

# INVESTOR UPDATE

IMPORTANT CHANGES AND HOW THEY MAY IMPACT YOU  
AND YOUR INVESTMENTS

MIFID II | GDPR | PROSPECTUS CHANGES





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# INTRODUCTION

There are some important changes taking place in 2018 and in this guide we give you an overview of these changes and what they mean for you as an investor.

**1. MiFID II – 3 January 2018**

**2. GDPR – 25 May 2018**

**3. Prospectus changes – from 1 February 2018**

Please read this guide and if you are unsure of the impact of these changes on your investments, please speak to a financial adviser.

# MiFID II

EFFECTIVE DATE: 3 JANUARY 2018



# MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II (MiFID II)

MiFID II is a European regulation which builds on the original regulation (MiFID I) that sought to make investing more transparent and to standardise regulatory disclosures required for particular markets. What that meant was all financial companies were required to be clearer about costs and charges, and explain them in a standard way.

MiFID II is the combination of the conclusions of the MiFID I review, and the EU implementation of the G20 commitments in response to the financial crisis in 2007/8.

The European Commission set out four objectives for MiFID II:

- To strengthen investor protection.
- To reduce the risks of a disorderly market.
- To reduce systemic risks.
- To increase the efficiency of financial markets and reduce unnecessary costs for participants.

MiFID II will apply from 3 January 2018, and will change the way we operate in the UK and Europe. It will also impact any clients around the world that invest in our UK and European domiciled products.

There are four main areas of change associated with MiFID II for Columbia Threadneedle Investments and our customers:

- Research costs.
- Costs and charges.
- Target market.
- Policies and procedures.

## RESEARCH COSTS

MiFID II stipulates that any fees charged for external investment research applied to a fund have to be disclosed and reported to investors as a single charge, not bundled with other fees.

As an active manager of your investments, our investment process uses extensive in-house research supplemented with specialist external research. This enables us to selectively access broader knowledge to generate performance across our strategies.

From January 2018, external research costs that we incur on your behalf will be paid for by Columbia Threadneedle.

## COSTS AND CHARGES

MiFID II has standardised the reporting of Costs and Charges for each fund, this is done by requesting that all Asset Managers use the same template to report costs and charges – the European MiFID Template (EMT).

Columbia Threadneedle will be using the industry standard EMT to report costs and charges to ensure transparency for our investors, financial advisers and distributors. We will not be publishing the EMT on our website, but have enhanced the costs and charges information we disclose.

## TARGET MARKET

We are required to identify and disclose the potential target market (who the fund is intended for) for each fund. The information that we will provide to investors includes:

- Which type or types of investors the fund is compatible with based on their needs, characteristics and objectives.
- Details of any group or groups of investors the fund is not compatible with based on their needs, characteristics and objectives.

## POLICIES AND PROCEDURES

MiFID II requires firms to update their policies and procedures to reflect the new regulatory requirements. This includes the following policies:

- Conflicts of Interest.
- Complaints.
- Fund and Product Governance.
- Record Keeping.

For further information visit: [columbiathreadneedle.com/MiFID2](https://columbiathreadneedle.com/MiFID2)

# GENERAL DATA PROTECTION REGULATION (GDPR)

EFFECTIVE DATE: 25 MAY 2018



# GENERAL DATA PROTECTION REGULATION (GDPR)

The EU has created a new data protection regime – the GDPR – which will apply from 25 May 2018.

The GDPR is intended to harmonise data protection laws across the EU. Not only does GDPR apply to processing carried out by organisations operating within the EU, it also applies to organisations outside the EU that offer goods and services to EU citizens.

The GDPR is designed to address technological and societal changes that have taken place over the last 20 years and to standardise how organisations manage and protect personally identifiable information.

Columbia Threadneedle Investments has a compliance programme in place to ensure that our data processing

activities will be compliant with the requirements of the GDPR.

Furthermore the UK will be fully compliant with EU data protection laws at the point of its departure from the EU in 2019.

