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FINAL REPORT AND AUDITED FINANCIAL STATEMENTS  
THREADNEEDLE MANAGED EQUITY INCOME FUND  
MAY 2021

# THREADNEEDLE MANAGED EQUITY INCOME FUND

## Contents

Introduction.....	2
Directors' Statement* .....	2
Investment Report* .....	3
Statement of Total Return.....	4
Statement of Change in Net Assets Attributable to Unitholders .....	4
Balance Sheet .....	4
Distribution Table .....	4
Comparative Table Disclosure .....	6
Notes to the Financial Statements.....	7
Statement of Manager's Responsibilities .....	10
Statement of the Trustee's Responsibilities and Report of the Trustee.....	10
Independent Auditor's Report.....	11
Portfolio Statement* .....	12
Important Information* .....	13
Directory* .....	15

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

## Introduction

This Final Report and Audited Financial Statements cover the period from 26 February 2021 to 14 May 2021 which is the final accounting period, and review the performance and market background for the Threadneedle Managed Equity Income Fund. The Fund was closed on 9 April 2021. The assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 16 May 2020 to 14 May 2021. The termination of the Fund was completed on 14 May 2021.

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



**L Weatherup**  
Director

19 August 2021



**R Vincent**  
Director

## Threadneedle Managed Equity Income Fund

### Investment Report

Threadneedle Managed Equity Income Fund (The Fund) was closed on 9 April 2021. The assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC on that date and the Fund ceased trading on that date. Accordingly the Fund is no longer a going concern and this is the Final Report for the period 26 February 2021 to 14 May 2021.

#### 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 2021 to 14 May 2021. Following on from the closure of the Fund on the 9 April 2021, the Authorised Fund Manager decided to terminate the Fund as all its residual assets and liabilities were settled. The termination of the Fund was completed on 14 May 2021.

#### Performance

From 26 February 2021 to 9 April 2021, the offer price of Class A units for the Fund has risen from 74.44p to 77.80p.

Over the same period, the offer price of Class B units has risen from 77.63p to 81.12p.

Over the same period, the offer price of Class Z units has risen from 108.70p to 113.50p.

Looking at performance within its peer group, the total return on the Fund\* from 28 February 2021 to 31 March 2021, including net reinvested income, is +3.79% as compared to a median return of +3.12% 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

The review period was dominated by the so-called 'reflation trade', as successful vaccine rollouts in the US and UK, and more fiscal stimulus from the Biden administration underpinned optimism about a strong revival of global economic growth. All of this helped equities to deliver strong gains, while also fostering expectations of higher inflation; as a result, yields on core government bonds (which move inversely to price) rose sharply. Corporate bonds held up better, with credit spreads narrowing in both investment grade (IG) and high yield (HY). Better-than-expected corporate earnings also bolstered sentiment towards risk assets.

The MSCI AC World index produced a solid positive return in local-currency terms, but this was reduced on a sterling basis as the UK currency strengthened. Investors continued to rotate out of stocks that had performed best amid pandemic-driven restrictions – such as the big technology names – and into beaten-down cyclical with the most to gain from an economic reopening. The chief beneficiaries included financials, which were buoyed by rising bond yields, along with energy and materials, which were lifted by rising commodity prices.

The FTSE All-Share index also performed well, helped by the rotation towards cyclical. UK equities also benefited from the country's rapid vaccine rollout. Together with the easing of pandemic-related restrictions in April and May, this fostered hopes of a strong economic rebound. Meanwhile, first-quarter earnings were generally well received. The UK's improved economic outlook propelled the pound higher, as did fading prospects that the Bank of England would adopt negative interest rates.

The US vaccination programme got off to a sluggish start, but later accelerated to become one of the fastest in major economies, alongside that of the UK.

President Biden signed a \$1.9tn fiscal-stimulus bill into law in March, and subsequently announced a \$2tn package focused on infrastructure and a \$1.8tn proposal to invest in education and childcare. Despite the surge in planned spending, the Federal Reserve downplayed concerns about higher inflation – even as consumer prices jumped the most since 2008 in April – and indicated that interest rates were unlikely to rise before 2024.

In contrast to the UK and the US, the EU's vaccine rollout was slow initially due to supply problems and safety concerns, before picking up speed in April. Still, countries including Germany, France and Italy imposed tighter lockdown measures in response to rising COVID-19 infections and deaths. As a result, the eurozone economy contracted in the first quarter of 2021, slipping back into recession. Even so, inflation in the euro area hit a two-year high in April. Meanwhile, the European Central Bank (ECB) ramped up its debt purchases in response to rising bond yields and suggested that higher inflation would prove to be temporary.

In fixed income, yields on benchmark 10-year US and UK government bonds increased sharply during the review period. The rise in German bund yields was more modest, given the ECB's support and the EU's initially patchy vaccination programme. Credit spreads tightened in the sterling IG and European HY markets.

