

Threadneedle (Lux)
Société d'Investissement à Capital Variable
Registered Office: 31, Z.A. Bourmicht, L-8070 Bertrange
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 50 216
(the "SICAV")

NOTICE TO THE SHAREHOLDERS OF THE SICAV

IMPORTANT

This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional financial advice.

If you have sold or transferred all of your Shares in Threadneedle (Lux), please pass this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.

The board of directors of the SICAV accept responsibility for the information contained in this notice.

6 May 2021

Dear Shareholder,

As you are an investor in one or more of the following portfolios ("**Portfolios**"), we are writing to let you know that the board of directors of the SICAV (the "**Board**") has decided to make some changes to the investment policy wording of the relevant Portfolios with effect from the dates listed in the table below (the "**Effective Date**").

| <u>Portfolios of the SICAV</u> | Effective Date |
|--|-----------------------|
| Threadneedle (Lux) – Asia Contrarian Equity Threadneedle (Lux) – Asian Equity Income Threadneedle (Lux) – Emerging Market Corporate Bonds Threadneedle (Lux) – Global Emerging Market Equities Threadneedle (Lux) – Global Emerging Market Short-Term Bonds Threadneedle (Lux) – Global Focus Threadneedle (Lux) – Global Technology Threadneedle (Lux) – Pan European Small Cap Opportunities Threadneedle (Lux) – US High Yield Bond | 7 September 2020 |

Referring to the notice to the shareholders of Threadneedle (Lux) – American in relation to amendments to the relevant portfolio's investment objective and policy wording dated 1 September 2020, the investment policy wording of Threadneedle (Lux) – American has also been further clarified.

(each a "**Portfolio**" and collectively the "**Portfolios**")

For any capitalised terms below that we do not specifically define, please refer to the definition in the Prospectus.

These changes will not affect the way the Portfolios are managed nor change the risk profile of the Portfolios.

What is changing?

We are changing the wording of the investment objective and policy of the Portfolios to provide more detail and clarity on how the Portfolios are invested.

We are also including information that suggests how the performance of the Portfolios may be compared to a reference benchmark. Details of the changes in the language used to describe the Portfolios' investment objective and policy are shown in the Appendix enclosed with this letter.

There will be no change to the operation and/or manner in which the Portfolios are being managed, and consequently, no effects on the existing investors. The changes will not materially prejudice the rights or interests of the existing shareholders of the Portfolios.

Why are you making these changes?

We believe that the revised objective and policy provide a better description of how the Portfolios are managed.

Despite the changes to the description, the portfolio manager's overall investment approach will not change.

Will there be an impact on the fees I pay?

No, these changes will not affect the fees you pay. Columbia Threadneedle will cover any costs related to these changes.

General

D and W Shares will no longer accept new subscriptions from Hong Kong investors and the Hong Kong offering documents will be updated to reflect that D and W Shares will no longer be offered to Hong Kong investors.

The Prospectus has been updated to reflect the disclosure requirements pursuant to the new Sustainable Finance Disclosure Regulation ("**SFDR**") introduced by the European Union. The SFDR aims to provide more transparency on sustainability within financial markets in a standardised way and the amendments to the Prospectus to reflect the SFDR are only enhancements of disclosures and clarifications.

What do I need to do?

Shareholders who are unsure of the impact of the relevant changes should consult their professional advisor.

Shareholders who disagree with such changes may redeem their Shares or switch into another sub-fund of the SICAV which is authorised by the SFC in Hong Kong free of any charges during a period from the date of this notice until the Effective Date. The SFC's authorisation is not a recommendation or endorsement of the SICAV or its sub-funds nor does it guarantee the commercial merits of the SICAV or its sub-funds or their performance. It does not mean the SICAV or its sub-funds are suitable for all investors nor is it an endorsement of the suitability of the SICAV or its sub-funds for any particular investor or class of investors. Please refer to the Hong Kong offering documents of the SICAV and its sub-funds for further details. If Shareholders take no action, they will retain their Shares in the Portfolio after the changes become effective.

Prospectus update

For more information on the above changes, please refer to the updated version of the Hong Kong offering documents which will reflect the amendments detailed above and will be available at the office of the Hong Kong Representative and on the website www.columbiathreadneedle.com in due course. Please note that this website has not been reviewed by the SFC. The website is not specifically directed to Hong Kong residents and may contain information with respect to non-SFC authorised funds of the SICAV which are not available for public offer in Hong Kong.

