



Threadneedle
Navigator Trusts

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Introduction

These Annual Reports cover the 12 month period to 1 June 2013 and review the performance and market background for the Threadneedle Navigator range of seven unit trusts: Threadneedle Navigator UK Index Tracker Trust; Threadneedle Navigator Growth Trust; Threadneedle Navigator Income Trust; Threadneedle Navigator Cautious Managed Trust; Threadneedle Navigator Balanced Managed Trust; Threadneedle Navigator Growth Managed Trust; and Threadneedle Navigator Adventurous Managed Trust.

We hope that you find the reports informative. Should you require any further information regarding any aspect of your investment, or about other Threadneedle products, we would be pleased to help. Alternatively, you may find it helpful to visit threadneedle.com for further information about Threadneedle.

Thank you for your continued support.



Campbell Fleming

Director

Threadneedle Navigator UK Index Tracker Trust

Manager's Report

Investment Objective and Policy

To achieve capital growth. The Manager's investment policy is to mirror as closely as possible the performance of the FT-SE Actuaries All-Share Index* by investing primarily in UK equities. The Manager may utilise stocklending and derivatives in order to facilitate efficient portfolio management.

*The FT-SE Actuaries All-Share Index has been replaced by the FTSE All-Share Index.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a UCITS scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

Over the 12 months to 1 June 2013, the UK equity market, as measured by the FTSE All-Share Index rose by 30.11% on a total return basis. The bid price of accumulation units in the trust rose by 30.15% from 76.82p to 99.98p during the same period. Please note that the FTSE All-Share Index return quoted above is at global close as of 31 May 2013, although the trust is valued at 12 noon on the next working day.

The tracking difference between the fund's performance and that of the FTSE All-Share Index for the period ending 31 May 2013 was 4.40%.

Accumulation

Income units are not available from the Threadneedle Navigator UK Index Tracker Trust. However, in accordance with the Prospectus, the revenue in the trust is accumulated with effect from the last day of the Annual Accounting Period i.e. 1 June in each year.

Portfolio Activity

The trust uses a passive management approach that aims to match approximately the performance of the FTSE All-Share index. The approach involves buying all of the largest stocks and some of the smaller stocks in the index, weighting the stocks roughly in line with their weightings in the index.

With a view to mirroring as closely as possible the performance of the FTSE All-Share Index over the review period, major purchases included Royal Dutch Shell, Glencore International, HSBC, BP and Vodafone. Conversely, sales included International Power, SABMiller, Standard Chartered, Xstrata and Rio Tinto.

The beginning of June 2012 marked the low point for UK equities during the review period, but this was followed by a sharp recovery in the market. The gains were driven by unprecedented measures from global central banks, with the announcement of the European Central Bank's bond-buying plan followed by an expansion of the Federal Reserve's (the Fed's) quantitative-easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to end deflation and promote growth.

The rally continued for most of the period under review, albeit with brief setbacks on concerns over the US fiscal cliff, the inconclusive Italian election result, the Cypriot banking crisis, evidence of a deepening eurozone recession and signs that the Chinese economy could be losing momentum. During May 2013, market indices scaled multi-year highs in many countries and even reached fresh highs in others, including the US.

The UK market performed strongly over much of the reporting period against the more positive global backdrop and increasing signs of UK economic recovery. The Bank of England's QE programme drove UK equities and bonds upwards. Meanwhile,

there was better news on the economy toward the end of the review period, when data released showed that the UK economy had avoided slipping back into recession during the first quarter of 2013.

However, the end of May was marred by talk from the Fed of scaling back its QE programme as the US economic recovery gathers pace. Meanwhile, fresh concerns surfaced over Chinese growth. Equity and bond markets sold off sharply towards the end of the month, while bond yields spiked higher.

The market's strong rally over the last year has been driven partly by QE, improved performance at the company level and the fact the market was fundamentally oversold as the eurozone crisis deepened during the second quarter of 2012. However, we have become slightly more cautious over recent months as the valuation case has become less compelling, while the recent rise in bond yields, if sustained, could undermine the appeal of companies with utility-type earnings, as well as raising firms' costs of capital generally.

Meanwhile, the good performance of the US economy has prompted debate over the duration of the QE programme and has been the main factor behind the rise in bond yields. Market sentiment remains reliant to a large extent on central bank support rather than underlying global economic fundamentals.

Nevertheless, at the company level we believe that the outlook remains more encouraging. In this environment, our focus remains on well-managed, fundamentally strong businesses that we believe can deliver positive earnings surprises and, in many cases, the ability to support total returns to shareholders through attractive and sustainable levels of dividend payouts.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks

Director

P J W Reed

Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator UK Index Tracker Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-------------|-------------|
| Income | | | |
| Net capital gains/(losses) | 2 | 9,763,046 | (5,513,202) |
| Revenue | 3 | 1,562,801 | 1,567,435 |
| Expenses | 4 | (428,236) | (485,835) |
| Finance costs: Interest | 6 | (2,669) | (5,382) |
| Net revenue before taxation | | 1,131,896 | 1,076,218 |
| Taxation | 5 | (78) | (2,373) |
| Net revenue after taxation | | 1,131,818 | 1,073,845 |
| Total return before distributions | | 10,894,864 | (4,439,357) |
| Distributions | 6 | (1,131,818) | (1,073,846) |
| Change in unitholders' funds from investment activities | | 9,763,046 | (5,513,203) |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|-------------------------------|-------|------------|------------|
| Assets | | | |
| Investment assets | | 43,631,397 | 36,307,640 |
| Other assets | | | |
| Debtors | 7 | 313,338 | 272,733 |
| Cash and bank balances | 8 | 1,001,690 | 847,067 |
| Total other assets | | 1,315,028 | 1,119,800 |
| Total assets | | 44,946,425 | 37,427,440 |
| Liabilities | | | |
| Derivative liabilities | | | |
| | | | (103,080) |
| Other liabilities | | | |
| Creditors | 9 | (154,090) | (47,897) |
| Bank overdrafts | 8 | (3,441) | - |
| Total other liabilities | | (157,531) | (47,897) |
| Total liabilities | | (157,531) | (150,977) |
| Net assets | | 44,788,894 | 37,276,463 |
| Unitholders' funds | | 44,788,894 | 37,276,463 |

STATEMENT OF CHANGE IN UNITHOLDERS' FUNDS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|-------------|-------------|
| Opening net assets | 37,276,463 | 47,357,512 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 394,106 | 221,034 |
| Amounts payable on the cancellation of units | (3,733,713) | (5,795,587) |
| | (3,339,607) | (5,574,553) |
| Stamp duty reserve tax | (2,500) | (1,457) |
| Change in unitholders' funds from investment activities (see statement of total return above) | 9,763,046 | (5,513,203) |
| Retained distribution on accumulation units | 1,091,492 | 1,008,164 |
| Closing net assets | 44,788,894 | 37,276,463 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

| Dividend distribution in pence per unit | | | | | | |
|--|---------------|------------|-------------|--------------|-----------------------------------|-----------------------------------|
| Accumulation Distribution Period | Gross Revenue | Tax Credit | Net Revenue | Equalisation | Net Revenue Accumulated 2012/2013 | Net Revenue Accumulated 2011/2012 |
| Group 1 | | | | | | |
| 02/06/12 to 01/06/13 | 2.7109 | 0.2711 | 2.4398 | - | 2.4398 | 2.0802 |
| Group 2 | | | | | | |
| 02/06/12 to 01/06/13 | 1.6457 | 0.1646 | 1.4811 | 0.9587 | 2.4398 | 2.0802 |
| Total distributions in the period | | | | | 2.4398 | 2.0802 |

Group 2: units purchased during a distribution period

Threadneedle Navigator UK Index Tracker Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends, interest and other revenue receivable includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Dividends are recognised when the security is quoted ex-dividend.

Underwriting commission is recognised when the issue takes place, except where the trust is required to take up all or some of the units underwritten, in which case an appropriate proportion of the commission is deducted from the cost of those units.

Underwriting commission is treated as revenue except for the proportion that is deducted from the cost of units, which is capital.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Stock Dividends are recognised as revenue on the basis of the market value of the shares at the date they are quoted ex-dividend.

Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Interest on bank and short-term deposits is recognised on an earned basis.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation Unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

(e) Basis of valuation of investments

The investments of the trust are valued at 12 noon (UK time), being the valuation point on the last working day of the accounting period. Investments are stated as fair value which generally is the bid valuation of each security. These bid valuations are sourced from independent pricing sources; to the extent that if an independent pricing source is not available then quotes are obtained from a broker. Where the Manager deems that these valuations are unrepresentative of a fair valuation of the security, a fair valuation adjustment is applied based upon the Managers opinion of fair value.

(f) Exchange rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(h) Derivatives

The total net return in respect of any derivative transactions entered into, is analysed between capital gain or loss, and revenue or expense. Any capital gains or losses are included within "Net capital gains/(losses)", and any revenue or expense is included within "Revenue" or "Finance costs" respectively, in the Statement of Total Return.

The revenue return element in respect of Futures is calculated by reference to the quoted yield of the index upon which the Future is based compared to LIBOR. The revenue so calculated may represent revenue or expense in a trust's accounts, in accordance with whether the trust has held a net long or short position, when considering the accounting period as a whole. The revenue or expense position is reversed, where LIBOR exceeds the quoted yield of the relevant index.

Any positions open at the period end are reflected in the Balance Sheet at their market value, either using available market prices or the Manager's assessment of the fair value, based on counterparty valuations and appropriate pricing models.

Cash held at future brokers as margin is reflected separately within "Cash and bank balances".

2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

| | 2013 | 2012 |
|----------------------------|-----------|-------------|
| | £ | £ |
| Non-derivative securities | 9,637,451 | (5,223,304) |
| Derivative contracts | 130,738 | (276,296) |
| Other gains | 39 | 112 |
| Transaction costs | (5,182) | (13,714) |
| Net capital gains/(losses) | 9,763,046 | (5,513,202) |

3 REVENUE

| | 2013 | 2012 |
|-------------------------|-----------|-----------|
| | £ | £ |
| UK franked dividends | 1,520,165 | 1,517,783 |
| Overseas dividends | 18,448 | 18,904 |
| Stock dividends | - | 8,113 |
| Derivative revenue | 19,671 | 16,056 |
| Bank interest | 4,170 | 6,579 |
| Underwriting commission | 345 | - |
| Miscellaneous revenue | 2 | - |
| Total revenue | 1,562,801 | 1,567,435 |

Threadneedle Navigator UK Index Tracker Trust

Notes to the financial statements

(continued)

4 EXPENSES

| | 2013 | 2012 |
|---|------------------|------------------|
| | £ | £ |
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (363,085) | (420,469) |
| Registration fees | (45,902) | (46,252) |
| | <u>(408,987)</u> | <u>(466,721)</u> |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (10,022) | (10,091) |
| Safe custody fees | (461) | (491) |
| | <u>(10,483)</u> | <u>(10,582)</u> |
| Other expenses: | | |
| Regulatory fee | (414) | (421) |
| Audit fee | (8,352) | (8,112) |
| Miscellaneous expenses | - | 1 |
| | <u>(8,766)</u> | <u>(8,532)</u> |
| *Total expenses | <u>(428,236)</u> | <u>(485,835)</u> |

*Including irrecoverable VAT where applicable.

5 TAXATION

| | 2013 | 2012 |
|---|-------------|----------------|
| | £ | £ |
| a) Analysis of charge in period | | |
| Overseas taxes | (78) | (2,373) |
| Total current tax (note 5b) | (78) | (2,373) |
| Total tax charge for the period | <u>(78)</u> | <u>(2,373)</u> |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 1,131,896 | 1,076,218 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (226,379) | (215,244) |
| Effects of: | | |
| Revenue not subject to taxation | 307,753 | 308,915 |
| Overseas taxes | (78) | (2,373) |
| Overseas taxes expensed | 6 | 3 |
| Excess expenses | (81,380) | (93,674) |
| Current tax charge for period (note 5a) | <u>(78)</u> | <u>(2,373)</u> |

The trust has not recognised a deferred tax asset of £1,823,566 (2012: £1,742,186*) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

*restated.

6 FINANCE COSTS AND DISTRIBUTION

Distributions and Interest

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units and comprises:

| | 2013 | 2012 |
|--|------------------|------------------|
| | £ | £ |
| Final | 1,091,492 | 1,008,164 |
| Add: Revenue deducted on the cancellation of units | 46,483 | 68,731 |
| Deduct: Revenue received on the issue of units | (6,157) | (3,049) |
| Net distribution for the period | <u>1,131,818</u> | <u>1,073,846</u> |
| Interest | 2,669 | 5,382 |
| Total finance costs | <u>1,134,487</u> | <u>1,079,228</u> |

Details of the distribution per unit are set out in the table on page 4.