In terms of activity, there was little change over the review period. The largest allocation was still to UK equities, which accounted for nearly two-thirds of the portfolio. Approximately 20% was invested in global and European equities. The remainder was largely invested in UK IG and European HY bonds, with a small portion in cash.

Despite the ongoing battle with coronavirus, a synchronised global economic recovery is underway. Risk assets have staged a remarkable rebound over the past year, helped by the greater number of efficacious vaccines than many expected, and crucially, a continuation of the enormous stimulus from governments and central banks across the world. The improved prospects for the world economy have led investors to factor in a quicker start to the next interest-rate hiking cycles in the US and the UK. This has pushed up government bond yields, but the degree to which it has impacted equities and credit spreads has so far been relatively modest. We believe that increases in inflation will be transitory and only anticipate a gradual tapering of emergency support over the second half of 2021.

Turning to the UK equities market, valuations are deeply discounted relative to global averages, as a result of the earlier uncertainty around Brexit and COVID-19. However, the outlook is now more positive as vaccines are rolled out, and the UK market offers global exposure alongside attractive governance factors. Global firms listed in the UK are trading at material price-to-earnings discounts relative to overseas competitors. As such, mergers and acquisitions have taken off, and we expect this trend to continue.

The outlook for credit has become more balanced of late as credit spreads in the IG and European HY markets are now well inside their short-term (5-year) and long-term (20-year) averages. To that extent, both markets appear fully valued. It is important to note, however, that on a time-weighted basis, it is common for spreads to trade inside averages most of the time.

Valuations aside, there are a number of encouraging aspects to the current backdrop, as a return to something approaching economic normality may be in sight later in the year. There is also the tailwind of an expected improvement in credit metrics for the year ahead. Likewise, accommodative monetary and fiscal policy conditions should help credit at a time when new issuance is expected to be relatively light, especially in IG.

\*Refers to the Retail Class A units.

## Threadneedle Managed Equity Income Fund

### STATEMENT OF TOTAL RETURN

for the accounting period 26 February 2021 to 14 May 2021

	Notes	26/02/2021 to 14/05/2021 £000	25/02/2021 £000
Income			
Net capital gains/(losses)	3	3,759	(2,350)
Revenue	4	476	2,672
Expenses	5	(104)	(974)
Net revenue before taxation		372	1,698
Taxation	6	–	–
Net revenue after taxation		372	1,698
<b>Total return before equalisation</b>		<b>4,131</b>	<b>(652)</b>
Distributions	7	(474)	(2,645)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>3,657</b>	<b>(3,297)</b>

### BALANCE SHEET

as at 14 May 2021

	Notes	2021 £000	February 2021 £000
<b>Assets:</b>			
<b>Current assets:</b>			
Investments		–	77,905
Debtors	8	–	122
Cash and bank balances		1	743
<b>Total assets</b>		<b>1</b>	<b>78,770</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		–	(332)
Other creditors	9	(1)	(255)
<b>Total liabilities</b>		<b>(1)</b>	<b>(587)</b>
<b>Net assets attributable to unitholders</b>		<b>–</b>	<b>78,183</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 26 February 2021 to 14 May 2021

	26/02/2021 to 14/05/2021 £000	25/02/2021 £000
<b>Opening net assets attributable to unitholders</b>	<b>78,183</b>	<b>91,465</b>
Amounts receivable on the issue of units	685	7,398
Amounts payable on the cancellation of units	(1,898)	(17,385)
Amounts payable on in specie transfers	(80,627)	–
	(81,840)	(9,987)
Change in net assets attributable to unitholders from investment activities (see statement of total return above)	3,657	(3,297)
Unclaimed distributions	–	2
<b>Closing net assets attributable to unitholders</b>	<b>–</b>	<b>78,183</b>

### DISTRIBUTION TABLE

for the accounting period 26 February 2021 to 14 May 2021

Dividend distribution in pence per unit

#### Class A – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2021	Distribution Paid 2020/2021
<b>Group 1</b>				
26/02/21 to 25/03/21	0.2834	–	0.2834	0.1850
26/03/21 to 09/04/21	0.1681	–	0.1681	–
26/03/20 to 25/04/20	–	–	–	0.1850
26/04/20 to 25/05/20	–	–	–	0.1850
26/05/20 to 25/06/20	–	–	–	0.1850
26/06/20 to 25/07/20	–	–	–	0.1850
26/07/20 to 25/08/20	–	–	–	0.1850
26/08/20 to 25/09/20	–	–	–	0.1850
26/09/20 to 25/10/20	–	–	–	0.1850
26/10/20 to 25/11/20	–	–	–	0.1850
26/11/20 to 25/12/20	–	–	–	0.1850
26/12/20 to 25/01/21	–	–	–	0.1850
26/01/21 to 25/02/21	–	–	–	0.2935
<b>Total distributions in the period</b>			<b>0.4515</b>	<b>2.3285</b>
<b>Group 2</b>				
26/02/21 to 25/03/21	0.0784	0.2050	0.2834	0.1850
26/03/21 to 09/04/21	0.0681	0.1000	0.1681	–
26/03/20 to 25/04/20	–	–	–	0.1850
26/04/20 to 25/05/20	–	–	–	0.1850
26/05/20 to 25/06/20	–	–	–	0.1850
26/06/20 to 25/07/20	–	–	–	0.1850
26/07/20 to 25/08/20	–	–	–	0.1850
26/08/20 to 25/09/20	–	–	–	0.1850
26/09/20 to 25/10/20	–	–	–	0.1850
26/10/20 to 25/11/20	–	–	–	0.1850
26/11/20 to 25/12/20	–	–	–	0.1850
26/12/20 to 25/01/21	–	–	–	0.1850
26/01/21 to 25/02/21	–	–	–	0.2935