Should you have any questions on this notice, please contact the Hong Kong Representative, HSBC Institutional Trust Services (Asia) Limited, at 1 Queen's Road Central, Hong Kong, Attention: SIFS Investor Services, tel: (852) 3663 5500, fax: (852) 3409 2697. Alternatively, for further assistance, please contact your financial adviser.

Yours faithfully

The Board

Appendix: Comparison of each Portfolio's Investment Objective and Policy

Threadneedle (Lux) - American

| Current Objective and Policy | New Objective and Policy |
|--|--|
| <p>The American Portfolio seeks to achieve capital appreciation. It looks to outperform the S&P 500 Index after the deduction of charges.</p> <p>The Portfolio is actively managed and invests principally in shares of companies domiciled in the US or which have significant US business operations.</p> <p>The Portfolio selects companies considered to have good prospects for share price growth, from any industry or economic sector, and whilst there is no restriction on size, investment tends to focus on larger companies, such as those included in the S&P 500 Index.</p> <p>The Portfolio is actively managed in reference to the S&P 500 Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index. The Portfolio may further invest in other securities (including fixed income securities, other equities and Money Market Instruments).</p> | <p>The American Portfolio seeks to achieve capital appreciation. It looks to outperform the S&P 500 Index after the deduction of charges.</p> <p>The Portfolio is actively managed and invests principally in shares of companies domiciled in the US or which have significant US business operations. The Portfolio may further invest in other securities (including fixed income securities, other equities and Money Market Instruments).</p> <p>The Portfolio may use financial derivative instruments for hedging purposes.</p> <p>The Portfolio selects companies considered to have good prospects for share price growth, from any industry or economic sector, and whilst there is no restriction on size, investment tends to focus on larger companies, such as those included in the S&P 500 Index.</p> <p>The Portfolio is actively managed in reference to the S&P 500 Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Asia Contrarian Equity

| Current Objective and Policy | New Objective and Policy |
|--|---|
| <p>The Asia Contrarian Equity Portfolio seeks to achieve long-term capital appreciation by investing principally in the equity securities of companies listed, domiciled, or exercising the predominant part of their economic activity in the Asia Pacific region (excluding Japan). The Portfolio may invest up to 40% of its Net Asset Value in China A-Shares through the China-Hong Kong Stock Connect Programme.</p> <p>The Sub-Advisor will take a contrarian approach to security selection, with an emphasis on stocks that have underperformed the market due to negative sentiment, but which it believes have the potential for recovery.</p> <p>The Portfolio may further invest in other securities including convertible debt securities, real estate investment trusts and Money Market Instruments.</p> | <p>The Asia Contrarian Equity Portfolio seeks to achieve long-term capital appreciation by investing principally in the equity securities of companies listed, domiciled, or exercising the predominant part of their economic activity in the Asia Pacific region (excluding Japan). The Portfolio may invest up to 40% of its Net Asset Value in China A-Shares through the China-Hong Kong Stock Connect Programme.</p> <p>The Sub-Advisor will take a contrarian approach to security selection, with an emphasis on stocks that have underperformed the market due to negative sentiment, but which it believes have the potential for recovery.</p> <p>The Portfolio may further invest in other securities including convertible debt securities, real estate investment trusts and Money Market Instruments.</p> <p>The Portfolio is actively managed in reference to the MSCI AC Asia Pacific ex Japan Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Asian Equity Income

| Current Objective and Policy | New Objective and Policy |
|---|--|
| <p>The Asian Equity Income Portfolio seeks to achieve income and capital appreciation by investing principally in the equity securities of companies domiciled in Asia (with the exclusion of Japan) or with significant Asian (excluding Japan) operations. The Portfolio may further invest in other securities (including fixed income securities, other equities, convertible debt securities, real estate investment trusts and Money Market Instruments).</p> <p>The Portfolio may invest up to 40% of its Net Asset Value in China A-Shares through the China-Hong Kong Stock Connect Programme.</p> | <p>The Asian Equity Income Portfolio seeks to achieve income and capital appreciation by investing principally in the equity securities of companies domiciled in Asia (with the exclusion of Japan) or with significant Asian (excluding Japan) operations. The Portfolio may further invest in other securities (including fixed income securities, other equities, convertible debt securities, real estate investment trusts and Money Market Instruments).</p> <p>The Portfolio may invest up to 40% of its Net Asset Value in China A-Shares through the China-Hong Kong Stock Connect Programme.</p> <p>The Portfolio is actively managed in reference to the MSCI AC Asia Pacific ex Japan Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Emerging Market Corporate Bonds

