

# QUESTIONS & ANSWERS

CT European Smaller Companies Fund  
Change to definition of smaller companies

# INTRODUCTION

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We are making changes to the CT European Smaller Companies Fund (“the Fund”), a sub-fund of the Columbia Threadneedle Investment Funds ICVC. Following the Fund’s change of benchmark last year, we are now updating the definition of “European Smaller Companies” to reference the benchmark.

## FULL Q&A

### 1. What changes are you 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 new objective and policy are provided below.

### 2. Why are you making these changes?

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 benchmark.

This change is to better align the definition of European smaller companies with how the Fund is managed 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.

### 3. When do the changes take effect?

The changes will take effect from 1 March 2025.

#### 4. Which share classes are affected by these changes?

Please see full list of share classes impacted.

Share Class	ISIN
CT European Smaller Companies Fund Retail Income GBP	GB00B0GHCC05
CT European Smaller Companies Fund Retail Income EUR	GB00B0H6D894
CT European Smaller Companies Fund X Accumulation GBP	GB00BJCW9N28
CT European Smaller Companies Fund Z Accumulation GBP	GB00B84CYY92
CT European Smaller Companies Fund Retail Accumulation GBP	GB0001531424
CT European Smaller Companies Fund Institutional Accumulation GBP	GB0001531531
CT European Smaller Companies Fund Z Income GBP	GB00B978SQ14

#### 5. How will this affect my investment? Will there be any changes to how the Fund is managed?

Your investment will not be affected. 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 investments and the number of shares you hold will not be affected.

#### 6. Do I need to take any action?

No, you do not need to take any action as a result of these changes.

#### 7. Where can I find further information?

If you have any questions, comments or complaints regarding your investments with us, please contact us on 0800 953 0134\*. For investors outside the UK, please call +44 1268 464 321\*. Our team is available from 8:00am to 6:00pm, Monday to Friday (UK time).

\*calls may be recorded

#### 8. What are the changes to the investment objective and policy?

There are no changes to the investment objective of the Fund. The changes to the investment policy are shown below.

Objective and policy
<p>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.</p> <p>The Fund is actively managed, and invests at least 75% of its assets in shares of European smaller companies.</p> <p>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 <u>no larger by free-float adjusted market capitalisation than the largest constituent of the Index.</u></p> <p>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.</p>

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.

For further information visit  
**[COLUMBIATHREADNEEDLE.COM/CHANGES](https://COLUMBIATHREADNEEDLE.COM/CHANGES)**

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