#### Class B – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2021	Distribution Paid 2020/2021
<b>Group 1</b>				
26/02/21 to 25/03/21	0.2955	–	0.2955	0.1900
26/03/21 to 09/04/21	0.1752	–	0.1752	–
26/03/21 to 25/04/21	–	–	–	0.1900
26/04/21 to 25/05/21	–	–	–	0.1900
26/05/21 to 25/06/21	–	–	–	0.1900
26/06/21 to 25/07/21	–	–	–	0.1900
26/07/21 to 25/08/21	–	–	–	0.1900
26/08/21 to 25/09/21	–	–	–	0.1900
26/09/21 to 25/10/21	–	–	–	0.1900
26/10/21 to 25/11/21	–	–	–	0.1900
26/11/21 to 25/12/21	–	–	–	0.1900
26/12/21 to 25/01/22	–	–	–	0.1900
26/01/22 to 25/02/22	–	–	–	0.3352
<b>Total distributions in the period</b>			<b>0.4707</b>	<b>2.4252</b>
<b>Group 2</b>				
26/02/21 to 25/03/21	0.0784	0.2171	0.2955	0.1900
26/03/21 to 09/04/21	0.0752	0.1000	0.1752	–
26/03/21 to 25/04/21	–	–	–	0.1900
26/04/21 to 25/05/21	–	–	–	0.1900
26/05/21 to 25/06/21	–	–	–	0.1900
26/06/21 to 25/07/21	–	–	–	0.1900
26/07/21 to 25/08/21	–	–	–	0.1900
26/08/21 to 25/09/21	–	–	–	0.1900
26/09/21 to 25/10/21	–	–	–	0.1900
26/10/21 to 25/11/21	–	–	–	0.1900
26/11/21 to 25/12/21	–	–	–	0.1900
26/12/21 to 25/01/22	–	–	–	0.1900
26/01/22 to 25/02/22	–	–	–	0.3352

## Threadneedle Managed Equity Income Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z – Income units

Distribution Period	Revenue	Equalisation	Distribution Paid/Payable 2021	Distribution Paid 2020/2021
<b>Group 1</b>				
26/02/21 to 25/03/21	0.4132	–	0.4132	0.2600
26/03/21 to 09/04/21	0.2452	–	0.2452	–
26/03/21 to 25/04/21	–	–	–	0.2600
26/04/21 to 25/05/21	–	–	–	0.2600
26/05/21 to 25/06/21	–	–	–	0.2600
26/06/21 to 25/07/21	–	–	–	0.2600
26/07/21 to 25/08/21	–	–	–	0.2600
26/08/21 to 25/09/21	–	–	–	0.2600
26/09/21 to 25/10/21	–	–	–	0.2600
26/10/21 to 25/11/21	–	–	–	0.2600
26/11/21 to 25/12/21	–	–	–	0.2600
26/12/21 to 25/01/22	–	–	–	0.2600
26/01/22 to 25/02/22	–	–	–	0.5234
<b>Group 2</b>				
26/02/21 to 25/03/21	0.0193	0.3939	0.4132	0.2600
26/03/21 to 09/04/21	0.1048	0.1404	0.2452	–
26/03/21 to 25/04/21	–	–	–	0.2600
26/04/21 to 25/05/21	–	–	–	0.2600
26/05/21 to 25/06/21	–	–	–	0.2600
26/06/21 to 25/07/21	–	–	–	0.2600
26/07/21 to 25/08/21	–	–	–	0.2600
26/08/21 to 25/09/21	–	–	–	0.2600
26/09/21 to 25/10/21	–	–	–	0.2600
26/10/21 to 25/11/21	–	–	–	0.2600
26/11/21 to 25/12/21	–	–	–	0.2600
26/12/21 to 25/01/22	–	–	–	0.2600
26/01/22 to 25/02/22	–	–	–	0.5234
<b>Total distributions in the period</b>			<b>0.6584</b>	<b>3.3834</b>

