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Dear Adviser,

Important changes to the CT European Smaller Companies Fund – no action required

As your clients are shareholders in the CT European Smaller Companies Fund (“the Fund”), we would like to let you know of a change we are making to clarify the companies that the Fund can invest into.

What changes are we making?

From 1 March 2025, we are changing the Fund’s definition of “European smaller companies” as described in its investment policy. This definition prescribes the permitted investment universe for the Fund, i.e. the companies that the Fund is allowed to invest in.

The current definition of “European smaller companies” refers to companies in Continental Europe, or with significant business operations in the region that are not in the top 225 companies in the FTSE World Europe ex UK Index at the time that the shares in the companies are bought. The FTSE World Europe ex UK Index is an index of large and medium-sized European (excluding UK) companies.

The new definition refers to companies in Continental Europe, or that have significant business operations in the region, that are no larger by free-float adjusted market capitalisation than the companies in the MSCI Europe ex UK Small Cap Index at the time that the shares in the companies are bought. The MSCI European ex UK Small Cap Index is an index of small European (excluding UK) companies, which is regarded as a more appropriate index for the Fund.

Market capitalisation refers to the total value of a company’s shares. The free-float adjusted method of calculating market capitalisation includes only shares available for purchase in public equity markets so excludes, for example, shares held privately, by the company itself and its affiliates or by governments.

The current and amended investment objective and policy are set out in the appendix to this letter.

Columbia Threadneedle Investments will bear all costs related to implementing the changes.

Why are we making a change?

Last year, the Fund's benchmark changed to the MSCI Europe ex UK Small Cap Index. We are now updating the definition of "European Smaller Companies" to reference the new benchmark.

This change is to better align the definition of European smaller companies with how the Fund is managed by reference to the benchmark and provide better clarity for investors. There will be no change to the investments held by the Fund as a consequence of this change. It will not impact the way the Fund is currently managed nor impact the risk profile of the Fund.

The value of your clients' investments and the number of shares they hold will not be affected.

Will my clients have to pay any costs associated with this change?

Columbia Threadneedle Investments will bear all costs related to implementing the changes.

Do my clients need to take any action?

Your clients do not need to take any action as a result of this letter. However, if, for any reason your client feels the Fund is no longer suitable, they have a number of options. Your clients can choose to redeem their shares, or they can switch their investment, free of charge, into another Columbia Threadneedle fund within our UK range. Only funds managed by Threadneedle Investment Services Limited (TISL) (part of the Columbia Threadneedle group of companies), are currently available for this purpose¹. Should your clients decide to redeem or switch their shares, it may trigger a taxable event.

Further information

To find out more, please visit www.columbiathreadneedle.com/changes

If you or your clients have any questions regarding this letter or would like more information regarding any of their investments with us, please contact us. For UK advisers please call us on 0800 953 0134*. For advisers outside the UK, please call +44 1268 464 321*. Our team is available from 8:00am to 6:00pm, Monday to Friday (UK time). Please note that we are unable to provide financial or tax advice.

Yours faithfully,



James Perrin
Chief Operating Officer Distribution, EMEA
Columbia Threadneedle Investments

*Calls may be recorded.

¹ This means sub-funds of the Columbia Threadneedle Investment Funds (UK) ICVC, Columbia Threadneedle Specialist Funds (UK) ICVC and Columbia Threadneedle Opportunities Fund (UK) ICVC, as well as CT Property Authorised Investment Fund and CT UK Property Authorised Trust. A fund's prospectus or Key Information Document (KIID) (available on our website) will provide this information or do please contact us on 0800 953 0134 for investors in the UK and +44 1268 464 321 for investors outside the UK, if you require help establishing alternative funds available to you.

Appendix - Comparison of the current and new investment objective & policy

The Fund aims to achieve capital growth over the long term (5 years, or more). It also looks to outperform the MSCI Europe ex UK Small Cap Index (the “Index”) over rolling 3-year periods, after the deduction of charges.

The Fund is actively managed, and invests at least 75% of its assets in shares of European smaller companies.

The Fund considers European smaller companies to be those domiciled in Continental Europe, or with significant Continental European business operations, that at the time of purchase, are no larger by free-float adjusted market capitalisation than the largest constituent of the Index.

The Index is regarded as providing an appropriate representation of the share performance of smaller sized companies across Europe (excluding the UK). It is broadly representative of the companies in which the Fund invests and provides a suitable target benchmark against which Fund performance will be measured and evaluated over time.

The Investment Manager selects smaller companies considered to have good prospects for share price growth, from across different industry and economic sectors, and typically invests in fewer than 100 companies, which may include shares of some companies not within the Index.

The Investment Manager also seeks to create a portfolio that compares favourably against the Index over rolling 12-month periods, when assessed using the Columbia Threadneedle ESG Materiality Rating model.

This model (developed and owned by Columbia Threadneedle Investments) analyses company data to assess how effectively material environmental, social and governance (ESG) risks and opportunities are being managed.

Provided sufficient data is available, the results are combined and expressed as a numerical ESG Materiality rating to indicate how much exposure a company has to material ESG risks and opportunities in a particular industry.

Whilst the Fund may still invest in companies that have poor ESG Materiality ratings, at least 50% of the portfolio is invested in companies with strong ratings, which is also expected to lead to a better weighted average ESG Materiality rating for the Fund than the Index.

In line with its engagement policy, the Investment Manager engages with companies with a view to influencing management teams to address material ESG risks and improve their ESG practices ranging from climate change to board independence and diversity.

Columbia Threadneedle Investments is a signatory to the Net Zero Asset Managers Initiative (NZAMI) and has committed to an ambition to reach net zero emissions by 2050 or sooner for a range of assets, including the Fund.

Accordingly, the Investment Manager will engage on a proactive basis with companies to assist with progressing this ambition. If, after an appropriate period of engagement, a high emitting company does not show progress in meeting the minimum standards considered necessary for continued investment then the Fund will disinvest from the company.

The Fund only invests in companies that follow good governance practices. The Fund does not invest in companies which derive revenue from industries or activities above the thresholds shown: tobacco production (5%); nuclear weapons – indirect involvement (5%), conventional weapons – military, or civilian firearms (10%), and thermal coal – extraction or power generation (30%), providing a company is not engaged in new coal projects. These exclusion criteria may be extended or revised from time to time.

The Fund also excludes companies that have any direct involvement in nuclear weapons, controversial weapons, and companies that the Investment Manager determines to have breached international standards and principles such as the:

- United Nations Global Compact;
- International Labour Organisation Labour Standards; and
- United Nations Guiding Principles on Business and Human Rights.

The Fund may invest in other securities (including fixed interest securities) and collective investment schemes (including funds managed by Columbia Threadneedle companies), when deemed appropriate. The Fund may also hold money market instruments, deposits, cash and near cash. The Fund is not permitted to invest in derivatives for investment purposes, but derivatives may be used with the aim of reducing risk or managing the Fund more efficiently.

Other information

Market capitalisation refers to the total value of a company's shares. The free-float adjusted method of calculating market capitalisation includes only shares available for purchase in public equity markets so excludes, for example, shares held privately, by the company itself and its affiliates or by governments.

Many funds sold in the UK are grouped into sectors or categories, to facilitate comparison between funds with broadly similar characteristics (peer groups). This Fund is included in the Morningstar Category: Europe ex-UK Small/Mid-Cap Equity. Performance data on funds within this category may be used when evaluating the performance of this Fund.