7 DEBTORS

| | 2013 | 2012 |
|---|----------------|----------------|
| | £ | £ |
| Sales awaiting settlement | 87,681 | - |
| Amounts receivable for the issue of units | - | 22,930 |
| Accrued revenue | 224,257 | 246,176 |
| Foreign withholding tax recoverable | 1,289 | 3,627 |
| United Kingdom income tax recoverable | 111 | - |
| Total debtors | <u>313,338</u> | <u>272,733</u> |

8 CASH AND BANK BALANCES

| | 2013 | 2012 |
|---|------------------|----------------|
| | £ | £ |
| Amounts held at futures clearing houses and brokers | 35,636 | 155,903 |
| Cash and bank balances | 966,054 | 691,164 |
| | <u>1,001,690</u> | <u>847,067</u> |
| Bank overdrafts | (3,441) | - |
| Total cash and bank balances | <u>998,249</u> | <u>847,067</u> |

9 CREDITORS

| | 2013 | 2012 |
|---|------------------|-----------------|
| | £ | £ |
| Amounts payable for the cancellation of units | (113,725) | (904) |
| Accrued expenses | (8,389) | (10,459) |
| Amounts payable to the Manager | (31,976) | (36,534) |
| Total creditors | <u>(154,090)</u> | <u>(47,897)</u> |

10 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|---------------------------|-------|
| *Annual management charge | 0.75% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 79.

*Change to fee from 1% to 0.75% on 02/12/2012.

11 RELATED PARTY TRANSACTIONS

Threadneedle Unit Trust Manager Limited, a related party, acts as principal in respect of all transactions of units in the trust. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Unitholders' Funds. The amount due from or to Threadneedle Unit Trust Manager Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 9.

Amounts payable to Threadneedle Unit Trust Manager Limited in respect of trust administration and registrar services are disclosed in Notes 9. A balance of £27,886 (2012: £32,914) in respect of annual management service charge and £4,090 (2012: £3,620) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and Depositary Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 9. A balance of £892 (2012: £790) in respect of trustee services and £79 (2012: £80) in respect of safe custody are due at the end of the accounting period.

The trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depositary Company as disclosed in Notes 3 and 6. A balance of £221 (2012: £22) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associates of the Manager acted as principal in all investment transactions.

Threadneedle Navigator UK Index Tracker Trust

Notes to the financial statements

(continued)

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 3, the Threadneedle Navigator UK Index Tracker Trust may hold the following financial instruments:

- UK Equities, US Government Securities, fixed interest investments and worldwide equities;
- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC of which a maximum of 20% of the value of the property of the trust may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

The main risks arising from the trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risk.

The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the redemption of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trust's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's

portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trust's investments will fluctuate as a result of changes in interest rates.

The trust may invest in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates.

Where a portion of the investment portfolio is invested in overseas securities the balance sheet can be affected by movements in exchange rates. The Manager monitors the foreign currency exposure of the trust and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies.

Threadneedle Navigator UK Index Tracker Trust

Notes to the financial statements

(continued)

Currency exposures

A small proportion of the net assets of the trust are denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be affected by currency movements.

Net foreign currency assets

| | Monetary exposures | Non-monetary exposures | Total |
|----------------------|--------------------|------------------------|--------|
| | £ | £ | £ |
| Currency 2013 | | | |
| Euro | (2,232) | 6,699 | 4,467 |
| Swiss Franc | 45 | – | 45 |
| US Dollar | 3,394 | 13,228 | 16,622 |
| Currency 2012 | £ | £ | £ |
| Euro | 1,649 | 5,192 | 6,841 |
| Swiss Franc | 17 | – | 17 |
| US Dollar | 4,854 | 11,631 | 16,485 |

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the trust's financial assets and financial liabilities at 1 June 2013 was:

| | Floating rate financial assets | Fixed rate financial assets | Financial assets not carrying interest | Total |
|----------------------|--------------------------------|-----------------------------|--|------------|
| | £ | £ | £ | £ |
| Currency 2013 | | | | |
| Euro | – | – | 7,908 | 7,908 |
| Swiss Franc | – | – | 45 | 45 |
| UK Sterling | 998,331 | – | 43,923,519 | 44,921,850 |
| US Dollar | 3,359 | – | 13,263 | 16,622 |
| Currency 2012 | £ | £ | £ | £ |
| Euro | 511 | – | 6,330 | 6,841 |
| Swiss Franc | – | – | 17 | 17 |
| UK Sterling | 844,174 | – | 36,456,843 | 37,301,017 |
| US Dollar | 2,382 | – | 14,103 | 16,485 |

| | Floating rate financial liabilities | Fixed rate financial liabilities | Financial liabilities not carrying interest | Total |
|----------------------|-------------------------------------|----------------------------------|---|-----------|
| | £ | £ | £ | £ |
| Currency 2013 | | | | |
| Euro | (3,441) | – | – | (3,441) |
| UK Sterling | – | – | (154,090) | (154,090) |
| Currency 2012 | £ | £ | £ | £ |
| UK Sterling | – | – | (47,897) | (47,897) |

The trust's financial assets/(liabilities) at 1 June 2013 are due in one year or less, or on demand.

Fair value of financial assets and financial liabilities

All of the financial assets of the trust are held at bid-market value which is deemed to be fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

The only material amounts of non interest-bearing assets, other than equities, relate to futures. Derivatives including futures are used in this portfolio to take to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the trust and may result in a higher

degree of volatility. All open positions are regularly reviewed by the Manager. The trust has entered into a futures contract during this accounting period. Such contracts commit the trust to future deliveries or receipts, typically three months forward, of assets and liabilities, at prices decided at the point of striking the contract. They therefore allow the Manager to limit risk, or to enhance trust performance in return for the acceptance of greater risk. At 1 June 2013, the trust had outstanding futures contracts of £21,595 (2012: -£103,080).

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

14 PORTFOLIO TRANSACTION COSTS

| | 2013 | 2012 |
|--|------------------|------------------|
| | £ | £ |
| Analysis of total purchase costs | | |
| Purchases in period before transaction costs | 2,125,143 | 1,745,828 |
| Commissions | 701 | 1,123 |
| Taxes | 8,836 | 8,163 |
| Total purchase costs | 9,537 | 9,286 |
| Gross purchases total | 2,134,680 | 1,755,114 |
| Analysis of total sale costs | | |
| Gross sales before transaction costs | 4,446,465 | 6,328,210 |
| Commissions | (2,035) | (1,574) |
| Taxes | (37) | (116) |
| Total sale costs | (2,072) | (1,690) |
| Total sales net of transaction costs | 4,444,393 | 6,326,520 |

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator UK Index Tracker Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator UK Index Tracker Trust

We have audited the financial statements of Threadneedle Navigator UK Index Tracker Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in unitholders' funds, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator UK Index Tracker Trust

Portfolio Statement

as at 1 June 2013

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|--|----------------------------------|------------------|----------------------------|---|----------------------------------|------------|----------------------------|
| BASIC INDUSTRIES 2.70% (2.65%) | | | | 29,305 | Debenhams | 27,488 | 0.06 |
| Chemicals 0.59% (0.62%) | | | | 1,292 | Dignity | 17,261 | 0.04 |
| 3,027 | Croda International | 74,585 | 0.17 | 84,110 | Dixons Retail | 34,822 | 0.08 |
| 10,540 | Elementis | 25,001 | 0.06 | 2,846 | Domino's Pizza | 19,965 | 0.04 |
| 4,453 | Johnson Matthey | 114,531 | 0.26 | 2,040 | Dunelm Group | 18,115 | 0.04 |
| 6,304 | Synthomer | 12,709 | 0.03 | 474 | Findel | 750 | - |
| 1,837 | Victrex | 31,670 | 0.07 | 2,806 | French Connection Group | 877 | - |
| Construction & building materials 1.79% (1.74%) | | | | 4,763 | Halfords Group | 15,627 | 0.03 |
| 16,073 | Balfour Beatty | 37,739 | 0.08 | 12,721 | HMV Group | 140 | - |
| 21,761 | Barratt Developments | 69,135 | 0.15 | 19,427 | Home Retail Group | 30,539 | 0.07 |
| 2,781 | Bellway | 35,207 | 0.08 | 10,501 | Inchcape | 57,650 | 0.13 |
| 2,834 | Berkeley Group Holdings | 59,599 | 0.13 | 697 | *JJB Sports | - | - |
| 3,137 | Bovis Homes Group | 23,245 | 0.05 | 346 | John David Sports | 3,111 | 0.01 |
| 9,813 | Carillion | 25,161 | 0.06 | 51,543 | Kingfisher | 178,029 | 0.40 |
| 15,754 | CRH | 220,556 | 0.49 | 4,118 | Lookers | 4,272 | 0.01 |
| 1,923 | Galliford Try | 18,442 | 0.04 | 34,965 | Marks & Spencer Group | 164,301 | 0.37 |
| 1,514 | Keller Group | 14,338 | 0.03 | 1,728 | Mothercare | 5,996 | 0.01 |
| 924 | Kier Group | 11,393 | 0.03 | 3,541 | N. Brown Group | 16,260 | 0.04 |
| 4 | M.J. Gleeson Group | 11 | - | 3,370 | Next | 155,256 | 0.35 |
| 4,491 | Marshalls Group | 6,287 | 0.01 | 34,863 | Pendragon | 8,541 | 0.02 |
| 806 | Morgan Sindall | 4,538 | 0.01 | 4,363 | Smiths News | 7,450 | 0.02 |
| 6,977 | Persimmon | 82,608 | 0.19 | 4,105 | Sports Direct International | 21,100 | 0.05 |
| 6,977 | **Persimmon 'C' Shares | 5,233 | 0.01 | 777 | Supergroup | 5,913 | 0.01 |
| 5,093 | Redrow | 11,434 | 0.03 | 11,610 | TalkTalk Telecom Group | 26,482 | 0.06 |
| 12,820 | SIG | 22,589 | 0.05 | 583 | Ted Baker | 8,267 | 0.02 |
| 73,077 | Taylor Wimpey | 71,689 | 0.16 | 3,976 | Tops Tiles | 2,664 | 0.01 |
| 5,542 | Travis Perkins | 86,788 | 0.19 | 2,890 | WH Smith | 21,791 | 0.05 |
| Forestry & paper 0.29% (0.20%) | | | | Leisure entertainment & hotels 1.63% (1.51%) | | | |
| 21,018 | DS Smith | 51,431 | 0.12 | 3,277 | 888 Holdings | 5,115 | 0.01 |
| 8,459 | Mondi | 74,185 | 0.17 | 2,121 | Betfair Group | 17,350 | 0.04 |
| Steel & other metals 0.03% (0.09%) | | | | 15,160 | Bwin.Party Digital Entertainment | 19,481 | 0.04 |
| 7,704 | Evraz | 10,724 | 0.02 | 4,067 | Carnival | 91,060 | 0.20 |
| 3,280 | Ferrexpo | 5,674 | 0.01 | 3,575 | Cineworld Group | 11,440 | 0.03 |
| Total basic industries | | | | 11,690 | Enterprise Inns | 13,292 | 0.03 |
| | | 1,206,502 | 2.70 | 781 | Fuller Smith & Turner | 6,482 | 0.01 |
| COLLECTIVE INVESTMENT SCHEMES 0.03% (0.03%) | | | | 4,965 | Greene King | 37,808 | 0.08 |
| 15,567 | Fidelity China Special Situation | 14,672 | 0.03 | 5,696 | Hogg Robinson Group | 3,204 | 0.01 |
| Total collective investment schemes | | | | 5,888 | InterContinental Hotels Group | 112,343 | 0.25 |
| | | 14,672 | 0.03 | 2,090 | J.D. Wetherspoon | 13,742 | 0.03 |
| CYCLICAL CONSUMER GOODS 0.31% (0.22%) | | | | 20,579 | Ladbroke's | 42,393 | 0.09 |
| Automobiles & parts 0.24% (0.17%) | | | | 13,127 | Marston's | 18,680 | 0.04 |
| 35,803 | GKN | 106,729 | 0.24 | 3,452 | Millennium & Copthorne Hotels | 19,055 | 0.04 |
| 4,023 | Torotrak | 1,207 | - | 5,375 | Mitchells & Butlers | 20,291 | 0.04 |
| Household goods & textiles 0.07% (0.05%) | | | | 1,614 | Perform Group | 8,974 | 0.02 |
| 2,543 | AGA Rangemaster Group | 2,092 | - | 12,259 | Punch Taverns | 1,624 | - |
| 1,977 | Headlam Group | 7,320 | 0.02 | 2,781 | Rank Group | 4,172 | 0.01 |
| 6,936 | Low & Bonar | 4,612 | 0.01 | 4,547 | Restaurant Group | 23,372 | 0.05 |
| 7,031 | Pace | 17,507 | 0.04 | 12,259 | Spirit Pub Company | 8,091 | 0.02 |
| Total cyclical consumer goods | | | | 20,320 | Thomas Cook Group | 29,830 | 0.07 |
| | | 139,467 | 0.31 | 11,661 | TUI Travel | 41,840 | 0.09 |
| CYCLICAL SERVICES 12.08% (11.10%) | | | | 1,900 | *Wembley | - | - |
| Distributors 0.47% (0.02%) | | | | 3,856 | Whitbread | 110,359 | 0.25 |
| 2,226 | SThree | 7,758 | 0.02 | 18,765 | William Hill | 81,609 | 0.18 |
| 5,960 | Wolseley | 199,600 | 0.45 | Media & photography 2.61% (2.68%) | | | |
| General retailers 2.27% (2.03%) | | | | 1,795 | Bloomsbury Publishing | 2,266 | - |
| 9,536 | Burberry Group | 138,558 | 0.31 | 21,548 | British Sky Broadcasting Group | 168,505 | 0.38 |
| 1,215 | Carpetright | 7,490 | 0.02 | 4,584 | Centaur Media | 1,513 | - |
| 13,172 | Darty | 9,517 | 0.02 | 1,925 | Chime Communications | 4,967 | 0.01 |
| | | | | 885 | Euromoney Institutional Investor | 8,160 | 0.02 |
| | | | | 60,704 | Hibu | 219 | - |
| | | | | 5,914 | Huntsworth | 3,578 | 0.01 |
| | | | | 13,841 | Informa | 70,589 | 0.16 |
| | | | | 5,437 | ITE Group | 15,920 | 0.04 |