## Threadneedle Managed Equity Income Fund

### Comparative Table Disclosure

	Class A – Income units			Class B – Income units		
	14/05/2021 <sup>1</sup>	25/02/2021	25/02/2020	14/05/2021 <sup>1</sup>	25/02/2021	25/02/2020
<b>Change in net assets per unit</b>						
Opening net asset value per unit (p)	74.14	76.60	74.82	77.29	79.69	77.65
Return before operating charges (p)	4.95	0.85	6.19	5.06	0.91	6.38
Operating charges (p)	(1.01)	(0.98)	(1.29)	(0.94)	(0.88)	(1.14)
Return after operating charges (p)*	3.94	(0.13)	4.90	4.12	0.03	5.24
Distributions (p)	(0.45)**	(2.33)	(3.12)	(0.47)**	(2.43)	(3.20)
Redemption value as at 9 April 2021	(77.63)	–	–	(80.94)	–	–
Closing net asset value per unit (p)	–	74.14	76.60	–	77.29	79.69
*after direct transaction costs of (p)	–	–	–	–	–	–
<b>Performance</b>						
Return after charges (%)	5.31	(0.17)	6.55	5.33	0.04	6.75
<b>Other information</b>						
Closing net asset value (£000)	–	40,747	53,804	–	21,367	25,557
Closing number of units	–	54,959,372	70,239,342	–	27,645,023	32,068,506
Operating charges (%)**	1.34 <sup>†</sup>	1.42	1.67	1.19 <sup>†</sup>	1.22	1.42
Performance fee (%)	–	–	0.14	–	–	0.14
Direct transaction costs (%)	–	–	–	–	–	–
<b>Prices</b>						
Highest unit price (p)	77.80	76.16	83.87	81.12	79.41	84.06
Lowest unit price (p)	73.50	57.14	73.59	76.62	59.45	76.42
<b>Class Z – Income units</b>						
	14/05/2021 <sup>1</sup>	25/02/2021	25/02/2020			
<b>Change in net assets per unit</b>						
Opening net asset value per unit (p)	108.10	111.03	107.85			
Return before operating charges (p)	6.69	1.33	8.79			
Operating charges (p)	(0.87)	(0.88)	(1.19)			
Return after operating charges (p)*	5.82	0.45	7.60			
Distributions (p)	(0.66)**	(3.38)	(4.42)			
Redemption value as at 9 April 2021	(113.26)	–	–			
Closing net asset value per unit (p)	–	108.10	111.03			
*after direct transaction costs of (p)	–	–	–			
<b>Performance</b>						
Return after charges (%)	5.38	0.41	7.05			
<b>Other information</b>						
Closing net asset value (£000)	–	16,069	12,104			
Closing number of units	–	14,865,827	10,901,340			
Operating charges (%)**	0.79 <sup>†</sup>	0.85	1.07			
Performance fee (%)	–	–	0.14			
Direct transaction costs (%)	–	–	–			
<b>Prices</b>						
Highest unit price (p)	113.50	111.10	117.10			
Lowest unit price (p)	107.16	82.84	106.30			

\*\* This figure is as at the last distribution on 9 April 2021.

\*\*\*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 Fund terminated on 14 May 2021.

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

# Threadneedle Managed Equity Income Fund

## Notes to the Financial Statements

for the accounting period 26 February 2021 to 14 May 2021

### 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 financial statements have been prepared on a basis other than going concern. Comparative figures were prepared on a going concern basis. No adjustments were required to the Final Report and Accounts to adjust assets or liabilities to their realisable values, reclassify fixed assets or long-term liabilities as current assets or liabilities or to provide for liabilities arising from the decision, and all future costs will be borne by the Manager. The fund was closed on 9 April 2021, and assets and liabilities of the Fund were transferred to a new sub-fund (of the same name) launched in Threadneedle Opportunity Investment Funds ICVC via an in-specie. Following this, the Authorised Fund Manager decided to terminate the fund as all its residual assets and liabilities were settled. The termination of the fund was completed on 14 May 2021.

#### (b) Basis of valuation of investments

There are no listed investments on 14 May 2021.

Previously investments of the fund were valued using the single price at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may have included an adjustment to cover dealing costs in the underlying funds.

#### (c) Exchange rates

Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

#### (d) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends and distributions from Collective Investment Schemes (CIS) are recognised when the security is quoted ex-dividend.

Any reported revenue from an offshore fund with UK fund reporting status in excess of any distributions is recognised as revenue after the end of the reporting period not later than the date when the reporting fund makes this information available.

#### (e) Treatment of expenses (including management expenses)

All expenses other than those relating to the purchase and sale of investments, are included in expenses, in the Statement of Total Return. Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

#### (f) Fee rebate

In addition to any direct charge for registration and management fees within the fund, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are taken to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

#### (g) Allocation of revenue and expenses to multiple unit classes

The allocation of revenue and expenses to each unit class is based upon the proportion of the fund's capital net assets attributable to each unit class on the day the revenue is earned or the expense is suffered. Annual management charges and registration fees are specific to each unit class.