| Current Objective and Policy | New Objective and Policy |
|--|--|
| <p>The Emerging Market Corporate Bonds Portfolio is actively managed and seeks to achieve total return from income and capital appreciation by investing principally in U.S. Dollar-denominated or U.S. Dollar hedged Investment Grade and below Investment Grade debt and other obligations issued or guaranteed by institutions and corporations having their head office in, or conducting a significant part of their business in, Emerging Market Countries.</p> <p>The Portfolio may secondarily invest in other debt securities, including bonds issued by sovereign borrowers from Emerging Market Countries, bonds issued by sovereign and corporate borrowers from OECD, deposits, cash and near cash.</p> <p>Up to 10% of the Portfolio's Net Asset Value may be invested in bonds traded on the China Interbank Bond Market using Bond Connect.</p> <p>Emerging market investments are more volatile and present higher risk than investments in more established markets. Investors should consider this extra risk when evaluating the potential benefits of investing in this Portfolio.</p> <p>The Portfolio may also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include, but are not limited to, foreign currency exchange contracts, interest rate swaps, interest rate futures and credit default swaps.</p> | <p>The Emerging Market Corporate Bonds Portfolio is actively managed and seeks to achieve total return from income and capital appreciation by investing principally in U.S. Dollar-denominated or U.S. Dollar hedged Investment Grade and below Investment Grade debt and other obligations issued or guaranteed by institutions and corporations having their head office in, or conducting a significant part of their business in, Emerging Market Countries.</p> <p>The Portfolio may secondarily invest in other debt securities, including bonds issued by sovereign borrowers from Emerging Market Countries, bonds issued by sovereign and corporate borrowers from OECD, deposits, cash and near cash.</p> <p>Up to 10% of the Portfolio's Net Asset Value may be invested in bonds traded on the China Interbank Bond Market using Bond Connect.</p> <p>Emerging market investments are more volatile and present higher risk than investments in more established markets. Investors should consider this extra risk when evaluating the potential benefits of investing in this Portfolio.</p> <p>The Portfolio may also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include, but are not limited to, foreign currency exchange contracts, interest rate swaps, interest rate futures and credit default swaps.</p> <p>The Portfolio is actively managed in reference to the J.P. Morgan CEMBI Broad Diversified Index. The index is broadly representative of the securities in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Global Emerging Market Equities

| Current Objective and Policy | New Objective and Policy |
|---|--|
| <p>The Global Emerging Market Equities Portfolio seeks to achieve long-term capital appreciation by investing principally in the equity securities of Emerging Market Countries companies. These are defined as companies domiciled in and/or whose significant activities are in Emerging Market Countries. The Portfolio may further invest in other securities (including fixed income securities, other equities and Money Market Instruments).</p> <p>The Portfolio may invest up to 30% of its Net Asset Value in China A-Shares through the China-Hong Kong Stock Connect Programme.</p> | <p>The Global Emerging Market Equities Portfolio seeks to achieve long-term capital appreciation by investing principally in the equity securities of Emerging Market Countries companies. These are defined as companies domiciled in and/or whose significant activities are in Emerging Market Countries. The Portfolio may further invest in other securities (including fixed income securities, other equities and Money Market Instruments).</p> <p>The Portfolio may invest up to 30% of its Net Asset Value in China A-Shares through the China-Hong Kong Stock Connect Programme.</p> <p>The Portfolio is actively managed in reference to the MSCI Emerging Markets Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Global Emerging Market Short-Term Bonds