Threadneedle Navigator UK Index Tracker Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|--|-----------------------------|------------|----------------------------|---|--|------------|----------------------------|
| CYCLICAL SERVICES 12.08% (11.10%) (continued) | | | | 14,966 | Speedy Hire | 8,531 | 0.02 |
| 78,415 | ITV | 102,880 | 0.23 | 8 | Tribal Group | 13 | - |
| 14 | Johnston Press | 2 | - | 553 | UK Mail Group | 2,776 | 0.01 |
| 2,768 | Mecom Group | 927 | - | 2,316 | WS Atkins | 20,404 | 0.05 |
| 17,693 | Pearson | 217,801 | 0.49 | 6,080 | Xchanging | 8,162 | 0.02 |
| 6,478 | Photo-Me International | 5,247 | 0.01 | Transport 0.66% (0.58%) | | | |
| 26,128 | Reed Elsevier | 194,131 | 0.43 | 10,589 | BBA Aviation | 29,332 | 0.06 |
| 2,779 | St. Ives | 4,467 | 0.01 | 287 | Clarkson | 4,638 | 0.01 |
| 597 | STV Group | 790 | - | 5,405 | EasyJet | 67,887 | 0.15 |
| 1,827 | Tarsus Group | 4,129 | 0.01 | 11,370 | FirstGroup | 14,679 | 0.03 |
| 6,193 | Trinity Mirror | 7,942 | 0.02 | 928 | Go Ahead Group | 14,087 | 0.03 |
| 5,566 | UBM | 40,075 | 0.09 | 35,291 | International Consolidated Airlines Group | 99,203 | 0.22 |
| 1,778 | UTV Media | 2,738 | 0.01 | 950 | James Fisher & Sons | 9,120 | 0.02 |
| 27,478 | WPP | 309,677 | 0.69 | 9,779 | National Express Group | 19,705 | 0.04 |
| Packaging 0.01% (0.01%) | | | | 2,471 | Northgate | 8,247 | 0.02 |
| 3,537 | Safestore Holdings | 4,801 | 0.01 | 9,910 | Stagecoach Group | 29,512 | 0.07 |
| Support services 4.43% (4.27%) | | | | 7,039 | Stobart Group | 6,335 | 0.01 |
| 5,619 | Aggreko | 101,423 | 0.23 | 3,228 | Wincanton | 2,260 | - |
| 11,507 | Ashtead Group | 72,149 | 0.16 | Total cyclical services | | | |
| 8,003 | Babcock International Group | 92,515 | 0.21 | 5,412,173 | 12.08 | | |
| 3,929 | Berendsen | 30,116 | 0.07 | FINANCIALS 23.01% (19.46%) | | | |
| 2,620 | Big Yellow Group | 10,834 | 0.02 | Banks 11.60% (9.47%) | | | |
| 2,519 | Brammer | 8,709 | 0.02 | 462 | Bank of Georgia Holdings | 8,593 | 0.02 |
| 7,750 | BTG | 27,319 | 0.06 | 278,823 | Barclays | 894,325 | 2.00 |
| 7,198 | Bunzl | 92,638 | 0.21 | 402,697 | HSBC Holdings | 2,921,567 | 6.52 |
| 2,813 | Cape | 7,468 | 0.02 | 897,348 | Lloyds Banking Group | 553,933 | 1.24 |
| 14,156 | Capita Group | 139,295 | 0.31 | 45,600 | Royal Bank of Scotland Group | 151,529 | 0.34 |
| 20 | Communis | 11 | - | 42,747 | Standard Chartered | 661,723 | 1.48 |
| 39,911 | Compass Group | 342,436 | 0.76 | Insurance 1.40% (1.18%) | | | |
| 2,031 | CPP Group | 91 | - | 4,399 | Admiral Group | 57,143 | 0.13 |
| 2,324 | De La Rue | 22,334 | 0.05 | 11,266 | Amlin | 47,024 | 0.10 |
| 2,583 | Diploma | 13,845 | 0.03 | 11,932 | Beazley | 28,434 | 0.06 |
| 10,246 | Electrocomponents | 27,756 | 0.06 | 7,812 | Catlin Group | 39,255 | 0.09 |
| 22,052 | Experian Group | 268,373 | 0.60 | 12,097 | Direct Line Insurance Group | 25,561 | 0.06 |
| 4,025 | Fiberweb | 2,989 | 0.01 | 8,027 | Hiscox | 44,189 | 0.10 |
| 4,849 | Filtrona | 33,701 | 0.07 | 2,846 | Jardine Lloyd Thompson Group | 25,287 | 0.06 |
| 31,388 | G4S | 76,963 | 0.17 | 3,790 | Lancashire Holdings | 29,600 | 0.07 |
| 31,757 | Hays | 29,979 | 0.07 | 1,406 | Novae Group | 7,002 | 0.02 |
| 6,341 | Homeserve | 16,911 | 0.04 | 3,343 | Phoenix Group Holdings | 21,613 | 0.05 |
| 14,039 | Howden Joinery Group | 32,978 | 0.07 | 80,258 | RSA Insurance Group | 92,136 | 0.21 |
| 928 | Hyder Consulting | 3,916 | 0.01 | 51,215 | Standard Life | 202,965 | 0.45 |
| 100 | Impellam Group | 420 | - | Investment companies 3.55% (3.27%) | | | |
| 2,957 | Interserve | 14,474 | 0.03 | 22,193 | 3i Group | 75,345 | 0.17 |
| 3,493 | Intertek Group | 112,265 | 0.25 | 14,457 | 3i Infrastructure | 18,982 | 0.04 |
| 7,872 | IP Group | 10,863 | 0.02 | 2,743 | Aberdeen Asian Income Fund | 6,309 | 0.01 |
| 1,117 | John Menzies | 8,003 | 0.02 | 796 | Aberdeen Asian Smaller Companies Investment Trust | 8,724 | 0.02 |
| 2,153 | Johnson Service Group | 996 | - | 627 | Aberdeen New Dawn Investment Trust | 6,151 | 0.01 |
| 3,976 | Lavendon Group | 6,521 | 0.01 | 1,964 | Aberdeen UK Tracker Trust | 5,936 | 0.01 |
| 10,754 | Management Consulting Group | 3,280 | 0.01 | 2,295 | Aberforth Smaller Companies Trust | 19,312 | 0.04 |
| 2,106 | Mears Group | 7,740 | 0.02 | 558 | Absolute Return Trust | 631 | - |
| 6,574 | Michael Page International | 25,316 | 0.06 | 1,627 | Active Capital Trust | 138 | - |
| 8,458 | Mitie Group | 21,999 | 0.05 | 1,381 | Advance Developing Markets Trust | 6,394 | 0.01 |
| 3,368 | *Mouchel Group | - | - | 13,060 | Alliance Trust | 58,535 | 0.13 |
| 1,208 | PayPoint | 11,627 | 0.03 | 3,395 | Alternative Investment Strategies | 4,541 | 0.01 |
| 8,686 | Premier Farnell | 18,762 | 0.04 | 1,167 | Artemis Alpha Trust | 3,104 | 0.01 |
| 43,129 | Rentokil Initial | 38,859 | 0.09 | 2,042 | Asian Total Return Investment | 4,227 | 0.01 |
| 17,560 | Rexam | 93,068 | 0.21 | 2,630 | Bankers Investment Trust | 14,386 | 0.03 |
| 1,225 | Ricardo | 4,989 | 0.01 | 898 | Baring Emerging Europe | 7,018 | 0.02 |
| 1,829 | Robert Walters | 4,083 | 0.01 | | | | |
| 3,806 | RPC Group | 15,262 | 0.03 | | | | |
| 5,145 | RPS Group | 10,810 | 0.02 | | | | |
| 10,742 | Serco Group | 66,654 | 0.15 | | | | |
| 9,381 | Shanks Group | 8,021 | 0.02 | | | | |