#### (h) Deferred tax

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

#### (i) Equalisation policy

The fund operates equalisation to ensure the level of distributable income for any unit class is not affected by the issue or cancellation of units.

### 2 DISTRIBUTION POLICIES

Where the revenue from investments exceeds the expenses and taxation a distribution will be made from that unit class. Should expenses and taxation exceed revenue for any unit class, there will be no distribution for that unit class and a transfer from capital will be made to cover the shortfall.

Revenue attributable to accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

Annual management charges are transferred to the capital of the fund and therefore disregarded in determining the revenue available for distribution.

Where distributions are unclaimed for a period of six years these are brought back into the trust as capital. When a transfer is made between the revenue and capital of the same unit class marginal tax relief is not taken into account when determining the distribution. Marginal tax relief is only taken into account where the transfer of benefit is between the revenue and capital property of at least two different unit classes of the fund.

Equalisation on distributions received is treated as a repayment of capital and therefore disregarded in determining the revenue available for distribution.

### 3 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

	2021	2021
	£000	£000
Non-derivative securities	3,759	(2,386)
Management fee rebate on collective investment scheme holdings	–	36
Net capital gains/(losses)	3,759	(2,350)

### 4 REVENUE

	2021	2021
	£000	£000
Franked dividend distributions	406	2,261
Unfranked dividend distributions	70	403
Management fee rebate on collective investment scheme holdings	–	8
Total revenue	476	2,672

### 5 EXPENSES

	2021	2021
	£000	£000
Payable to the Manager or associates of the Manager, and the agents of either of them:		
Annual management charge	(102)	(946)
	(102)	(946)
Payable to the trustee or associates of the trustee, and the agents of either of them:		
Trustee fees	(1)	(9)
Safe custody fees	(1)	(9)
	(2)	(18)
Other expenses:		
Audit fees**	–	(10)
	–	(10)
Total expenses*	(104)	(974)

\*Including irrecoverable VAT where applicable.

\*\*All fees payable in relation to the liquidation of the Threadneedle Managed Equity Income Fund are being borne by the ACD.

### 6 TAXATION

	2021	2021
	£000	£000
<b>a) Analysis of charge in period</b>		
Total current tax (note 6b)	–	–
Total tax charge for the period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	372	1,698
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(74)	(340)
Effects of:		
Revenue not subject to taxation	81	452
Excess expenses	(7)	(105)
Capitalised revenue subject to taxation	–	(7)
Current tax charge for period (note 6a)	–	–

The fund has not recognised a deferred tax asset of £112,137 (2021: £105,372) arising as a result of having unutilised management expenses. The movement in deferred tax asset may not agree to the excess expenses figure quoted above due to prior year adjustments.



# Threadneedle Managed Equity Income Fund

## Notes to the Financial Statements

(continued)

### 7 DISTRIBUTIONS

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

	2021	2021
	£000	£000
Interim	471	2,269
Final	–	332
	471	2,601
Add: Revenue deducted on the cancellation of units	5	85
Deduct: Revenue received on the creation of units	(2)	(41)
Net distribution for the period	474	2,645
Net revenue after taxation	372	1,698
Annual management charge to capital	102	946
Equalisation on conversion	–	1
Total distributions	474	2,645

Details of the distribution per unit are set out in the table on pages 4 to 5.

### 8 DEBTORS

	2021	2021
	£000	£000
Amounts receivable for the issue of units	–	31
Accrued revenue	–	91
Total debtors	–	122

### 9 OTHER CREDITORS

	2021	2021
	£000	£000
Amounts payable for the cancellation of units	–	(191)
Accrued expenses	(1)	(5)
Amounts payable to Manager	–	(59)
Total other creditors	(1)	(255)

### 10 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, a related party, acts as principal in respect of all transactions of units in the fund. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due to or from Threadneedle Investment Services Limited in respect of unit transactions at the end of the accounting period are disclosed in Notes 8 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund administration and registrar services are disclosed in Note 9. A balance of £Nil (2021: £59,151), in respect of annual management service charge and £Nil (2021: £Nil), in respect of registration fees are due at the end of the accounting period.

Amounts payable to Citibank Europe plc, a related party, in respect of trustee services and safe custody charges are disclosed in Note 9. A balance of £236 (2021: £650), in respect of trustee services and £229 (2021: £579), in respect of safe custody is due at the end of the accounting period.

The fund receives and pays interest on deposits held with Citibank Europe plc as disclosed in Note 4. A balance of £Nil (2021: £5), was receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The fund invests in a number of funds managed by Columbia Threadneedle, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the gains and losses in the period are disclosed in Note 3. Details of revenue received from the funds are shown in Note 4 and amounts receivable at the end of the accounting period in Note 8.

The Manager, or associate of the Manager acted as principal in all investment transactions.

