

Issuer: Threadneedle Portfolio Services Hong Kong Limited
天利投資管理香港有限公司

*This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.*

Quick facts

| | | | |
|--|---|--|-------------|
| Management Company: | Threadneedle Management Luxembourg S.A. | | |
| Sub-Advisor: | Columbia Management Investment Advisers, LLC (internal delegation, USA) | | |
| Depository: | Citibank Europe plc, Luxembourg Branch | | |
| Ongoing charges over a year: | Share Classes AU, AEH, AUP, AEC, ASH and ASC: | 1.55% [#] | |
| | Share Classes DEH, DU and DEC: | 1.75%* | |
| | Share Class W: | 1.55% ^s | |
| Dealing frequency: | Daily | | |
| Base currency: | US\$ | | |
| Dividend policy: | For Share Classes AUP, AEC, ASC and DEC: | Dividend, if declared, will be distributed. Distributions may at the discretion of the Directors be paid out of capital or effectively out of capital (i.e. paying dividends out of gross income while charging all or part of their fees and expenses out of capital) of the share classes. Any such distributions may result in an immediate reduction of the net asset value per share. | |
| | For Share Classes AU, AEH, DU, ASH, DEH and W: | re-invested) No dividend distribution (Income, if any, will be re-invested) | |
| Financial year end of this Portfolio: | 31 March | | |
| Minimum investment: | Initial: | Share Classes AU, AUP and DU: | US\$ 2,500 |
| | | Share Classes AEH, AEC, DEH and DEC: | EUR 2,500 |
| | | Share Classes ASH and ASC: | SGD 2,500 |
| | | Share Class W: | US\$ 10,000 |
| | Additional: | Nil | |

[#] The ongoing charges figure is based on the annualized total asset management fee and operating expenses in accordance with the interim financial statement for the 6-month period ended 30 September 2017 and is expressed as a percentage of the average net asset value of the share class over the same period. This figure may vary from year to year.

* Since the asset management fee for this share class was reduced on 1 February 2018, the ongoing charges figure is an estimate only. The figure is established based on the estimated total asset management fee and operating expenses of the share class and is expressed as a percentage of the average net asset value of the share class over a 12-month period. This figure may vary from year to year.

^s The ongoing charges figure for Share Class W is an estimate as this share class has not launched as of the date of this document. The ongoing charges figure is estimated based on the total of the asset management fee and operating expenses over 12 months and expressed as a percentage of the estimated average net asset value of the share class over the same period. This figure may vary from year to year.

What is this product?

Threadneedle (Lux) – US High Yield Bond (the “Portfolio”) is a portfolio of Threadneedle (Lux), an investment company (i.e. a mutual fund) with variable capital constituted in Luxembourg. The home regulator of Threadneedle (Lux) is the Commission de Surveillance du Secteur Financier in Luxembourg.

Threadneedle (Lux) – US High Yield Bond

Objective and Investment Strategy

The Portfolio seeks to achieve a return from capital appreciation and income by investing at least two-thirds of its assets in income-producing U.S. Dollar denominated debt securities with an emphasis on the high yield market. Under normal circumstances the Portfolio will invest at least two thirds of its net assets in a diversified portfolio of debt securities that are rated below investment grade by ratings agencies. 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 rating agency, 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.

The Portfolio may also invest up to one-third of its assets in other securities and may employ other investment strategies that are not principal investment strategies. The Portfolio may invest 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.

The Portfolio may use financial derivative instruments for investment purposes, as well as for hedging and efficient portfolio management purposes. The Portfolio will not use financial derivative instruments extensively for investment purposes. The derivatives which the Portfolio may use include, but are not limited to, interest rate futures, interest rate options, interest rate swaps, total/excess return swaps and credit default swaps.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

Investment

There is no guarantee that the investment objective of the Portfolio can be achieved. The value of investments held by the Portfolio can fall as well as rise and investors might not get back the sum originally invested, especially if investments are not held for the long term.

Volatility

The prices of the Portfolio’s investments may rise and fall sharply in the short-term and this may result in a higher volatility of the Portfolio’s value.

Issuer

The Portfolio invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay.

Below Investment Grade Debt Securities

The Portfolio may invest in high yield/below investment grade debt securities. This will mean the Portfolio is more likely to be exposed to higher volatility and liquidity risks.

Downgrading of Debt Securities

Subsequent downgrade of the debt securities held by the Portfolio may adversely affect the value of such securities and may expose the Portfolio to higher credit and counterparty risks.

Liquidity

The Portfolio invests in assets that are not always readily saleable without suffering a discount to fair value. The Portfolio may have to significantly lower the selling price, sell other investments or forego another, more appealing investment opportunity.

Geographical Concentration

The Portfolio’s investments are concentrated in the US. This may result in higher volatility than funds which comprise broad-based global investments.

Currency

Where investments are made in assets that are denominated in multiple currencies, changes in exchange rates may affect the value of the investments.