Threadneedle Navigator UK Index Tracker Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|---|--|------------|----------------------------|---------|--|------------|----------------------------|
| FINANCIALS 23.01% (19.46%) (continued) | | | | 132 | Henderson Opportunities Trust Subscription Shares | – | – |
| 810 | BH Global | 9,963 | 0.02 | 1,790 | Henderson Smaller Companies | 8,095 | 0.02 |
| 353 | BH Global USD Shares | 2,831 | 0.01 | 1,403 | Henderson Value Trust | 3,339 | 0.01 |
| 946 | BH Macro | 22,061 | 0.05 | 2,023 | Herald Investment Trust | 11,086 | 0.02 |
| 347 | BH Macro EUR Shares | 6,699 | 0.01 | 787 | HG Capital Trust | 8,854 | 0.02 |
| 645 | BH Macro USD Shares | 9,444 | 0.02 | 21,834 | HICL Infrastructure | 27,904 | 0.06 |
| 3,966 | Bilfinger Berger Global Infrastructure | 4,462 | 0.01 | 5,194 | Impax Asian Environmental Markets | 5,350 | 0.01 |
| 1,800 | *Bioscience Investment Trust | – | – | 6,174 | Impax Environmental Markets | 7,918 | 0.02 |
| 1,456 | Biotech Growth Trust | 5,951 | 0.01 | 16,415 | International Public Partnership | 21,126 | 0.05 |
| 3,089 | BlackRock Greater Europe Investment Trust | 6,873 | 0.02 | 2,268 | Invesco Asia Trust | 3,776 | 0.01 |
| 617 | BlackRock Greater European Investment Trust | 117 | – | 1,964 | Invesco Income Growth Trust | 4,989 | 0.01 |
| 1,049 | BlackRock Latin American Investment Trust | 5,581 | 0.01 | 1,087 | J.P. Morgan American Investment Trust | 12,174 | 0.03 |
| 1,257 | BlackRock Smaller Companies Trust | 8,177 | 0.02 | 2,638 | J.P. Morgan Asian Investment Trust | 5,751 | 0.01 |
| 4,430 | BlackRock World Mining Trust | 21,765 | 0.05 | 1,591 | J.P. Morgan Claverhouse Investment Trust | 8,591 | 0.02 |
| 12,476 | BlueCrest AllBlue Fund | 22,968 | 0.05 | 2,721 | J.P. Morgan Emerging Markets Fund | 16,666 | 0.04 |
| 8,138 | British Assets Trust | 10,885 | 0.02 | 693 | J.P. Morgan Emerging Markets Investment Trust | 638 | – |
| 3,784 | British Empire Securities & General | 19,052 | 0.04 | 2,445 | J.P. Morgan European Investment Trust | 4,890 | 0.01 |
| 936 | Brunner Investment Trust | 4,540 | 0.01 | 975 | J.P. Morgan European Smaller Companies Trust | 8,429 | 0.02 |
| 785 | Caledonia Investments | 14,554 | 0.03 | 3,384 | J.P. Morgan Global Emerging Market Income Trust | 4,475 | 0.01 |
| 750 | Candover Investments | 2,852 | 0.01 | 2,780 | J.P. Morgan Indian Investment Trust | 10,664 | 0.02 |
| 1,617 | City Natural resources High Yield Trust | 2,454 | 0.01 | 4,884 | J.P. Morgan Japanese Investment Trust | 10,232 | 0.02 |
| 5,656 | City of London Investment Trust | 20,418 | 0.05 | 623 | J.P. Morgan Overseas Investment Trust | 5,613 | 0.01 |
| 6,604 | Dexion Absolute | 9,847 | 0.02 | 124 | J.P. Morgan Overseas Investment Trust Subscription Shares | 55 | – |
| 4,209 | Dunedin Income Growth Investment Trust | 11,427 | 0.03 | 1,394 | J.P. Morgan Russian Securities | 7,263 | 0.02 |
| 5,295 | Ecofin Water & Power Opportunities | 6,870 | 0.02 | 10,101 | John Laing Infrastructure Fund | 11,394 | 0.03 |
| 4,317 | Edinburgh Dragon Trust | 12,735 | 0.03 | 1,928 | Jupiter European Opportunities Trust | 7,828 | 0.02 |
| 4,632 | Edinburgh Investment Trust | 27,028 | 0.06 | 7,009 | Jupiter Fund Management | 22,968 | 0.05 |
| 2,112 | *Edinburgh UK Smaller Companies Tracker Trust | – | – | 1 | JZ Capital Partners | 5 | – |
| 1,185 | Edinburgh Worldwide Investment Trust | 3,988 | 0.01 | 337 | Keystone Investment Trust | 5,426 | 0.01 |
| 883 | Electra Private Equity | 20,035 | 0.04 | 2,799 | Law Debenture | 13,855 | 0.03 |
| 1,500 | Electric & General Investment Trust | – | – | 750 | Lowland Investment Company | 9,263 | 0.02 |
| 1,016 | European Investment Trust | 6,132 | 0.01 | 2,547 | Martin Currie Portfolio Investment | 4,107 | 0.01 |
| 2,068 | F&C Capital & Income Investment Trust | 5,341 | 0.01 | 4,596 | Medicx Fund | 3,642 | 0.01 |
| 12,134 | F&C Commercial Property Trust | 13,177 | 0.03 | 2,444 | Mercantile Investment Trust | 31,650 | 0.07 |
| 973 | F&C Global Smaller Companies | 7,662 | 0.02 | 2,479 | Merchants Trust | 11,701 | 0.03 |
| 495 | F&C US Smaller Companies | 3,366 | 0.01 | 6,512 | Monks Investment Trust | 23,345 | 0.05 |
| 1,064 | Fidelity European Values | 15,683 | 0.03 | 1,527 | Murray Income Trust | 12,002 | 0.03 |
| 1,591 | Fidelity Special Values | 12,084 | 0.03 | 2,689 | Murray International Trust | 32,187 | 0.07 |
| 1,277 | Finsbury Growth & Income Trust | 6,015 | 0.01 | 8,820 | NB Global | 9,173 | 0.02 |
| 13,429 | Foreign & Colonial Investment Trust | 49,553 | 0.11 | 888 | North American Income Trust | 7,801 | 0.02 |
| 36,014 | Fortune Oil | 2,849 | 0.01 | 340 | North Atlantic Smaller Companies Investment Trust | 4,814 | 0.01 |
| 3,524 | Genesis Emerging Markets | 19,593 | 0.04 | 2,824 | Pacific Assets Trust | 4,568 | 0.01 |
| 594 | *Goldman Sachs Dynamic Opportunities | 449 | – | 762 | Pantheon International Participations | 7,970 | 0.02 |
| 4,400 | *Govett Strategic Investment Trust | – | – | 138 | Pantheon International Participations Registered | 1,421 | – |
| 1,739 | Graphite Enterprise Trust | 8,552 | 0.02 | 5,561 | Perpetual Income & Growth | 19,219 | 0.04 |
| 1 | Hansa Trust | 8 | – | 851 | Perpetual Income & Growth Subscription Shares | 987 | – |
| 413 | Henderson European Focus Trust | 3,290 | 0.01 | | | | |
| 2,302 | Henderson Far East Income | 8,149 | 0.02 | | | | |
| 1,498 | Henderson Global Trust | 5,400 | 0.01 | | | | |
| 8 | Henderson Opportunities Trust | 49 | – | | | | |

Threadneedle Navigator UK Index Tracker Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value | |
|---|---|------------|----------------------------|---|--|------------|----------------------------|--------------|
| FINANCIALS 23.01% (19.46%) (continued) | | | | 4,875 | LMS Capital | 3,559 | 0.01 | |
| 26 | Personal Assets Trust | 9,264 | 0.02 | 13,030 | LondonMetric Property | 14,998 | 0.03 | |
| 10,195 | Picton Property Income | 4,639 | 0.01 | 1,964 | LSL Property Services | 7,365 | 0.02 | |
| 3,246 | Polar Capital Technology Trust | 13,406 | 0.03 | 400 | *Mapeley | – | – | |
| 656 | Polar Capital Technology Trust Subscription Shares | 51 | – | 1,054 | MWB Group Holdings | 51 | – | |
| 748 | RCM Technology Trust | 2,984 | 0.01 | 150 | Primary Health Open Offer Shares | 3 | – | |
| 29,433 | Resolution | 85,238 | 0.19 | 1,504 | Primary Health Properties | 4,764 | 0.01 | |
| 2,959 | RIT Capital Partners | 36,840 | 0.08 | 12,337 | Quintain Estate & Development | 9,314 | 0.02 | |
| 3,013 | Ruffer Investment Company | 6,749 | 0.01 | 11,839 | Raven Russia | 9,234 | 0.02 | |
| 4,265 | Schroder Asia Pacific | 11,328 | 0.03 | 14,694 | Regus | 24,759 | 0.06 | |
| 1,659 | Schroder Income Growth Fund | 4,035 | 0.01 | 2,796 | Savills | 16,357 | 0.04 | |
| 3,920 | Schroder Oriental Income Fund | 8,056 | 0.02 | 8,276 | Schroder Real estate Investment Trust | 3,517 | 0.01 | |
| 3,877 | Schroder UK Growth Fund | 6,397 | 0.01 | 16,916 | Segro | 46,857 | 0.10 | |
| 3,168 | Scottish American Investment | 7,872 | 0.02 | 5,758 | Shaftesbury | 35,412 | 0.08 | |
| 3,012 | Scottish Investment Trust | 17,500 | 0.04 | 3,494 | St. Modwen Properties | 10,024 | 0.02 | |
| 6,092 | Scottish Mortgage Investment Trust | 52,300 | 0.12 | 569 | Town Centre Securities | 1,195 | – | |
| 731 | Scottish Oriental Smaller Companies Investment Trust | 6,473 | 0.01 | 8,952 | UK Commercial Property Trust | 6,517 | 0.01 | |
| 14,300 | *Securities Trust of Scotland | – | – | 3,801 | Unite Group | 13,558 | 0.03 | |
| 1,204 | Standard Life Equity Income Trust | 4,274 | 0.01 | 1,873 | Warner Estate Holdings | 20 | – | |
| 1,540 | Standard Life UK Smaller Companies Trust | 4,162 | 0.01 | 2,420 | Workspace Group | 9,760 | 0.02 | |
| 5,631 | SVG Capital | 22,389 | 0.05 | Speciality & other finance 1.62% (1.45%) | | | | |
| 1,389 | Temple Bar Investment Trust | 16,057 | 0.04 | 20,899 | Aberdeen Asset Management | 97,180 | 0.22 | |
| 7,896 | Templeton Emerging Markets Investment Trust | 48,008 | 0.11 | 8,314 | Ashmore Group | 33,298 | 0.07 | |
| 481 | Thames River Multi Hedge PCC | 570 | – | 6,024 | Brewin Dolphin Holdings | 14,488 | 0.03 | |
| 1,759 | Throgmorton Trust | 4,248 | 0.01 | 3,370 | Close Bros Group | 33,397 | 0.07 | |
| 1,294 | TR European Growth Trust | 5,383 | 0.01 | 1,339 | Eastern European Trust | 3,568 | 0.01 | |
| 8,160 | TR Property Investment Trust | 16,728 | 0.04 | 10,061 | F&C Asset Management | 9,613 | 0.02 | |
| 5,111 | Utilico Emerging Markets | 9,782 | 0.02 | 4,863 | Hargreaves Lansdown | 46,442 | 0.10 | |
| 4,552 | Witan Investment | 27,926 | 0.06 | 13,323 | Helphire Group | 422 | – | |
| 1,583 | Witan Pacific Investment Trust | 3,942 | 0.01 | 12,422 | ICAP | 45,750 | 0.10 | |
| 360 | Worldwide Healthcare Trust GB00B3VMCB07 | 1,418 | – | 8,489 | IG Group Holdings | 49,533 | 0.11 | |
| 1,104 | Worldwide Healthcare Trust GB0003385308 | 11,967 | 0.03 | 9,232 | Intermediate Capital Group | 43,464 | 0.10 | |
| Life assurance 2.95% (2.33%) | | | | 5,751 | International Personal Finance | 29,416 | 0.07 | |
| 64,297 | Aviva | 214,752 | 0.48 | 11,533 | Investec | 52,383 | 0.12 | |
| 3,928 | Chesnara | 9,859 | 0.02 | 6 | Liontrust Asset Management | 11 | – | |
| 127,547 | Legal & General | 232,518 | 0.52 | 3,839 | London Stock Exchange Group | 54,245 | 0.12 | |
| 106,346 | Old Mutual | 216,095 | 0.48 | 37,952 | Man Group | 43,986 | 0.10 | |
| 55,321 | Prudential | 624,021 | 1.39 | 235 | *MDY Healthcare | 24 | – | |
| 4,804 | St. James's Place | 28,320 | 0.06 | 6,275 | Moneysupermarket.com | 12,989 | 0.03 | |
| Real estate 1.89% (1.76%) | | | | 11 | †Panmure Gordon & Co | 16 | – | |
| 750 | A&J Mucklow Group | 2,897 | 0.01 | 7,047 | Paragon Group of Companies | 21,352 | 0.05 | |
| 19,867 | British Land | 120,990 | 0.27 | 3,162 | Provident Financial | 48,600 | 0.11 | |
| 13,805 | Capital & Counties Properties | 45,487 | 0.10 | 1,020 | Rathbone Brothers | 15,596 | 0.03 | |
| 6,736 | Capital & Regional | 2,324 | – | 2,538 | Schroders | 60,252 | 0.13 | |
| 390 | CLS Holdings | 3,803 | 0.01 | 2 | Schroders Non-voting Shares | 37 | – | |
| 115 | Daejan Holdings | 4,457 | 0.01 | 4,810 | Tullett Prebon | 14,122 | 0.03 | |
| 2,120 | Derwent London | 50,498 | 0.11 | Total financials | | | | |
| 2,702 | Development Securities | 5,404 | 0.01 | | | | 10,308,018 | 23.01 |
| 7,543 | Grainger | 11,578 | 0.03 | GENERAL INDUSTRIALS 4.48% (3.99%) | | | | |
| 7,380 | Great Portland Estates | 40,479 | 0.09 | Aerospace & defence 2.45% (2.15%) | | | | |
| 15,919 | Hammerson | 80,948 | 0.18 | 70,831 | BAE Systems | 285,945 | 0.64 | |
| 14,272 | Hansteen Holdings | 12,674 | 0.03 | 4,349 | Chemring Group | 12,199 | 0.03 | |
| 2,816 | Helical Bar | 7,476 | 0.02 | 24,842 | Cobham | 71,595 | 0.16 | |
| 23,757 | Henderson Group | 40,102 | 0.09 | 16,971 | Meggitt | 90,285 | 0.20 | |
| 12,941 | Intu Properties | 43,443 | 0.10 | 4,889,829 | **Rolls-Royce 'C' Shares | 4,890 | 0.01 | |
| 16,942 | Land Securities Group | 156,714 | 0.35 | 40,723 | Rolls-Royce Holdings | 486,233 | 1.09 | |
| | | | | 8,500 | Smiths Group | 116,705 | 0.26 | |
| | | | | 1,612 | Ultra Electronics Holdings | 28,516 | 0.06 | |
| | | | | Diversified industrials 0.07% (0.07%) | | | | |
| | | | | 33,933 | Lonrho | 3,359 | 0.01 | |
| | | | | 14,921 | QinetiQ Group | 27,753 | 0.06 | |

