taken advantage of the facility not to provide further notes to the financial statements.

## 2 RECONCILIATION OF UNITS

	2020
<b>Class A – Income units</b>	
Opening units	70,239,342
Units issued	1,749,559
Units redeemed	(14,702,310)
Net conversions	(17,596)
Closing units	<u>57,268,995</u>
<b>Class B – Income units</b>	
Opening units	32,068,506
Units issued	932,412
Units redeemed	(3,871,945)
Net conversions	—
Closing units	<u>29,128,973</u>
<b>Class Z – Income units</b>	
Opening units	10,901,340
Units issued	6,271,200
Units redeemed	(1,507,307)
Net conversions	12,106
Closing units	<u>15,677,339</u>

## Portfolio Statement

as at 25 August 2020

Holding	Investment	Value £000	% of Net Asset Value
<b>COLLECTIVE INVESTMENT SCHEMES 99.97% (100.43%)</b>			
<b>UK equity 61.18% (62.66%)</b>			
16,023,645	Threadneedle Monthly Extra Income Fund	15,368	19.95
13,524,357	Threadneedle UK Equity Alpha Income Fund	13,189	17.12
10,438,095	Threadneedle UK Equity Income Fund	10,926	14.18
8,955,241	Threadneedle UK Monthly Income Fund	7,650	9.93
	<b>Total UK equity</b>	<b>47,133</b>	<b>61.18</b>
<b>UK bond 12.53% (11.98%)</b>			
8,342,270	Threadneedle UK Corporate Bond Fund	9,655	12.53
	<b>Total UK bond</b>	<b>9,655</b>	<b>12.53</b>
<b>Overseas equity 20.98% (20.36%)</b>			
6,672,034	Threadneedle (Lux) – Pan European Equity Dividend	8,161	10.59
6,256,448	Threadneedle Global Equity Income Fund	8,009	10.39
	<b>Total overseas equity</b>	<b>16,170</b>	<b>20.98</b>
<b>Overseas bond 5.28% (5.43%)</b>			
4,056,766	Threadneedle High Yield Bond Fund	4,069	5.28
	<b>Total overseas bond</b>	<b>4,069</b>	<b>5.28</b>
	<b>Total collective investment schemes</b>	<b>77,027</b>	<b>99.97</b>
<b>Total value of investments</b>		<b>77,027</b>	<b>99.97</b>
<b>Net other assets (-0.43%)</b>		<b>23</b>	<b>0.03</b>
<b>Net assets</b>		<b>77,050</b>	<b>100.00</b>

February 2020 comparatives in brackets.

### Total Purchases and Sales

for the accounting period 26 February 2020 to 25 August 2020

	2020 £000	2019 £000
Total purchases for the period	80,449	—
Total sales for the period	87,603	5,364



## Risk and Reward Profiles

Fund	Share Class	SRRI*
Managed Equity Income Fund	Class A – Income units	5
	Class B – Income units	5
	Class Z – Income units	5

\* As at 25 August 2020 the synthetic risk and reward indicator (SRRI) is explained in the table below:

### SRRI

1	The fund is in this specific category because historically it has shown a low level of volatility (how much the value of the fund went up and down compared to other categories).
2	The fund is in this specific category because historically it has shown a relatively low level of volatility (how much the value of the fund went up and down compared to other categories).
3	The fund is in this specific category because historically it has shown a medium to low level of volatility (how much the value of the fund went up and down compared to other categories).
4	The fund is in this specific category because historically it has shown a medium level of volatility (how much the value of the fund went up and down compared to other categories).
5	The fund is in this specific category because historically it has shown a medium to high level of volatility (how much the value of the fund went up and down compared to other categories).
6	The fund is in this specific category because historically it has shown a high level of volatility (how much the value of the fund went up and down compared to other categories).
7	The fund is in this specific category because historically it has shown a very high level of volatility (how much the value of the fund went up and down compared to other categories).

The Risk and Reward Profile is based on past performance data in pound sterling. If your investment in the fund is not in pound sterling, please check the figure for the risk and reward profile disclosed on our website ([columbiathreadneedle.com](http://columbiathreadneedle.com)) according to the currency of your investment in the fund.