Investor Currency

Where investments in the Portfolio are in currencies other than your own, changes in exchange rates may affect the value of your investments.

Interest Rates

Changes in interest rates are likely to affect the Portfolio’s value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

Inflation

Most bond funds offer limited capital growth potential and an income that is not linked to inflation. Therefore, inflation can affect the value of capital and income over time.

Derivatives

The Portfolio may invest in financial derivative instruments. Investing in these instruments may involve counterparty risks. If the counterparty defaults on such instruments this may affect the value of the Portfolio.

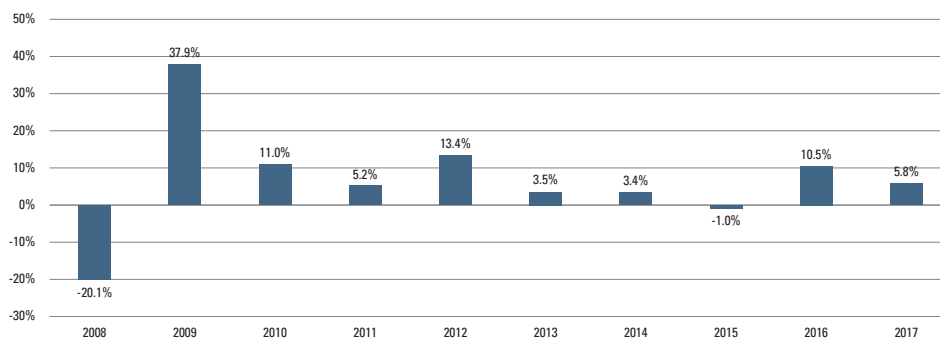
Hedge/Basis

The use of financial derivative instruments for hedging and/or efficient portfolio management purposes may become ineffective in adverse situations or if the Management Company or the Sub-Advisor employs a strategy that does not correlate well with the Portfolio's investments. This may result in a significant loss to the Portfolio.

Distribution out of capital risk

Distributions may be paid out of the capital of the Share Classes AUP, AEC, ASC and DEC if the net distributable income attributable to these share classes during the relevant period is insufficient to pay distributions as declared. The Directors of the Portfolio may also, at their discretion, pay dividends out of gross income while paying all or part of the share classes' expenses out of their capital, resulting in an increase in distributable income for the payment of dividends, and therefore paying dividends effectively out of capital of the relevant share classes. Investors should note that the payment of distributions out of capital, or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any distributions involving payment of dividends out of, or effectively out of, capital of the share classes will result in an immediate decrease in the net asset value of the relevant shares.

How has the Portfolio performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in US\$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Portfolio launch date: 12 December 2003.
- Share Class AU launch date: 12 December 2003.
- The Management Company views Share Class AU, being the retail share class denominated in the Portfolio's base currency, as the most appropriate representative share class.

Is there any guarantee?

This Portfolio does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Portfolio.

| Fee | What you pay |
|--|--|
| Subscription Fee (Initial Sales Charge) | Share Classes AU, AEH, AUP, AEC, ASH and ASC: Up to 3.00% of the amount invested Share Classes DU, DEH and DEC: Up to 1.00% of the amount invested Share Class W: Up to 5.00% of the amount invested |
| Switching Fee (Exchange Fee) | Up to 0.75% of the net asset value of the acquired shares |
| Redemption Fee | Not applicable |

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Ongoing fees payable by the Portfolio

The following expenses will be paid out of the Portfolio. They affect you because they reduce the return you get on your investments.

| | Annual rate | |
|-----------------------------|--|----------------------------|
| Asset management fee | Share Classes AU, AEH AUP, AEC, ASH and ASC: | 1.25% of the class's value |
| | Share Classes DEH, DU and DEC: | 1.45% of the class's value |
| | Share Class W: | 1.25% of the class's value |
| Custodian fee | Included in Operating Expenses below | |
| Performance fee | Not applicable | |
| Administration fee | Included in Operating Expenses below | |
| Operating Expenses | 0.30% of the class's value | |

Other fees

You may have to pay other fees when dealing in the shares of the Portfolio.

Additional Information

- In respect of Share Class AUP, AEC, ASC and DEC, the composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Hong Kong Representative on request and also on the website www.columbiathreadneedle.com¹.
- You generally buy and redeem shares at the Portfolio's next-determined net asset value after the Registrar and Transfer Agent receives your request in good order on or before 3.00 p.m. (Luxembourg time) on each valuation day being the dealing cut-off time. The Hong Kong Representative/your distributor may impose different deadlines for receiving requests from investors. Please check with your distributor regarding its internal dealing cut-off time.
- The net asset value of this Portfolio is calculated on each Luxembourg "business day" and the price of shares is published daily on the website www.columbiathreadneedle.com¹.
- You may obtain the past performance information of other share classes offered to Hong Kong investors from www.columbiathreadneedle.com¹.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

¹ The website has not been reviewed by the SFC. It may contain information on funds which are not authorised for sale to the public in Hong Kong and are not available to Hong Kong investors.