Threadneedle Navigator UK Index Tracker Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|--|--------------------------------|------------|----------------------------|---|----------------------------------|------------|----------------------------|
| GENERAL INDUSTRIALS 4.48% (3.99%) (continued) | | | | 25,868 | Sage Group | 94,108 | 0.21 |
| Electronic & electrical equipment 0.58% (0.48%) | | | | 1,964 | SDL | 7,404 | 0.02 |
| 8,977 | AZ Electronic Materials | 28,367 | 0.06 | Total information technology 675,482 1.51 | | | |
| 753 | Dialight | 9,653 | 0.02 | NON-CYCLICAL CONSUMER GOODS 19.54% (20.14%) | | | |
| 2,546 | Domino Printing | 17,160 | 0.04 | Beverages 3.95% (4.06%) | | | |
| 4,277 | E2V Holdings | 5,400 | 0.01 | 1,980 | A.G.Barr | 10,989 | 0.02 |
| 2,919 | Hiwave Technologies | 5 | - | 5,442 | Britvic | 28,761 | 0.06 |
| 18,594 | Invensys | 73,948 | 0.17 | 54,607 | Diageo | 1,060,195 | 2.37 |
| 6,226 | Laird Group | 13,100 | 0.03 | 20,293 | SABMiller | 670,278 | 1.50 |
| 5 | *Minorplanet Systems | - | - | Food producers & processors 2.33% (2.22%) | | | |
| 1,199 | Oxford Instruments | 19,268 | 0.04 | 484 | Anglo-Eastern Plantations | 3,487 | 0.01 |
| 830 | Renishaw | 14,567 | 0.03 | 7,583 | Associated British Foods | 138,845 | 0.31 |
| 2,702 | Spectris | 56,418 | 0.13 | 33 | Camellia | 3,234 | 0.01 |
| 3,877 | TT Electronics | 6,756 | 0.02 | 1,126 | Cranswick | 12,397 | 0.03 |
| 1,301 | Volex Group | 1,366 | - | 3,263 | Dairy Crest Group | 15,744 | 0.03 |
| 1,725 | Xaar | 11,316 | 0.03 | 4,068 | Devro | 13,254 | 0.03 |
| Engineering & machinery 1.38% (1.29%) | | | | 1,446 | Genus | 20,475 | 0.05 |
| 6,512 | Alent | 23,788 | 0.05 | 9,135 | Greencore Group | 11,921 | 0.03 |
| 6,462 | Amec | 66,236 | 0.15 | 830 | Hilton Food Group | 2,907 | 0.01 |
| 4,465 | Bodycote | 24,558 | 0.05 | 5,829 | Premier Foods | 4,153 | 0.01 |
| 1,469 | Carclo | 5,362 | 0.01 | 4 | REA Holdings | 15 | - |
| 4,423 | Fenner | 15,242 | 0.03 | 10,386 | Tate & Lyle | 85,736 | 0.19 |
| 8,586 | Halma | 44,862 | 0.10 | 26,156 | Unilever | 724,521 | 1.62 |
| 1,831 | Hill & Smith Holdings | 7,782 | 0.02 | Health 0.41% (0.40%) | | | |
| 7,134 | IMI | 92,243 | 0.21 | 273 | Assura Group | 99 | - |
| 27,689 | Melrose Industries | 71,576 | 0.16 | 677 | Consort Medical | 5,331 | 0.01 |
| 6,739 | Morgan Advanced Materials | 19,658 | 0.04 | 2,180 | Dechra Pharmaceuticals | 14,911 | 0.03 |
| 1,993 | Rotork | 56,960 | 0.13 | 1,273 | Optos | 1,591 | - |
| 9,404 | Senior | 25,475 | 0.06 | 19,510 | Smith & Nephew | 149,544 | 0.33 |
| 8,733 | Severfield-Rowen | 4,367 | 0.01 | 4,700 | *Southern Cross Healthcare Group | - | - |
| 1,771 | Spirax-Sarco Engineering | 50,668 | 0.11 | 1,390 | Synergy Healthcare | 14,776 | 0.03 |
| 991 | Vitec Group | 5,961 | 0.01 | 7,864 | Vectura Group | 6,822 | 0.01 |
| 4,594 | Weir Group | 106,948 | 0.24 | Personal care & household products 1.55% (1.54%) | | | |
| Total general industrials 2,006,490 4.48 | | | | 4,483 | McBride | 4,505 | 0.01 |
| INFORMATION TECHNOLOGY 1.51% (1.34%) | | | | 6,954 | PZ Cussons | 25,744 | 0.06 |
| Information technology hardware 0.87% (0.62%) | | | | 13,986 | Reckitt Benckiser | 660,839 | 1.48 |
| 30,045 | ARM Holdings | 296,995 | 0.66 | Pharmaceuticals & biotechnology 6.74% (6.95%) | | | |
| 3,801 | CSR | 20,943 | 0.05 | 9,700 | *Alizyme | - | - |
| 4,594 | Imagination Technologies Group | 16,309 | 0.04 | 26,972 | AstraZeneca | 914,216 | 2.04 |
| 4,697 | Telecity Group | 45,631 | 0.10 | 106,502 | GlaxoSmithKline | 1,811,599 | 4.04 |
| 2,912 | Wolfson Microelectronics | 6,203 | 0.02 | 3,082 | Hikma Pharmaceuticals | 29,680 | 0.07 |
| Software & computer services 0.64% (0.72%) | | | | 21,491 | Oxford BioMedica | 473 | - |
| 6,653 | Anite | 8,476 | 0.02 | 1,555 | Phytopharm | 21 | - |
| 1,594 | Aveva Group | 38,208 | 0.09 | 12,213 | Shire | 263,312 | 0.59 |
| 43 | Blinkx | 57 | - | 241 | SkyePharma | 118 | - |
| 2,017 | Computacenter | 9,312 | 0.02 | 116 | Vernalis | 25 | - |
| 2,339 | Emblaze | 1,181 | - | Tobacco 4.56% (4.97%) | | | |
| 872 | Fidessa Group | 16,734 | 0.04 | 42,027 | British American Tobacco | 1,531,884 | 3.42 |
| 8 | Gresham Computing | 6 | - | 21,338 | Imperial Tobacco Group | 509,338 | 1.14 |
| 254 | IndigoVision Group | 978 | - | Total non-cyclical consumer goods 8,751,740 19.54 | | | |
| 22,329 | Innovation Group | 6,085 | 0.01 | NON-CYCLICAL SERVICES 8.17% (8.80%) | | | |
| 1,579 | Kofax | 5,132 | 0.01 | Food & drug retailers 2.14% (2.33%) | | | |
| 3,389 | Micro Focus International | 23,299 | 0.05 | 33,619 | Booker Group | 42,494 | 0.10 |
| 15 | Monitise | 6 | - | 2,395 | Greggs | 9,700 | 0.02 |
| 4,932 | NCC Group | 5,290 | 0.01 | 30,280 | J Sainsbury | 113,671 | 0.25 |
| 796 | Parity Group | 231 | - | | | | |
| 1,413 | Phoenix IT Group | 2,116 | 0.01 | | | | |
| 3,419 | Playtech | 23,027 | 0.05 | | | | |
| 2,258 | Rightmove | 46,312 | 0.10 | | | | |
| 2,086 | RM | 1,439 | - | | | | |

Threadneedle Navigator UK Index Tracker Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value | |
|--|---------------------------------|------------|----------------------------|--|------------------------------|------------|----------------------------|--------------|
| NON-CYCLICAL SERVICES 8.17% (8.80%) (continued) | | | | 2,081 | Kentz | 8,287 | 0.02 | |
| 47,241 | Morrison (Wm) Supermarkets | 129,393 | 0.29 | 4,647 | Lamprell | 7,528 | 0.02 | |
| 10,276 | Ocado Group | 27,755 | 0.06 | 9,052 | Ophir Energy | 36,298 | 0.08 | |
| 174,190 | Tesco | 635,010 | 1.42 | 5,813 | Petrofac | 79,347 | 0.18 | |
| Telecommunications services 6.03% (6.47%) | | | | 12,065 | Premier Oil | 44,122 | 0.10 | |
| 10,570 | BATM Advanced Communications | 2,140 | 0.01 | 134,602 | Royal Dutch Shell 'B' Shares | 3,087,770 | 6.89 | |
| 171,307 | BT Group | 520,945 | 1.16 | 6,422 | Salamander Energy | 11,065 | 0.02 | |
| 59,675 | Cable & Wireless Communications | 26,138 | 0.06 | 5,105 | SOCO International | 19,583 | 0.04 | |
| 8,268 | Colt Group | 8,996 | 0.02 | 19,668 | Tullow Oil | 207,104 | 0.46 | |
| 9,897 | Inmarsat | 61,064 | 0.14 | 7,387 | Wood Group | 62,974 | 0.14 | |
| 13,096 | KCOM Group | 11,027 | 0.02 | Total resources | | | 9,735,073 | 21.74 |
| 5 | †Redstone | – | – | UTILITIES 3.80% (4.28%) | | | | |
| 14,886 | Spirent Communications | 19,888 | 0.04 | Electricity 0.84% (1.26%) | | | | |
| 1,205 | Telecom Plus | 15,834 | 0.04 | 9,246 | Drax Group | 52,240 | 0.11 | |
| 29 | Virgin Media | 953 | – | 20,778 | SSE | 323,098 | 0.72 | |
| 1,067,002 | Vodafone Group | 2,032,639 | 4.54 | 346 | XP Power | 4,124 | 0.01 | |
| Total non-cyclical services | | | | Gas distribution 2.34% (2.33%) | | | | |
| 3,657,647 | | | | 8.17 | | | | |
| RESOURCES 21.74% (25.39%) | | | | 111,970 | Centrica | 427,054 | 0.95 | |
| Mining 7.12% (8.99%) | | | | 78,872 | National Grid | 622,694 | 1.39 | |
| 3,059 | African Barrick Gold | 4,322 | 0.01 | Water 0.62% (0.69%) | | | | |
| 28,429 | Anglo American | 443,066 | 0.99 | 5,147 | Severn Trent | 105,668 | 0.24 | |
| 2,140 | Anglo Pacific Group | 4,970 | 0.01 | 8,231 | Pennon Group | 56,218 | 0.13 | |
| 7,911 | Antofagasta | 75,787 | 0.17 | 14,741 | United utilities Group | 111,442 | 0.25 | |
| 9,581 | Aquarius Platinum | 3,976 | 0.01 | Total utilities | | | | |
| 4,754 | Avocet Mining | 559 | – | 1,702,538 | | | | |
| 45,790 | BHP Billiton | 888,784 | 1.98 | DERIVATIVES 0.05% (-0.28%) | | | | |
| 1,811 | Bumi | 4,696 | 0.01 | Futures and options 0.05% (1.26%) | | | | |
| 23,697 | Centamin | 9,242 | 0.02 | 18 ††UBS FTSE 100 Future Expiring | | | | |
| 4,865 | Coalfield resources | 182 | – | June 2013 | | | | |
| 5,698 | Eurasian Natural resources | 14,382 | 0.03 | 21,595 | | | | |
| 3,707 | Fresnillo | 43,112 | 0.10 | Total derivatives | | | | |
| 2,530 | Gem Diamonds | 3,567 | 0.01 | 21,595 | | | | |
| 188,135 | Glencore Xstrata | 618,023 | 1.38 | Total value of investments | | | | |
| 3,603 | Hochschild Mining | 9,224 | 0.02 | 43,631,397 | | | | |
| 10,476 | International Ferro Metals | 995 | – | Net other assets (2.88%) | | | | |
| 4,760 | Kazakhmys | 15,970 | 0.04 | 1,157,497 | | | | |
| 58,737 | Kenmare resources | 17,968 | 0.04 | Net assets | | | | |
| 10,012 | Lonmin | 30,096 | 0.07 | 44,788,894 | | | | |
| 2,474 | New World resources | 2,533 | 0.01 | 100.00 | | | | |
| 8,959 | Petra Diamonds | 10,258 | 0.02 | <i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i> | | | | |
| 3,836 | Petropavlovsk | 5,351 | 0.01 | <i>June 2012 comparatives in brackets.</i> | | | | |
| 4,350 | Polymetal International | 29,776 | 0.07 | <i>*These are unlisted securities and are valued at the manager's best estimate.</i> | | | | |
| 1,985 | Randgold resources | 105,007 | 0.23 | <i>**Manually priced.</i> | | | | |
| 27,049 | Rio Tinto | 787,396 | 1.76 | <i>†Alternative Investment Market.</i> | | | | |
| 32,739 | Talvivaara Mining | 4,665 | 0.01 | <i>††The underlying exposure of holding this future is £1,184,175.</i> | | | | |
| 2,333 | Vedanta resources | 29,816 | 0.07 | | | | | |
| 6,512 | Vesuvius | 24,479 | 0.05 | | | | | |
| Oil & gas 14.62% (16.40%) | | | | | | | | |
| 25,356 | Afren | 34,154 | 0.08 | | | | | |
| 73,046 | BG Group | 890,431 | 1.99 | | | | | |
| 411,602 | BP | 1,950,787 | 4.36 | | | | | |
| 13,075 | Cairn Energy | 36,061 | 0.08 | | | | | |
| 14,549 | EnQuest | 18,695 | 0.04 | | | | | |
| 6,746 | Essar Energy | 9,957 | 0.02 | | | | | |
| 2,927 | Exillon Energy | 4,310 | 0.01 | | | | | |
| 1,738 | Hardy Oil & gas | 1,981 | – | | | | | |
| 4,637 | Heritage Oil | 6,668 | 0.02 | | | | | |
| 3,165 | Hunting | 27,615 | 0.06 | | | | | |
| 3,556 | JKX Oil & gas | 2,134 | 0.01 | | | | | |

Threadneedle Navigator Growth Trust

Manager's Report

Investment Objective and Policy

To achieve capital growth. The Manager's investment policy is to invest primarily in UK equities, UK government securities and fixed interest investments and worldwide equities. The Manager does not envisage remaining fully invested at all times and may utilise stocklending, forward transactions and derivatives in order to hedge against price or currency fluctuations and to facilitate efficient portfolio management.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a UCITS scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

Over the 12 months to 1 June 2013, the UK equity market, as measured by the FTSE All-Share Index (Total Return), appreciated by 30.11%. The offer price of accumulation units in the trust rose by 26.39% from 95.50p to 120.70p during the same period. Please note that the FTSE All-Share Index (Total Return) return quoted above is at global close as of 31 May 2013, although the trust is valued at 12 noon on the next working day.