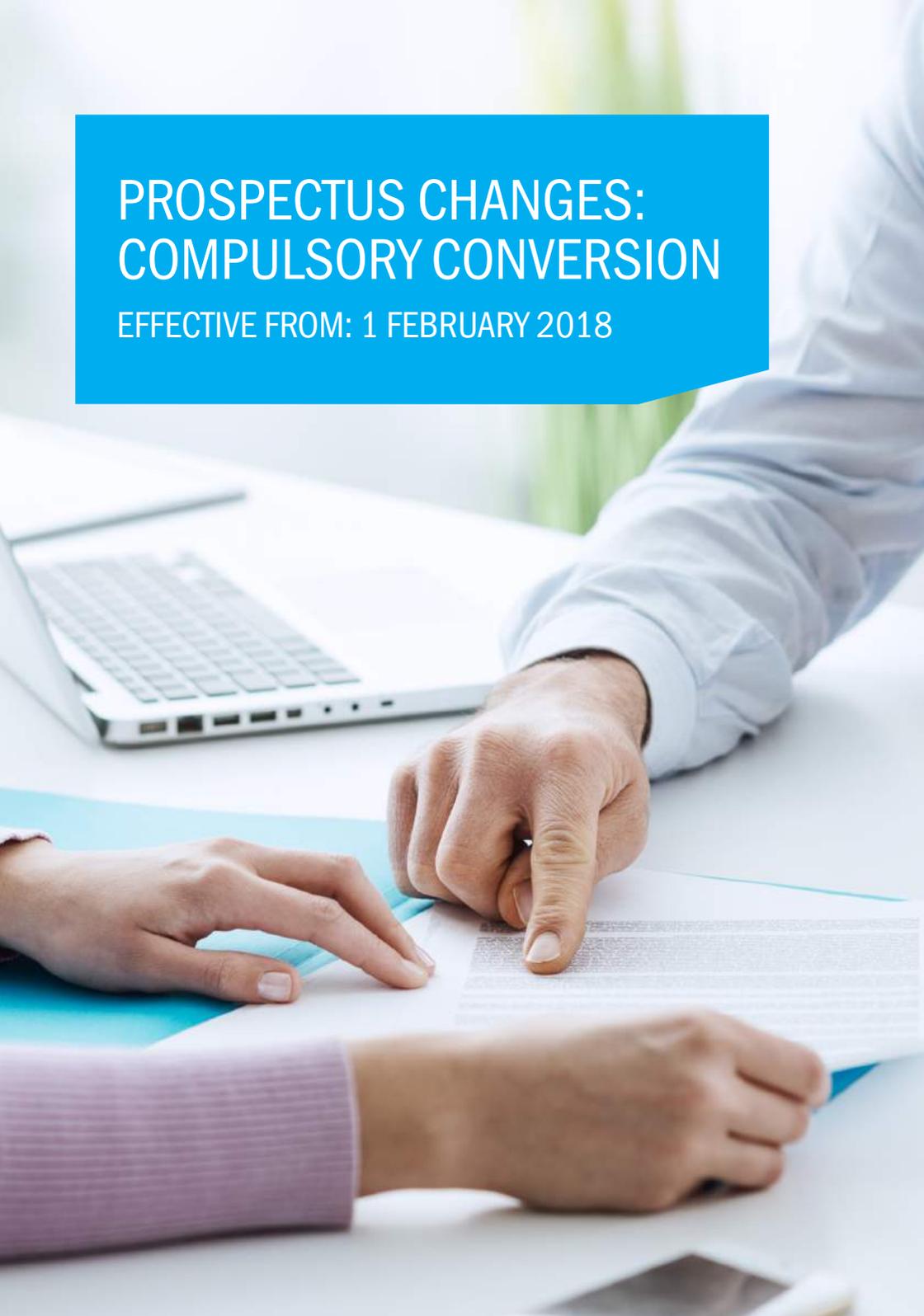
The key objectives of GDPR are to:

- Create a united approach to data protection across the EU.
- Protect EU citizens in the global economy.
- Give individuals full control over their personal data.
- Improve levels of compliance.

For further information visit: [columbiathreadneedle.com/GDPR](https://columbiathreadneedle.com/GDPR)

# PROSPECTUS CHANGES: COMPULSORY CONVERSION

EFFECTIVE FROM: 1 FEBRUARY 2018



## COMPULSORY CONVERSION

From 1 February 2018 we will be updating our prospectuses to include the ability for us to convert investors' shares in a fund from one share class of the fund to another share class of that same fund. This is known as **compulsory conversion**.

An example of when we might use compulsory conversion is if a fund has two share classes (for example, share class 1 & share class 2) that have the same or very similar features. Following fund reviews, we may decide that it is not practical to maintain separate share classes, therefore we would for example, convert the shares in share class 1 to shares in share class 2. The value of your investments will not be affected by the conversion, however the number of shares and the price of each share that you hold may change.

We will only apply compulsory conversions if it is in the best interests of investors to do so. Ahead of any compulsory conversions we will write to investors in the Fund to explain what is happening, the reasons for it and to give notice of the date that the change will be taking place and we will explain what you can do if you disagree with the changes we plan to make.

Conversions should not normally have any impact on the tax treatment of your investment and investors are advised to obtain independent tax advice if necessary in their country of residence.

For further information visit: [columbiathreadneedle.com/changes](https://columbiathreadneedle.com/changes)





To find out more visit  
**COLUMBIATHREADNEEDLE.COM**

or call 0044 1268 464 321\*  
(Monday to Friday, 8am - 6pm UK time)

\*Please note we record calls for your protection and to improve our standards.



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