### 11 UNITHOLDER FUNDS

There are no unitholders left in the fund. Prior to the closure the fund had three unit classes; Class A, Class B and Class Z units. The charges on each unit class are as follows:

#### Annual management charge

Class A units	1.25%
Class B units	1.10%
Class Z units	0.70%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 6. The distribution per unit class is given in the distribution table on pages 4 to 5. All classes have the same rights on winding up.

### Reconciliation of units

	2021
<b>Class A – Income units</b>	
Opening units	54,959,372
Units issued	299,216
Units redeemed	(55,258,588)
Net conversions	–
Closing units	–
<b>Class B – Income units</b>	
Opening units	27,645,023
Units issued	171,206
Units redeemed	(27,816,229)
Net conversions	–
Closing units	–
<b>Class Z – Income units</b>	
Opening units	14,865,827
Units issued	122,629
Units redeemed	(14,988,456)
Net conversions	–
Closing units	–

### 12 RISK MANAGEMENT

The following section in relation to Risk Management covers the period 26 February 2021 to 14 May 2021. In pursuing its investment objectives set out on page 3, the Fund may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle (Lux) Funds of which a maximum of 20% of the value of the property of the fund may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity;
- Derivative transactions to manage the currency and market risks arising from the fund's investment activities.

The Manager uses a risk management process (RMP)\*, as reviewed by the Trustee.

Throughout the period under review, it has been the policy of the fund to buy and sell financial instruments for the purpose of investment rather than trading. The main risks arising from the fund's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the fund and they are summarised below.

\*The RMP available on request from the client services team (contact details on page 17).

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term. The fund is exposed to market risk by virtue of their Investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the trust deed, the prospectus and in the Financial Conduct Authority's (FCA's) Collective Investment Schemes Sourcebook and describe the nature of the market price risk to which the fund will be exposed.

#### Market price risk sensitivity

As there are no investments at the balance sheet date, no market price sensitivity analysis has been shown. For February 2021, a 5% market increase applied to the equity proportion of the fund would result in an increase on net asset value of the fund by 4.25% and a 1.00% interest rate decrease applied to the bond proportion of the fund would result in an increase on this portion of the fund by 1.28%.

# Threadneedle Managed Equity Income Fund

## Notes to the Financial Statements

(continued)

### Currency risk

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the fund's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the fund's principal currency.

Two principal areas where foreign currency risk could impact the fund are:

- Where movements in rates affect the value of the underlying investments, the fund may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the fund does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the fund at the balance sheet date.

### Currency sensitivity

As the fund has no material currency exposure, no sensitivity analysis has been shown (2021: same).

### Credit risk/Counterparty risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment. The fund is exposed to credit/counterparty risk by virtue of the underlying investments is the CIS's it holds.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including Floating Rate Notes) there is the possibility of default of the issuer and default in the underlying assets meaning that the fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the fund suffering a loss.

In order to manage credit risk the fund and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty. Brokers are monitored on an on-going basis for suitability and creditworthiness.

### Credit/Counterparty exposure

As at the balance sheet date there is no derivative exposure or collateral to disclose (2021: same).

The fund did not hold any collateral received from the fund's counterparties in either the current or prior year.

### Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates.

The fund may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the fund also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

### Interest rate risk sensitivity

No sensitivity analysis shown as the fund has minimal exposure to interest rate risk in relation to cash balances (2021: same).

## 13 FAIR VALUE DISCLOSURE

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

**Level 1** – Quoted prices for identical instruments in active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

**Level 2** – Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investments schemes.

**Level 3** – Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

Valuation technique	2021		2021	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 2	–	–	77,905	–
	–	–	77,905	–

## 14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2021: Nil).

## 15 PORTFOLIO TRANSACTION COSTS

During the period under review the fund's purchases and sales of collective investment schemes purchases and sales amounted to £Nil (2021: £82,745,272) and £1,259,033 (2021: £94,417,678) respectively. In specie transaction costs and proceeds amounted to £Nil (2021: £Nil) and £80,405,038 (2021: £Nil) respectively. The purchases and sales are not subject to portfolio transaction costs.

At the balance sheet date, the portfolio dealing spread was Nil (25 February 2021: Nil), being the difference between the respective buying and selling prices for the fund's investments.