| Current Objective and Policy | New Objective and Policy |
|---|---|
| <p>The Global Emerging Market Short-Term Bonds Portfolio is actively managed and seeks to achieve total return from income and capital appreciation by investing principally in a globally diversified range of Transferable debt Securities. Such securities will be issued or guaranteed by emerging market sovereignties or supranational entities, or financial institutions or corporations headquartered in Emerging Market Countries. The Portfolio may also invest secondarily in debt securities issued or guaranteed by G-7 sovereignties or supranational entities and in credit linked notes.</p> <p>The Portfolio may invest in securities denominated in various currencies and will generally hedge non-U.S. Dollar exposures. However, the maximum amount of non-U.S. Dollar exposure remaining unhedged will not exceed 35% of the net assets of the Portfolio. At the same time, the maximum amount of non-U.S. Dollar exposure remaining unhedged in any one currency will not exceed 10% of the net assets of the Portfolio. The Portfolio will have an average duration of five years or less.</p> <p>Up to 10% of the Portfolio's Net Asset Value may be invested in bonds traded on the China Interbank Bond Market using Bond Connect.</p> <p>The Portfolio may also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include, but are not limited to, foreign currency exchange contracts, interest rate swaps, interest rate futures and credit default swaps.</p> <p>Emerging market investments are more volatile and present higher risk than investments in more established markets. Investors should consider this extra risk when evaluating the potential benefits of investing in this Portfolio.</p> | <p>The Global Emerging Market Short-Term Bonds Portfolio is actively managed and seeks to achieve total return from income and capital appreciation by investing principally in a globally diversified range of Transferable debt Securities. Such securities will be issued or guaranteed by emerging market sovereignties or supranational entities, or financial institutions or corporations headquartered in Emerging Market Countries. The Portfolio may also invest secondarily in debt securities issued or guaranteed by G-7 sovereignties or supranational entities and in credit linked notes.</p> <p>The Portfolio may invest in securities denominated in various currencies and will generally hedge non-U.S. Dollar exposures. However, the maximum amount of non-U.S. Dollar exposure remaining unhedged will not exceed 35% of the net assets of the Portfolio. At the same time, the maximum amount of non-U.S. Dollar exposure remaining unhedged in any one currency will not exceed 10% of the net assets of the Portfolio. The Portfolio will have an average duration of five years or less.</p> <p>Up to 10% of the Portfolio's Net Asset Value may be invested in bonds traded on the China Interbank Bond Market using Bond Connect.</p> <p>The Portfolio may also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include, but are not limited to, foreign currency exchange contracts, interest rate swaps, interest rate futures and credit default swaps.</p> <p>Emerging market investments are more volatile and present higher risk than investments in more established markets. Investors should consider this extra risk when evaluating the potential benefits of investing in this Portfolio.</p> <p>The Portfolio is actively managed in reference to the J.P. Morgan EMBI Global 3-5 Years Index. The index is broadly representative of the securities in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the</p> |

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| | <p>overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |
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Threadneedle (Lux) - Global Focus

| Current Objective and Policy | New Objective and Policy |
|--|--|
| <p>The Global Focus Portfolio seeks to achieve capital appreciation by investing principally in a concentrated portfolio of equity securities of corporate issuers listed, domiciled or conducting a significant part of their business in developed and Emerging Market Countries. Secondly, the Portfolio may invest in securities convertible into equity securities and/or warrants.</p> | <p>The Global Focus Portfolio seeks to achieve capital appreciation by investing principally in a concentrated portfolio of equity securities of corporate issuers listed, domiciled or conducting a significant part of their business in developed and Emerging Market Countries. Secondly, the Portfolio may invest in securities convertible into equity securities and/or warrants.</p> <p>The Portfolio is actively managed in reference to the MSCI All Countries World Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Global Technology

| Current Objective and Policy | New Objective and Policy |
|--|---|
| <p>The Global Technology Portfolio seeks to achieve long term capital appreciation by making global investments principally in Transferable Securities of companies with business operations in technology and technology-related industries. Technology-related companies are those companies that use technology extensively to improve their business processes and applications.</p> <p>The Portfolio may invest in Transferable Securities of issuers of any size and domiciled in any country. The Portfolio will normally invest its assets in any equity securities, including common stock, securities convertible or exchangeable into common stock, rights and warrants to purchase common stock and depository receipts representing an ownership interest in these equity securities. The Portfolio may invest up to 25% of its assets in preferred stock and Investment Grade debt securities.</p> | <p>The Global Technology Portfolio seeks to achieve long term capital appreciation by making global investments principally in Transferable Securities of companies with business operations in technology and technology-related industries. Technology-related companies are those companies that use technology extensively to improve their business processes and applications.</p> <p>The Portfolio may invest in Transferable Securities of issuers of any size and domiciled in any country. The Portfolio will normally invest its assets in any equity securities, including common stock, securities convertible or exchangeable into common stock, rights and warrants to purchase common stock and depository receipts representing an ownership interest in these equity securities. The Portfolio may invest up to 25% of its assets in preferred stock and Investment Grade debt securities.</p> <p>The Portfolio is actively managed in reference to the MSCI World Information Technology Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - Pan European Small Cap Opportunities