Historical data may not be a reliable indication of the future risk profile of the funds.

The SRRI category shown is not guaranteed to remain unchanged and that the categorisation of the funds may shift over time. The KIID contains the current SRRI.

The lowest category does not mean a risk-free investment.

No form of capital protection or capital guarantee applies to any of the classes.

The risk and reward profile of the fund changed to a 5 for all share classes on 26 June 2020.

## Important Information

### General

The Threadneedle Managed Equity Income Fund (the fund) is an authorised unit trust scheme that has been set up in accordance with the rules contained in the Financial Conduct Authority's (FCA) Collective Investment Schemes sourcebook (COLL) and operates under Chapter 5 of the COLL Rules. The fund has been certified by the FCA as eligible to enjoy the rights conferred by the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC).

The prospectus, which describes the fund in detail, is available on request from Threadneedle Investment Services Limited (the "Manager").

### Key Investor Information Document – Subscription requirements

The KIID is a pre contractual document and investors have to confirm that they have read the latest KIID before making a subscription. Threadneedle has the right to reject a subscription if the investor does not confirm that they have read the latest KIID at the time of application. Investors can obtain the latest KIID from [columbiathreadneedle.com](http://columbiathreadneedle.com).

### Changes to the Prospectus

During the period from 26 February 2020 to 25 August 2020, the following changes were made to the prospectus of the fund:

- Inclusion of compulsory conversion clause;
- Initial charge reduced to 0%;
- Removal of dual pricing risk;
- Footnote to notify investors of that the Annual Management fee on Unit Classes A, B and Z will be reduced as specified from 1 September 2020;
- Updates to taxation section including a change in the capital gains tax annual exemption for 2020/2021 to £12,300;
- Revised Brexit risk warning and inclusion of a new COVID-19 risk warning;
- Update to the directors of the Manager;
- Updates to reflect the change of name of the fund administrator from DST Financial Services Europe Ltd to SS&C Financial Services Europe Ltd;
- Update to eligible markets list;
- Update to the dilution rates and performance figures.

### Changes to the directors of the Manager

The following changes have been made to the directors of the Manager:

- Resignation of P Stone on 15 June 2020.

### Changes to the Trust Deed

There were no changes to the trust deed during the period.

### 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 are taking place. However, depending on the outcome of these negotiations, it is possible that the fund may no longer be eligible to enjoy the rights set out in the UCITS Directive. Ceasing to be so eligible may impact the ability of non-UK domiciled investors to make new investments in the fund.

### 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 fund from executing advantageous investment decisions in a timely manner and negatively impact the fund's ability to achieve their investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the fund.

### Value Assessment Report

As required by the FCA we have carried out an annual Value Assessment Report and this report is available on our website as follows:

<https://www.columbiathreadneedle.co.uk/en/value-assessment-report?it=Private>  
<https://www.columbiathreadneedle.co.uk/en/value-assessment-report?it=Intermediary>  
<https://www.columbiathreadneedle.co.uk/en/value-assessment-report?it=Institutional>

### Characteristics of Units

The fund is an authorised unit trust scheme and currently consists of one fund. Several classes of unit may be issued in respect of the fund, distinguished by their criteria for subscription and fee structure.

Units	Minimum Investment	Eligibility
Class A	£2,000	Retail investors
Class B	£5,000,000	Non-retail investors
Class Z	£1,000,000	Eligible investors only

The limits for minimum initial investment, minimum subsequent investment and minimum holding of units may be waived at the discretion of the Manager. For further information please refer to the prospectus.

### Charges and Prices

For the fund, two unit prices are quoted, the 'offer' price at which you buy units and the 'bid' price at which you sell them back to us. The difference between these two prices includes the initial charge and is called the bid/offer spread.

The fees and expenses of the Manager, Trustee, Registrar, Auditor and the FCA authorisation fee are payable by the fund.

### Income Equalisation

Since fund operates equalisation, the first allocation made after the acquisition of units will include an amount of equalisation. This amount represents the Manager's best estimate of the income included in the price at which the units were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of units in arriving at any capital gain realised on their subsequent disposal.