Accumulation

Income units are not available from the Threadneedle Navigator Growth Trust. However, in accordance with the Prospectus, the revenue in the trust is accumulated with effect from the last day of the Annual Accounting Period i.e. 1 June in each year.

Portfolio Activity

The majority of the Trust is invested in equities with only a modest exposure to bonds. With regard to the equity component of the portfolio, the UK represents the largest regional exposure.

The beginning of June 2012 marked the low point for UK equities during the review period, but this was followed by a sharp recovery in the market. The gains were driven by unprecedented measures from global central banks, with the announcement of the European Central Bank's bond-buying plan followed by an expansion of the Federal Reserve's (the Fed's) quantitative easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to purge deflation and promote growth.

The rally continued for most of the period under review, albeit with brief setbacks on concerns over the US fiscal cliff, the inconclusive Italian election result, the Cypriot banking crisis, evidence of a deepening eurozone recession and signs that the Chinese economy could be losing momentum. During May 2013, market indices scaled multi-year highs in many countries and even reached fresh highs in others, including the US.

However, the end of May was marred by talk from the Fed of scaling back its QE programme as the US economic recovery gathers pace. Meanwhile, fresh concerns surfaced over Chinese growth. Equity and bond markets sold off sharply towards the end of the month, while bond yields spiked higher.

The UK market performed strongly over much of the reporting period against the more positive global backdrop and increasing signs of UK economic recovery. The Bank of England's QE programme drove UK equities and bonds upwards. Meanwhile, there was better news on the economy toward the end of the review period, when data released showed that the UK economy had avoided slipping back into recession during the first quarter of 2013.

Within the trust, key UK equity purchases over the period included a new holding in leading global drinks company Diageo given its ability to grow, even in a difficult economic environment. We also increased the UK equity portion's exposure to more cyclical stocks such as fund manager Schroders, TV broadcaster ITV, and oil services company Amec. These are all well-positioned companies with strong finances that trade on compelling valuations. Conversely, we sold out of mining company Xstrata, as we did not like the proposed terms of the merger with Glencore, and took profits on the position in insurer Prudential after a strong performance.

The market's recent strong rally has been driven partly by quantitative easing (QE), improved performance at the company level and the fact the market was fundamentally oversold as the eurozone crisis deepened during the second quarter of 2012. However, we have become slightly more cautious over recent months as the valuation case has become less compelling, while the recent rise in bond yields, if sustained, could undermine the appeal of companies with utility-type earnings, as well as generally raising firms' costs of capital.

Meanwhile, the good performance of the US economy has prompted debate over the duration of the QE programme and has been the main factor behind the rise in bond yields. Market sentiment remains reliant on central-bank support, rather than underlying global economic fundamentals.

The UK market includes some of the world's leading companies, which are not dependent on the health of the domestic economy for their profits growth. Moreover, the UK stock market is supported by a good dividend yield. This has proved particularly attractive to investors given that official interest rates remain at historic lows across the developed world. Even after the recent market rally, UK equity valuations continue to look attractive.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks

Director

P J W Reed

Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator Growth Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|------------------|--------------------|
| Income | | | |
| Net capital gains/(losses) | 2 | 4,085,024 | (1,016,120) |
| Revenue | 3 | 508,240 | 421,795 |
| Expenses | 4 | (306,666) | (298,224) |
| Finance costs: Interest | 6 | (532) | (15) |
| Net revenue before taxation | | 201,042 | 123,556 |
| Taxation | 5 | (17,323) | (15,745) |
| Net revenue after taxation | | 183,719 | 107,811 |
| Total return before distributions | | 4,268,743 | (908,309) |
| Distributions | 6 | (183,719) | (107,811) |
| Change in unitholders' funds from investment activities | | 4,085,024 | (1,016,120) |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|---------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Investment assets | | 18,271,507 | 15,402,709 |
| Other assets | | | |
| Debtors | 7 | 159,499 | 177,717 |
| Cash and bank balances | | 1,472,807 | 1,402,802 |
| Total other assets | | 1,632,306 | 1,580,519 |
| Total assets | | 19,903,813 | 16,983,228 |
| Liabilities | | | |
| Other liabilities | | | |
| Creditors | 8 | (149,982) | (113,744) |
| Bank overdrafts | | - | (11,967) |
| Total other liabilities | | (149,982) | (125,711) |
| Total liabilities | | (149,982) | (125,711) |
| Net assets | | 19,753,831 | 16,857,517 |
| Unitholders' funds | | 19,753,831 | 16,857,517 |

STATEMENT OF CHANGE IN UNITHOLDERS' FUNDS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Opening net assets | 16,857,517 | 19,359,311 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 31,014 | 44,538 |
| Amounts payable on the cancellation of units | (1,399,523) | (1,636,008) |
| | (1,368,509) | (1,591,470) |
| Stamp duty reserve tax | (155) | (249) |
| Change in unitholders' funds from investment activities (see statement of total return above) | 4,085,024 | (1,016,120) |
| Retained distribution on accumulation units | 179,954 | 106,045 |
| Closing net assets | 19,753,831 | 16,857,517 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

Dividend distribution in pence per unit

| Accumulation Distribution Period | Gross Revenue | Tax Credit | Net Revenue | Equalisation | Net Revenue Accumulated 2012/2013 | Net Revenue Accumulated 2011/2012 |
|--|---------------|------------|-------------|--------------|-----------------------------------|-----------------------------------|
| Group 1 | | | | | | |
| 02/06/12 to 01/06/13 | 1.1557 | 0.1156 | 1.0401 | - | 1.0401 | 0.5683 |
| Group 2 | | | | | | |
| 02/06/12 to 01/06/13 | 0.8707 | 0.0871 | 0.7836 | 0.2565 | 1.0401 | 0.5683 |
| Total distributions in the period | | | | | 1.0401 | 0.5683 |

Group 2: units purchased during a distribution period

Threadneedle Navigator Growth Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends, interest and other revenue receivable includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Dividends are recognised when the security is quoted ex-dividend.

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

Stock Dividends are recognised as revenue on the basis of the market value of the shares at the date they are quoted ex-dividend.

Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Interest on bank and short-term deposits is recognised on an earned basis.

Fee rebate

In addition to any direct charge for registration and management fees within the trust, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the trust bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are charged to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation Unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

(e) Basis of valuation of investments

The investments of the trust are valued at 12 noon (UK time), being the valuation point on the last working day of the accounting period. Investments are stated as fair value which generally is the bid valuation of each security. These bid valuations are sourced from independent pricing sources; to the extent that if an independent pricing source is not available then quotes are obtained from a broker. Where the Manager deems that these valuations are unrepresentative of a fair valuation of the security, a fair valuation adjustment is applied based upon the Managers opinion of fair value.

(f) Exchange rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

| | 2013 | 2012 |
|----------------------------|-----------|-------------|
| | £ | £ |
| Non-derivative securities | 4,092,037 | (1,012,465) |
| Other (losses)/gains | (1,398) | 699 |
| Transaction costs | (5,615) | (4,354) |
| Net capital gains/(losses) | 4,085,024 | (1,016,120) |

3 REVENUE

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| UK franked dividends | 254,585 | 215,913 |
| Overseas dividends | 161,206 | 135,964 |
| Stock dividends | – | 12,124 |
| Interest on debt securities | 60,499 | 28,140 |
| Bank interest | 5,636 | 4,536 |
| Management fee rebate on collective investment scheme holdings | 26,314 | 25,113 |
| Miscellaneous revenue | – | 5 |
| Total revenue | 508,240 | 421,795 |

4 EXPENSES

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (272,464) | (264,938) |
| Registration fees | (19,981) | (19,429) |
| | (292,445) | (284,367) |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (4,359) | (4,239) |
| Safe custody fees | (448) | (460) |
| | (4,807) | (4,699) |
| Other expenses: | | |
| Regulatory fee | (414) | (421) |
| Audit fee | (9,000) | (8,736) |
| Miscellaneous expenses | – | (1) |
| | (9,414) | (9,158) |
| *Total expenses | (306,666) | (298,224) |

*Including irrecoverable VAT where applicable.

Threadneedle Navigator Growth Trust

Notes to the financial statements

(continued)

5 TAXATION

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| a) Analysis of charge in period | | |
| Overseas taxes | (17,323) | (15,745) |
| Total current tax (note 5b) | (17,323) | (15,745) |
| Total tax charge for the period | (17,323) | (15,745) |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 201,042 | 123,556 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (40,208) | (24,711) |
| Effects of: | | |
| Revenue not subject to taxation | 81,364 | 69,757 |
| Overseas taxes | (17,323) | (15,715) |
| Overseas taxes expensed | 169 | 456 |
| Excess expenses | (41,325) | (45,501) |
| Revenue taxable in other periods | - | (31) |
| Current tax charge for period (note 5a) | (17,323) | (15,745) |

The trust has not recognised a deferred tax asset of £272,998 (2012: £231,673) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS AND DISTRIBUTIONS

Distributions and Interest

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units and comprises:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Final | 179,954 | 106,045 |
| Add: Revenue deducted on the cancellation of units | 3,842 | 1,816 |
| Deduct: Revenue received on the issue of units | (77) | (50) |
| Net distribution for the period | 183,719 | 107,811 |
| Interest | 532 | 15 |
| Total finance costs | 184,251 | 107,826 |

Details of the distribution per unit are set out in the table on page 18.

7 DEBTORS

| | 2013 £ | 2012 £ |
|---------------------------------------|-----------|-----------|
| Sales awaiting settlement | 69,433 | 80,518 |
| Accrued revenue | 80,755 | 83,595 |
| Foreign withholding tax recoverable | 9,311 | 12,012 |
| United Kingdom income tax recoverable | - | 1,592 |
| Total debtors | 159,499 | 177,717 |

8 CREDITORS

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Amounts payable for the cancellation of units | (44,854) | (14,204) |
| Purchases awaiting settlement | (71,192) | (68,432) |
| Accrued expenses | (7,708) | (7,543) |
| Amounts payable to the Manager | (26,228) | (23,565) |
| Total creditors | (149,982) | (113,744) |

9 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|--------------------------|-------|
| Annual management charge | 1.50% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 79.

10 RELATED PARTY TRANSACTIONS

Threadneedle Unit Trust Manager Limited, a related party, acts as principal in respect of all transactions of units in the trust. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Unitholders' Funds. The amount due from or to Threadneedle Unit Trust Manager Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Unit Trust Manager Limited in respect of trust administration and registrar services are disclosed in Notes 8. A balance of £24,436 (2012: £21,955) in respect of annual management service charge and £1,792 (2012: £1,610) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and Depositary Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 8. A balance of £391 (2012: £351) in respect of trustee services and £83 (2012: £75) in respect of safe custody are due at the end of the accounting period.

The trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depositary Company as disclosed in Notes 3 and 6. A balance of £407 (2012: £45) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The trust invests in a number of sub-funds of Threadneedle Investment Funds ICVC and Threadneedle Specialist Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement and gains and losses in the period are disclosed in Note 2. Details of revenue received from the sub-funds are shown in Note 3 and amounts receivable at the end of the accounting period in Note 7. Details of purchases and sales of the sub-funds are shown in Note 13 and any amounts receivable and payable in Notes 7 and 8.

Threadneedle Investment Services Limited (a related party of Threadneedle Unit Managers Limited, forming part of the same group of companies, the ultimate holding company of which is Ameriprise) rebates certain fees to the trust from its management of the Threadneedle Investment Funds ICVC and Threadneedle Specialist Investment Funds ICVC. Details of the rebates received are disclosed in Notes 2 and 3.