| Current Objective and Policy | New Objective and Policy |
|--|---|
| <p>The Pan European Small Cap Opportunities Portfolio seeks to achieve capital appreciation by investing principally in the equity securities of European Smaller Companies. The Portfolio may further invest in other securities (including fixed income securities, other equities and Money Market Instruments).</p> <p>The Net Asset Value of this Portfolio shall be expressed in Euro and investment decisions will be made from a Euro perspective.</p> | <p>The Pan European Small Cap Opportunities Portfolio seeks to achieve capital appreciation by investing principally in the equity securities of European Smaller Companies. The Portfolio may further invest in other securities (including fixed income securities, other equities and Money Market Instruments).</p> <p>The Net Asset Value of this Portfolio shall be expressed in Euro and investment decisions will be made from a Euro perspective.</p> <p>The Portfolio is actively managed in reference to the EMIX Smaller European Companies Index. The index is broadly representative of the companies in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |

Threadneedle (Lux) - US High Yield Bond

| Current Objective and Policy | New Objective and Policy |
|---|---|
| <p>The US High Yield Bond Portfolio seeks to achieve total return from capital appreciation and income by investing principally in income-producing U.S. Dollar denominated debt securities with an emphasis on the High Yield (i.e. below investment grade) market. The Portfolio will invest under normal circumstances at least two thirds of its net assets in a diversified portfolio of debt securities that are rated below Investment Grade. The Portfolio will not generally purchase debt securities rated below “C” by S&P or by Moody’s or that have an equivalent rating by another NRSRO, or are unrated and believed to be of similar quality. All ratings apply at the time the investment is made. If the rating of a security changes subsequent to purchase, the security may continue to be held at the Sub-Advisor’s discretion.</p> <p>The Portfolio may invest secondarily in other securities and may employ other investment strategies that are not principal investment strategies. The Portfolio’s policies permit investment in other Transferable Securities, including non-income-producing securities and common stocks. The Portfolio may invest up to 25% of its net assets in non-U.S. securities and up to 10% of its net assets in non-U.S. Dollar denominated securities.</p> <p>The Portfolio may also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include, but are not limited to, interest rate futures, interest rate options, interest rate swaps, total/excess return swaps and credit default swaps.</p> <p>Investment in debt securities rated below Investment Grade entails special risks and may not be appropriate for all investors.</p> | <p>The US High Yield Bond Portfolio seeks to achieve total return from capital appreciation and income by investing principally in income-producing U.S. Dollar denominated debt securities with an emphasis on the High Yield (i.e. below investment grade) market. The Portfolio will invest under normal circumstances at least two thirds of its net assets in a diversified portfolio of debt securities that are rated below Investment Grade. The Portfolio will not generally purchase debt securities rated below “C” by S&P or by Moody’s or that have an equivalent rating by another NRSRO, or are unrated and believed to be of similar quality. All ratings apply at the time the investment is made. If the rating of a security changes subsequent to purchase, the security may continue to be held at the Sub-Advisor’s discretion.</p> <p>The Portfolio may invest secondarily in other securities and may employ other investment strategies that are not principal investment strategies. The Portfolio’s policies permit investment in other Transferable Securities, including non-income-producing securities and common stocks. The Portfolio may invest up to 25% of its net assets in non-U.S. securities and up to 10% of its net assets in non-U.S. Dollar denominated securities.</p> <p>The Portfolio may also use financial derivative instruments for investment purposes, hedging and efficient portfolio management. These derivatives may include, but are not limited to, interest rate futures, interest rate options, interest rate swaps, total/excess return swaps and credit default swaps.</p> <p>Investment in debt securities rated below Investment Grade entails special risks and may not be appropriate for all investors.</p> <p>The Portfolio is actively managed in reference to the ICE BofA US Cash Pay High Yield Constrained Index. The index is broadly representative of the securities in which the Portfolio invests, and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index.</p> <p>Deviations from the index, including limits on the level of risk relative to the index, will be considered as part of the Sub-Advisor’s risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.</p> |