### Individual Savings Accounts

Throughout the accounting period the fund has satisfied the requirements of the Individual Savings Account Regulations 1998 (as amended).

It is the Manager's intention that the fund will be managed in such a way as to continue to meet this requirement.

## Important Information

*(continued)*

### Foreign Account Tax Compliance Act (FATCA)

Threadneedle and its funds (Threadneedle) have registered with the US Internal Revenue Service in accordance with FATCA and other current related legislation. Threadneedle has put in place appropriate processes and procedures to maintain its compliance with the statutory requirements, including ensuring that Threadneedle obtain the required certification from its clients and investors as necessary to mitigate any requirement upon Threadneedle to withhold or report such clients under the legislation. This registration and compliance process will ensure that Threadneedle should not suffer withholding tax under FATCA.

### Common Reporting Standard (CRS)

The Common Reporting Standard ('CRS') has come 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 Threadneedle funds to report account holder information to HMRC about their shareholdings. HMRC will in turn pass this information onto the competent authorities with which it has an agreement.

### Key Risks of the Fund:

The following key risks apply to the Threadneedle Managed Equity Income Fund:

#### Investment Risk

The value of investments can fall as well as rise and investors might not get back the sum originally invested.

#### Investment in Funds Risk

The Investment Policy allows the fund to invest principally in units 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, 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.

#### Derivatives for EPM/Hedging Risk

The investment policy of the fund allows it to invest in derivatives for the purposes of reducing risk or minimising the cost of transactions.

#### Volatility Risk

The fund may exhibit significant price volatility.

Further risks applicable to the fund can be found in the Prospectus.

## Directory

### Manager

Threadneedle Investment Services Limited  
(Authorised and Regulated by the Financial Conduct Authority (FCA))

### Registered Office

Cannon Place  
78 Cannon Street  
London EC4N 6AG

### Client Services Details

**Address:** Threadneedle Investment Services Limited  
PO Box 10033, Chelmsford, Essex CM99 2AL  
**Telephone UK Investors:** (dealing & customer enquiries): 0800 953 0134\*  
**Telephone non-UK Residents:** (dealing & customer enquiries):  
+352 46 40 10 7020\*  
**Fax UK Investors (dealing):** 0845 113 0274  
**Fax non-UK Investors (dealing):** +352 2452 9807  
**Email** (enquiries): [questions@service.columbiathreadneedle.co.uk](mailto:questions@service.columbiathreadneedle.co.uk)

### Registrar

Threadneedle Investment Services Limited Delegated to:  
SS&C Financial Services Europe Limited\*\*  
(Authorised and regulated by the FCA)  
St Nicholas Lane, Basildon, Essex SS15 5FS

### Directors of the Manager

K Cates (non-executive)  
J Griffiths  
A Roughead (non-executive)  
P Stone (resigned from the Board on 15 June 2020)  
R Vincent  
L Weatherup

### Investment Manager

Threadneedle Asset Management Limited  
(Authorised and regulated by the FCA)

### Registered Office

Cannon Place  
78 Cannon Street  
London EC4N 6AG

### Trustee

Citibank Europe plc, UK Branch  
(Authorised by the Prudential Regulatory Authority (PRA)  
and regulated by the FCA and PRA)  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

### Legal Advisers

Eversheds Sutherland (International) LLP  
One Wood Street  
London EC2V 7WS

### Independent Auditor

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

\*Calls will be recorded

\*\*Name changed from DST Financial Services Europe Limited to SS&C Financial Services Europe Limited on the 31 March 2020

To find out more visit [columbiathreadneedle.com](https://columbiathreadneedle.com)



**Threadneedle Investment Services Limited, ISA Manager, Authorised Corporate Director and Unit Trust Manager.** Registered No. 3701768. Registered in England and Wales. Registered Office: Cannon Place, 78 Cannon Street, London EC4N 6AG. Authorised and regulated by the Financial Conduct Authority. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. [columbiathreadneedle.com](https://columbiathreadneedle.com) 354481