A balance of £43,592 (2012: £4,442) in respect of annual management fee rebate is receivable at the end of the accounting period.

The Manager, or associates of the Manager acted as principal in all investment transactions.

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 17, the Threadneedle Navigator Growth Trust may hold the following financial instruments:

- UK Equities, US Government Securities, fixed interest investments and worldwide equities;
- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC of which a maximum of 20% of the value of the property of the trust may be invested in any one fund within this range of investment funds;

Threadneedle Navigator Growth Trust

Notes to the financial statements

(continued)

- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

The main risks arising from the trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the cancellation of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trust's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trusts' investments will fluctuate as a result of changes in interest rates.

The trust invests in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates.

Where a portion of the investment portfolio is invested in overseas securities the balance sheet can be affected by movements in exchange rates. The Manager monitors the foreign currency exposure of the trust and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies.

Currency exposures

A substantial proportion of the net assets of the trust are denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Threadneedle Navigator Growth Trust

Notes to the financial statements

(continued)

Net foreign currency assets

| Currency 2013 | Monetary | Non- | Total |
|-----------------|-----------|-----------|-----------|
| | exposures | monetary | |
| | £ | exposures | £ |
| Canadian Dollar | 36 | – | 36 |
| Danish Krone | 12 | – | 12 |
| Euro | 2,508 | 1,689,051 | 1,691,559 |
| Japanese Yen | (1,758) | 996,234 | 994,476 |
| Norwegian Krone | 5 | – | 5 |
| Swedish Krona | 65 | 229,784 | 229,849 |
| Swiss Franc | 9,242 | 970,810 | 980,052 |
| US Dollar | 127 | 4,060,486 | 4,060,613 |

| Currency 2012 | £ | £ | £ |
|-----------------|--------|-----------|-----------|
| Canadian Dollar | 36 | – | 36 |
| Danish Krone | 11 | – | 11 |
| Euro | 8,026 | 1,094,615 | 1,102,641 |
| Japanese Yen | 14,053 | 1,043,768 | 1,057,821 |
| Norwegian Krone | 1,353 | – | 1,353 |
| Swedish Krona | 58 | 144,813 | 144,871 |
| Swiss Franc | 7,956 | 607,007 | 614,963 |
| US Dollar | 7,043 | 3,672,381 | 3,679,424 |

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the trust's financial assets and financial liabilities at 1 June 2013 was:

| Currency 2013 | Floating rate | Fixed rate | Financial | Total |
|-----------------|---------------|------------|------------|------------|
| | financial | financial | assets not | |
| | assets | assets | carrying | |
| | £ | £ | interest | £ |
| Canadian Dollar | 36 | – | – | 36 |
| Danish Krone | 12 | – | – | 12 |
| Euro | 582 | – | 1,690,977 | 1,691,559 |
| Japanese Yen | 1 | – | 1,065,667 | 1,065,668 |
| Norwegian Krone | 5 | – | – | 5 |
| Swedish Krona | 65 | – | 229,784 | 229,849 |
| Swiss Franc | 1,960 | – | 978,092 | 980,052 |
| UK Sterling | 1,525,203 | 1,286,567 | 9,064,251 | 11,876,021 |
| US Dollar | 23 | – | 4,060,590 | 4,060,613 |

| Currency 2012 | £ | £ | £ | £ |
|-----------------|-----------|-----------|-----------|------------|
| Canadian Dollar | 36 | – | – | 36 |
| Danish Krone | 11 | – | – | 11 |
| Euro | 400 | – | 1,102,241 | 1,102,641 |
| Japanese Yen | 2,196 | – | 1,055,625 | 1,057,821 |
| Norwegian Krone | 4 | – | 1,349 | 1,353 |
| Swedish Krona | 58 | – | 144,813 | 144,871 |
| Swiss Franc | 180 | – | 614,783 | 614,963 |
| UK Sterling | 1,463,676 | 1,321,414 | 7,554,858 | 10,339,948 |
| US Dollar | – | – | 3,721,584 | 3,721,584 |

| Currency 2013 | Floating rate | Fixed rate | Financial | Total |
|---------------|---------------|-------------|--------------|----------|
| | financial | financial | liabilities | |
| | liabilities | liabilities | not carrying | |
| | £ | £ | interest | £ |
| Japanese Yen | – | – | (71,192) | (71,192) |
| UK Sterling | – | – | (78,791) | (78,791) |

| Currency 2012 | £ | £ | £ | £ |
|---------------|----------|---|----------|----------|
| UK Sterling | – | – | (83,551) | (83,551) |
| US Dollar | (11,967) | – | (30,193) | (42,160) |

| Currency | Fixed rate financial assets | | Fixed rate financial assets | |
|-------------|--------------------------------|---|--------------------------------|---|
| | Weighted average interest rate | Weighted average period for which rate is fixed | Weighted average interest rate | Weighted average period for which rate is fixed |
| | 2013 | 2012 | 2013 | 2012 |
| UK Sterling | 5% | 5% | 16.03 years | 15.17 years |

The trust's financial assets/(liabilities) at 1 June 2013 are due in one year or less, or on demand.

Fair value of financial assets and financial liabilities

All of the financial assets of the trust are held at bid-market value which is deemed to be fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

13 PORTFOLIO TRANSACTION COSTS

| | 2013 | 2012 |
|---|------------------|------------------|
| | £ | £ |
| Analysis of total purchase costs | | |
| Purchases in period before | | |
| transaction costs | 5,018,937 | 5,418,900 |
| Commissions | 4,144 | 3,355 |
| Taxes | 7,732 | 5,560 |
| Total purchase costs | 11,876 | 8,915 |
| Gross purchases total | 5,030,813 | 5,427,815 |
| Analysis of total sale costs | | |
| Gross sales before transaction costs | 6,234,871 | 8,282,140 |
| Commissions | (4,547) | (6,655) |
| Taxes | (71) | (98) |
| Total sale costs | (4,618) | (6,753) |
| Total sales net of transaction costs | 6,230,253 | 8,275,387 |

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator Growth Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator Growth Trust

We have audited the financial statements of Threadneedle Navigator Growth Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in unitholders' funds, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator Growth Trust

Portfolio Statement

as at 1 June 2013

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|--|--|----------------|----------------------------|---|--|---------------|----------------------------|
| BELGIUM 0.09% (0.09%) | | | | GERMANY 2.64% (2.70%) | | | |
| CORPORATE BONDS 0.09% (0.09%) | | | | CORPORATE BONDS 0.25% (0.41%) | | | |
| 15,000 | Anheuser-Busch InBev 6.5% 23/06/2017 | 17,965 | 0.09 | 13,000 | KFW 4.875% 01/02/2018 | 15,259 | 0.08 |
| | | | | 12,000 | KFW 5.5% 18/06/2025 | 15,696 | 0.08 |
| | Total corporate bonds | 17,965 | 0.09 | 15,000 | Münchener Rückversicherungs 7.625% 21/06/2028 | 18,132 | 0.09 |
| | | | | | Total corporate bonds | 49,087 | 0.25 |
| CANADA 0.05% (0.03%) | | | | CYCLICAL CONSUMER GOODS 0.00% (0.56%) | | | |
| CORPORATE BONDS 0.05% (0.03%) | | | | Automobiles & parts 0.00% (0.56%) | | | |
| 8,000 | Talisman Energy 6.625% 05/12/2017 | 9,479 | 0.05 | Total cyclical consumer goods - - | | | |
| | Total corporate bonds | 9,479 | 0.05 | CYCLICAL SERVICES 0.76% (0.51%) | | | |
| | | | | Media & photography 0.76% (0.51%) | | | |
| CAYMAN ISLANDS 0.37% (0.37%) | | | | 2,419 Kabel Deutschland Holding 149,188 0.76 | | | |
| CORPORATE BONDS 0.37% (0.37%) | | | | Total cyclical services 149,188 0.76 | | | |
| 2,000 | Southern Water Services Finance 6.192% 31/03/2029 | 2,535 | 0.01 | FINANCIALS 0.80% (0.51%) | | | |
| 4,000 | Southern Water Services Finance 6.64% 31/03/2026 | 5,257 | 0.03 | Insurance 0.80% (0.51%) | | | |
| 9,000 | Southern Water Services Finance 7.869% 31/03/2014 | 9,409 | 0.05 | 1,529 Allianz 157,708 0.80 | | | |
| 42,000 | Yorkshire Power Finance 7.25% 04/08/2028 | 55,871 | 0.28 | Total financials 157,708 0.80 | | | |
| | Total corporate bonds | 73,072 | 0.37 | INFORMATION TECHNOLOGY 0.83% (0.71%) | | | |
| | | | | 3,285 Software & computer services 0.83% (0.71%) | | | |
| FRANCE 2.50% (2.60%) | | | | 3,285 SAP 163,015 0.83 | | | |
| BASIC INDUSTRIES 0.64% (0.61%) | | | | Total information technology 163,015 0.83 | | | |
| Chemicals 0.64% (0.61%) | | | | ITALY 0.37% (0.35%) | | | |
| 1,482 | Air Liquide | 125,898 | 0.64 | CYCLICAL CONSUMER GOODS 0.37% (0.35%) | | | |
| | Total basic industries | 125,898 | 0.64 | Automobiles & parts 0.37% (0.35%) | | | |
| | | | | 9,566 Fiat Industrial 72,918 0.37 | | | |
| FINANCIALS 0.58% (0.81%) | | | | Total cyclical consumer goods 72,918 0.37 | | | |
| Banks 0.58% (0.81%) | | | | JAPAN 5.05% (6.19%) | | | |
| 2,927 | BNP Paribas | 114,571 | 0.58 | BASIC INDUSTRIES 0.73% (0.77%) | | | |
| | Total financials | 114,571 | 0.58 | Chemicals 0.49% (0.36%) | | | |
| | | | | 1,800 JSR 23,443 0.12 | | | |
| CORPORATE BONDS 0.34% (0.41%) | | | | 4,400 Kuraray 42,001 0.21 | | | |
| 24,000 | AXA 7.125% 15/12/2020 | 28,519 | 0.14 | 30,000 Showa Denko 30,598 0.16 | | | |
| 15,000 | BNP Paribas 5.75% 24/01/2022 | 17,190 | 0.09 | Construction & building materials 0.13% (0.18%) | | | |
| 11,000 | Electricite de France 5.875% 18/07/2031 | 13,126 | 0.06 | 3,000 Sekisui House 26,048 0.13 | | | |
| 7,000 | France Telecom 5.625% 23/01/2034 | 8,059 | 0.04 | Forestry & paper 0.00% (0.03%) | | | |
| 1,000 | Natixis 5.875% 24/02/2020 | 1,189 | 0.01 | Steel & other metals 0.11% (0.20%) | | | |
| | Total corporate bonds | 68,083 | 0.34 | 12,495 Nippon Steel 21,240 0.11 | | | |
| | | | | Total basic industries 143,330 0.73 | | | |
| GENERAL INDUSTRIALS 0.67% (0.51%) | | | | CYCLICAL CONSUMER GOODS 0.86% (0.92%) | | | |
| Electronic & electrical equipment 0.67% (0.00%) | | | | Automobiles & parts 0.86% (0.92%) | | | |
| 2,534 | Schneider Electric | 132,958 | 0.67 | 1,400 Honda Motor 35,057 0.18 | | | |
| | Total general industrials | 132,958 | 0.67 | 5,000 Nissan Motor 36,450 0.18 | | | |
| | | | | 2,500 Toyota Motor 98,071 0.50 | | | |
| GOVERNMENT AGENCY 0.27% (0.26%) | | | | Total cyclical consumer goods 169,578 0.86 | | | |
| 1,000 | LA Poste 5.625% 19/12/2016 | 1,113 | 0.01 | | | | |
| 46,000 | Reseau Ferre de France 5.25% 31/01/2035 | 51,939 | 0.26 | | | | |
| | Total government agency | 53,052 | 0.27 | | | | |