### **Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme**

The Collective Investment Schemes (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Scheme and of its net revenue and the net capital gains on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA);
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Threadneedle Managed Equity Income Fund ("the Trust") for the Period ended 14 May 2021**

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe plc,  
UK Branch  
London

19 August 2021

## Independent auditors' report to the Unitholders of Threadneedle Managed Equity Income Fund

### Report on the audit of the financial statements Opinion

In our opinion, the financial statements of Threadneedle Managed Equity Income Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 14 May 2021 and of the net revenue and the net capital losses on its scheme property for the period from 26 February 2021 to 14 May 2021 ("the period") then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Final Report and Audited Financial Statements (the "Final Report"), which comprise: the Balance Sheet as at 14 May 2021; the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders for the period then ended; the Distribution Tables; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Emphasis of Matter – Basis of Preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 (a) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

#### Reporting on other information

The other information comprises all of the information in the Final Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

#### Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

#### Responsibilities for the financial statements and the audit

*Responsibilities of the Authorised Fund Manager for the financial statements*  
As explained more fully in the Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Trust/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

- Discussions with the Authorised Fund Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Fund Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### Other required reporting

**Opinion on matter required by the Collective Investment Schemes sourcebook**  
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
19 August 2021

## Portfolio Statement

as at 14 May 2021

Holding	Investment	Value £000	% of Net Asset Value
<b>COLLECTIVE INVESTMENT SCHEMES 0.00% (99.64%)</b>			
	UK equity 0.00% (63.84%)		
	UK bond 0.00% (10.66%)		
	Overseas equity 0.00% (20.08%)		
	Overseas bond 0.00% (5.06%)		
	<b>Total collective investment schemes</b>	-	-
	<b>Total value of investments</b>	-	-
	<b>Net other assets (0.36%)</b>	-	-
	<b>Net assets</b>	-	-

February 2021 comparatives in brackets.

## Important Information

### General

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. Until 31 December 2020, the fund was 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 "UCITS Directive").

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

### Changes to the Prospectus

During the period from 26 February 2021 to 14 May 2021, the following changes were made to the prospectus of the fund:

- Amendments required as a result of changes to UK law, rules and regulations affecting collective investment schemes following the UK's exit from the European Union.
- Update to the list of directors of the Manager.
- Updates to Appendix III (Eligible Securities Markets and Eligible Derivatives Markets).
- Updates to Appendix IV (Performance of the Fund).
- Updates to Appendix VI (Delegates of the Depositary).
- Effective 9 April 2021 change of name of the Fund to include (in wind-up).

### Changes to the Trust Deed

- During the period from 26 February 2021 to 14 May 2021 the Trust Deed was amended to reflect the change of name of the fund to Threadneedle Manged Equity Income Fund (in wind-up).

### Brexit

The UK's departure from the European Union (EU) single market became effective from 1 January 2021 with the end of the Brexit transition period and the post-Brexit trade deal between the UK and EU taking effect at 11pm on 31 December 2020.

As a result of the UK leaving the EU, UK funds managed by a UK manager such as the fund will no longer qualify as EEA UCITS Schemes under the UCITS Directive and can therefore no longer benefit from the passporting rights under the EEA UCITS regime. Under the UCITS Directive, both the collective investment funds and their managers must be established and registered or authorised in the EU in order to be able to market funds to retail and professional investors across the EU.

The Fund, authorised as a UK UCITS Scheme, still follows all the same rules and regulations as EEA UCITS Schemes, but it can no longer be marketed in the EEA States using a UCITS passport.

### 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.

### 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>

### 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.

### 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.

### Remuneration Disclosures

This disclosure is made in respect of the remuneration policy of Threadneedle Asset Management Srl ("TAM Srl" or "the Group"), as it applies to Threadneedle Investments Services Limited ("the Manager") in respect of the Undertakings for Collective Investment in Transferable Securities ("UCITS") Directive and other applicable rules and guidance. The Remuneration Policy applies to all its subsidiary entities to which the UCITS directives requirements apply, and was last approved by the Remuneration Committee in June 2018.



## Important Information

(continued)

### 1. The Remuneration Committee

The Remuneration Committee of TAM Sarl is a sub-committee of the TAM Sarl Board with the responsibility to establish the philosophy and objectives that will govern the Group's compensation and benefit programmes; review and approve compensation and benefit plans, policies, and practices; and oversee and approve the Group's remuneration. It has been determined to be independent of the day-to-day executive management of the Group, its Members being Directors of the Group who are nominated by Ameriprise Financial, and the Group's parent company.

Current Committee Members are Mr Walter Berman, and Mr Ted Truscott. Meetings are normally held in January, March, June, September and December. The Group's Global Head, Reward acts as Secretary to the Committee. The Committee may invite the attendance of any Group employee or functional expert from the parent company as deemed appropriate, to allow it to fulfil its responsibilities including ensuring remuneration is consistent with effective risk management and does not encourage excessive risk taking.

### 2. Determining Incentive Remuneration Pools

The Manager made its annual Total Incentive Award decisions from separate pools covering the Property business, Distribution unit, Investments business and Support functions, ultimately aggregated for governance and oversight at the EMEA regional level. Those pools are determined at the final discretion of the Remuneration Committee with reference to four un-weighted factors being a 'Top-Down' assessment of market practice, legal and regulatory requirements and any other internal or external contextual factors; a 'Bottom-Up' calculation based on business performance against Plan and Target Incentive level for the firm (see 'Pay for Performance' below); the overall financial and strategic performance of the Group; and the financial and strategic performance of Ameriprise Financial as the Group's parent company and shareholder. The Committee also receives ongoing reports through the year from the Risk function regarding risk assessments and any themes or areas of note related to risk control or risk-related behavioural concerns.

The Committee takes all of these factors into account in order to make a balanced decision on the Total Incentive pool for the year in question.

### 3. Determining Individual Total Incentive Awards

Individual reward decisions are wholly discretionary, although strongly informed by the annual performance appraisal and by known market remuneration levels for equivalent jobs as well as by the pool funding available. Risk and Compliance provide a critical input to final performance rating setting, ensuring that any risk and relevant behavioural concerns are reflected in performance appraisals and subsequently in remuneration recommendations. The leads in Risk and Compliance also report directly to the Remuneration Committee of the award process to ensure that the Committee receives a direct report on which to base its final risk adjustment decisions.

Base salaries are maintained at a market-competitive level in order to ensure that, if required, it is possible to award zero incentive.

### Pay for Performance

The bottom-up element of the incentive pool determination process measures team and wider business performance against key business targets for each area of the Group, including longer-term investment performance for the Investments and Property divisions and a mix of gross and net sales for Distribution. Investment performance is assessed against each fund's benchmarks and its risk profile. All such assessments' impacts on the bottom-up calculation are capped so as not to incentivise managers to take excessive risk in order to deliver higher incentive pools. While the Group and parent company financial and strategic results are important factors in pool determination, the model is set up to ensure that delivery of the business' core goals, including delivering investment performance to its customers, is an explicit and significant driver in pool determination for those divisions.

Individual discretionary awards from the available funding, in context of market-competitive reward levels for the job in question, are driven strongly by each individual's ratings against Goals (objectives) and the Group's Values, each of which is separately rated on a 5-point scale to ensure the Values assessment is given due prominence. Goals focus on the key deliverables for the role that year, in particular on the delivery of investment performance for Investments employees and for the Property division: all employees are also managed against a mandatory Risk Management Goal. Investment performance, where relevant to the role, is assessed against each fund's benchmark and its risk profile.

Ratings are consistency-checked across the business with the input of the Heads of Risk and Compliance to ensure balance and due reflection of risk management. For Sales, Property and Investment incentives there is no pre-determined grid or formula driving awards, which are discretionary in order to be able to account for and reflect all relevant factors.

### Delivery of Total Incentives

Threadneedle believes that deferred awards for higher earners and risk-takers are a matter of good practice and an important part of aligning key staff's interests with the long-term interests of customers and shareholders. To that end, Total Incentive awards for all employees in the Group may be delivered partly in deferred awards through the Ameriprise Financial Long-Term Incentive Award ("LTIA") programme and, for Code Staff and those in the Investments division, through a fund deferral programme. Deferrals, and delivery of awards in instruments, will comply with relevant regulatory requirements in force from time to time.

Staff qualifying as Code Staff/Identified employees and those of a comparable level of seniority are subject to a higher rate of deferral. 50% of the overall incentive award is delivered in fund-linked units subject to a holding period after delivery. The fund linked units are designed to reflect the performance of a cross section of products and asset classes within the region.

### 4. Identified Staff

The Manager defines its' Code Staff/Identified Staff in line with the definitions provided by SYSC 19E and associated guidance. Those Identified Staff are the senior management, individuals with a material impact on the risk profile of UCITS, individuals within control functions and other employees whose total remuneration takes them in to the same bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages. In practice, this will include the named Fund Managers of the Manager's funds.

### 5. Remuneration Payment Disclosure

The performance period for remuneration operate on a calendar year basis.

Total remuneration paid by the Management Company to 14 UCITS V Remuneration Code Staff Senior Managers in respect of its UCITS activities in the 2020 performance year was £1.10m, of which £0.48m was fixed and £0.62m was variable. Total remuneration paid to other members of the UCITS Remuneration Code Staff whose actions had a material impact on the risk profile of the Manager was £6.79m, of which £2.87m was fixed and £3.92m was variable. Total Remuneration paid to delegated managers of UCITS regulated funds was £0.40m, of which £0.08m was fixed and £0.32m was variable.

## Directory

### Manager

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

### Registered Office

Cannon Place  
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London EC4N 6AG

### Client Services Details

**Address:** Threadneedle Investment Services Limited

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**Fax UK Investors (dealing):** 0845 113 0274

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**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)

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St Nicholas Lane, Basildon, Essex SS15 5FS

### Directors of the Manager

K Cates (non-executive)

J Griffiths

A Roughead (non-executive)

R Vincent

L Weatherup

### Investment Manager

Threadneedle Asset Management Limited

(Authorised and regulated by the FCA)

### Registered Office

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### Trustee

Citibank Europe plc, UK Branch

(Authorised by the Prudential Regulatory Authority (PRA)

and regulated by the FCA and PRA)

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\*Calls will be recorded



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



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