Threadneedle Navigator Growth Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|--|--|----------------|----------------------------|--|---|----------------|----------------------------|
| JAPAN 5.05% (6.19%) (continued) | | | | RESOURCES 0.00% (0.07%) | | | |
| CYCLICAL SERVICES 0.23% (0.22%) | | | | Oil & gas 0.00% (0.07%) | | | |
| | General retailers 0.12% (0.00%) | | | Total resources | | | |
| 3,100 | Aeon | 24,058 | 0.12 | | | - | - |
| | Transport 0.11% (0.22%) | | | UTILITIES 0.16% (0.18%) | | | |
| 5,000 | Tokyu | 20,693 | 0.11 | Gas distribution 0.16% (0.18%) | | | |
| | Total cyclical services | 44,751 | 0.23 | 9,000 | Tokyo Gas | 32,010 | 0.16 |
| | | | | Total utilities | | | |
| | | | | | | 32,010 | 0.16 |
| FINANCIALS 1.06% (1.06%) | | | | LUXEMBOURG 0.89% (0.58%) | | | |
| | Banks 0.66% (0.65%) | | | GENERAL INDUSTRIALS 0.45% (0.49%) | | | |
| 5,000 | Bank of Yokohama | 16,378 | 0.08 | Electronic & electrical equipment 0.45% (0.49%) | | | |
| 17,300 | Mitsubishi UFJ Financial Group | 67,300 | 0.34 | 28,290 | AZ Electronic Materials | 89,396 | 0.45 |
| 1,800 | Sumitomo Mitsui Financial Group | 47,780 | 0.24 | Total general industrials | | | |
| | Insurance 0.00% (0.12%) | | | | | 89,396 | 0.45 |
| | Real estate 0.29% (0.26%) | | | SUPRANATIONAL BONDS 0.44% (0.09%) | | | |
| 3,000 | Mitsui Fudosan | 56,156 | 0.29 | 9,000 | European Investment Bank 2.5% 31/10/2022 | 9,096 | 0.05 |
| | Speciality & other finance 0.11% (0.03%) | | | 25,000 | European Investment Bank 3.75% 07/12/2027 | 26,652 | 0.13 |
| 4,300 | Nomura Holdings | 22,182 | 0.11 | 32,000 | European Investment Bank 5% 15/04/2039 | 39,478 | 0.20 |
| | Total financials | 209,796 | 1.06 | 9,000 | Nordic Investment Bank 5.25% 26/11/2019 | 11,086 | 0.06 |
| | | | | Total supranational bonds | | | |
| | | | | | | 86,312 | 0.44 |
| GENERAL INDUSTRIALS 0.78% (1.16%) | | | | MEXICO 0.09% (0.09%) | | | |
| | Diversified industrials 0.17% (0.22%) | | | GOVERNMENT BONDS 0.09% (0.09%) | | | |
| 3,400 | OSG | 33,189 | 0.17 | 15,000 | United Mexican States 6.75% 06/02/2024 | 18,687 | 0.09 |
| | Electronic & electrical equipment 0.61% (0.94%) | | | Total government bonds | | | |
| 900 | Azbil | 12,575 | 0.07 | | | 18,687 | 0.09 |
| 1,500 | Daikin Industries | 44,083 | 0.22 | NETHERLANDS 2.66% (1.63%) | | | |
| 1,000 | Makita | 35,959 | 0.18 | BASIC INDUSTRIES 0.11% (0.00%) | | | |
| 1,400 | Omron | 27,689 | 0.14 | Chemicals 0.11% (0.00%) | | | |
| | Total general industrials | 153,495 | 0.78 | 517 | LyondellBasell | 22,709 | 0.11 |
| | | | | Total basic industries | | | |
| | | | | | | 22,709 | 0.11 |
| INFORMATION TECHNOLOGY 0.60% (0.64%) | | | | CORPORATE BONDS 0.51% (0.60%) | | | |
| | Information technology hardware 0.19% (0.48%) | | | 5,000 | Bank Nederlandse Gemeenten 5.375% 07/06/2021 | 6,097 | 0.03 |
| 6,000 | Mitsubishi Electric | 38,287 | 0.19 | 5,000 | Deutsche Bahn Finance 2.75% 20/06/2022 | 5,159 | 0.02 |
| | Software & computer services 0.41% (0.16%) | | | 27,000 | E.On International Finance 6.375% 07/06/2032 | 35,522 | 0.18 |
| 2,100 | Konami | 34,119 | 0.17 | 1,000 | Ing Bank 3.875% 23/12/2016 | 1,074 | 0.01 |
| 13 | NTT Data | 29,323 | 0.15 | 2,000 | Linde Finance 6.5% 29/01/2016 | 2,278 | 0.01 |
| 500 | Softbank | 16,868 | 0.09 | 10,000 | Linde Finance 8.125% 14/07/2066 | 11,685 | 0.06 |
| | Total information technology | 118,597 | 0.60 | 3,000 | Nederlandse Waterschapsbank 2.125% 07/09/2016 | 3,112 | 0.01 |
| | | | | 14,000 | Roche Finance Europe 5.375% 29/08/2023 | 17,603 | 0.09 |
| | | | | 14,000 | Siemens Finanzierungsamt 6.125% 14/09/2066 | 15,540 | 0.08 |
| | | | | 2,000 | Volkswagen Financial Services 1.25% 23/05/2016 | 1,995 | 0.01 |
| | | | | 1,000 | Volkswagen Financial Services 2% 23/10/2015 | 1,020 | 0.01 |
| NON-CYCLICAL CONSUMER GOODS 0.35% (0.48%) | | | | Total corporate bonds | | | |
| | Beverages 0.28% (0.20%) | | | | | 101,085 | 0.51 |
| 2,100 | Asahi Group Holdings | 33,556 | 0.17 | | | | |
| 2,000 | Kirin Holdings | 21,667 | 0.11 | | | | |
| | Pharmaceuticals & biotechnology 0.07% (0.28%) | | | | | | |
| 500 | Santen Pharmaceutical | 13,240 | 0.07 | | | | |
| | Total non-cyclical consumer goods | 68,463 | 0.35 | | | | |
| | | | | | | | |
| | | | | | | | |
| NON-CYCLICAL SERVICES 0.28% (0.69%) | | | | | | | |
| | Food & drug retailers 0.28% (0.37%) | | | | | | |
| 600 | Lawson | 28,715 | 0.14 | | | | |
| 1,200 | Seven & I Holdings | 27,499 | 0.14 | | | | |
| | Telecommunications services 0.00% (0.32%) | | | | | | |
| | Total non-cyclical services | 56,214 | 0.28 | | | | |
| | | | | | | | |

Threadneedle Navigator Growth Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value | |
|--|--|----------------|----------------------------|--|--|---------------------------------|----------------------------|------|
| CYCLICAL SERVICES 0.94% (1.03%) | | | | CYCLICAL CONSUMER GOODS 1.06% (0.78%) | | | | |
| | Transport 0.94% (0.00%) | | | | Household goods & textiles 1.06% (0.78%) | | | |
| 4,670 | Koninklijke Vopak | 185,711 | 0.94 | 549 | Swatch Group | 209,698 | 1.06 | |
| | Total cyclical services | 185,711 | 0.94 | | Total cyclical consumer goods | 209,698 | 1.06 | |
| FINANCIALS 0.48% (0.00%) | | | | CYCLICAL SERVICES 0.34% (0.62%) | | | | |
| | Life assurance 0.48% (0.00%) | | | | General retailers 0.34% (0.62%) | | | |
| 21,227 | Aegon | 95,306 | 0.48 | 2,999 | Tyco International | 67,453 | 0.34 | |
| | Total financials | 95,306 | 0.48 | | Total cyclical services | 67,453 | 0.34 | |
| NON-CYCLICAL CONSUMER GOODS 0.62% (0.00%) | | | | FINANCIALS 1.11% (0.00%) | | | | |
| | Food producers & processors 0.62% (0.00%) | | | | Insurance 0.33% (0.00%) | | | |
| 4,548 | Unilever | 122,600 | 0.62 | 1,095 | ACE | 64,865 | 0.33 | |
| | Total non-cyclical consumer goods | 122,600 | 0.62 | 13,132 | Speciality & other finance 0.78% (0.00%) UBS | 154,281 | 0.78 | |
| REPUBLIC OF IRELAND 2.62% (1.08%) | | | | | Total financials | 219,146 | 1.11 | |
| CORPORATE BONDS 0.25% (0.19%) | | | | GENERAL INDUSTRIALS 1.14% (0.98%) | | | | |
| 32,000 | GE Capital UK Funding 4.125% 28/09/2017 | 35,358 | 0.18 | 139 | Diversified industrials 1.14% (0.98%) Sika | 224,926 | 1.14 | |
| 11,000 | GE Capital UK Funding 5.875% 18/01/2033 | 13,528 | 0.07 | | Total general industrials | 224,926 | 1.14 | |
| | Total corporate bonds | 48,886 | 0.25 | NON-CYCLICAL CONSUMER GOODS 1.16% (1.13%) | | | | |
| CYCLICAL SERVICES 1.87% (0.89%) | | | | | Food producers & processors 1.16% (1.13%) | | | |
| | Transport 1.87% (0.89%) | | | 5,225 | Nestle | 229,837 | 1.16 | |
| 63,578 | Ryanair Holdings | 369,178 | 1.87 | | Total non-cyclical consumer goods | 229,837 | 1.16 | |
| | Total cyclical services | 369,178 | 1.87 | UNITED KINGDOM 48.63% (48.77%) | | | | |
| GENERAL INDUSTRIALS 0.36% (0.00%) | | | | BASIC INDUSTRIES 1.96% (1.16%) | | | | |
| | Engineering & machinery 0.36% (0.00%) | | | | Chemicals 0.81% (0.82%) | | | |
| 1,850 | Ingersoll-Rand | 70,315 | 0.36 | 6,193 | Johnson Matthey | 159,284 | 0.81 | |
| | Total general industrials | 70,315 | 0.36 | 14,927 | Construction & building materials 0.56% (0.27%) Bovis Homes Group | 110,609 | 0.56 | |
| NON-CYCLICAL CONSUMER GOODS 0.14% (0.00%) | | | | | Forestry & paper 0.59% (0.07%) | | | |
| | Health 0.14% (0.00%) | | | 48,103 | DS Smith | 117,708 | 0.59 | |
| 660 | Covidien | 28,131 | 0.14 | | Total basic industries | 387,601 | 1.96 | |
| | Total non-cyclical consumer goods | 28,131 | 0.14 | COLLECTIVE INVESTMENT SCHEMES 9.58% (9.65%) | | | | |
| SPAIN 0.01% (0.00%) | | | | | Threadneedle Asia Fund | 942,831 | 4.77 | |
| GOVERNMENT BONDS 0.01% (0.00%) | | | | | Threadneedle Global Emerging Markets Equity Fund | 950,700 | 4.81 | |
| 1,000 | Instituto de Crédito Oficial 4% 08/12/2014 | 1,019 | 0.01 | | Total collective investment schemes | 1,893,531 | 9.58 | |
| | Total government bonds | 1,019 | 0.01 | CORPORATE BONDS 3.26% (3.56%) | | | | |
| SWEDEN 1.16% (0.86%) | | | | | Allied Domecq Financial Service 6.625% 12/06/2014 | 1,052 | 0.01 | |
| FINANCIALS 1.16% (0.86%) | | | | | Annington Finance 6.5676% 10/01/2023 | 43,237 | 0.22 | |
| | Banks 1.16% (0.86%) | | | 13,000 | Bank of Scotland 4.875% 20/12/2024 | 15,252 | 0.08 | |
| 8,074 | Svenska Handelsbanken 'A' Shares | 229,784 | 1.16 | 16,000 | Barclays Bank 5.75% 14/09/2026 | 17,094 | 0.09 | |
| | Total financials | 229,784 | 1.16 | 7,000 | Barclays Bank 6.125% 19/04/2049 | 6,710 | 0.03 | |
| SWITZERLAND 5.58% (4.22%) | | | | | 12,000 | Barclays Bank 6.875% 27/11/2049 | 12,332 | 0.06 |
| BASIC INDUSTRIES 0.77% (0.71%) | | | | | 2,000 | Barclays Bank 9.5% 07/08/2021 | 2,628 | 0.01 |
| | Chemicals 0.77% (0.71%) | | | 2,000 | BMW (UK) Capital 5% 02/10/2017 | 2,296 | 0.01 | |
| 588 | Syngenta | 152,068 | 0.77 | 15,000 | British Telecom 5.75% 07/12/2028 | 18,091 | 0.09 | |
| | Total basic industries | 152,068 | 0.77 | 20,000 | Broadgate Financing 4.821% 05/07/2033 | 22,770 | 0.11 | |

Threadneedle Navigator Growth Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|---|---|------------|----------------------------|---|---|------------|----------------------------|
| UNITED KINGDOM 48.63% (48.77%) (continued) | | | | 2,000 | Unilever 4.75% 16/06/2017 | 2,279 | 0.01 |
| CORPORATE BONDS 3.26% (3.56%) (continued) | | | | 7,000 | Electricity North West 8.875% 25/03/2026 | 10,712 | 0.05 |
| 12,500 | *Canary Wharf Finance II 6.455% 22/04/2030 | 15,875 | 0.08 | Total corporate bonds | | | |
| 17,000 | ENW Finance 6.75% 20/06/2015 | 18,702 | 0.09 | 643,459 3.26 | | | |
| 9,000 | GlaxoSmithKline Capital 5.25% 19/12/2033 | 10,976 | 0.06 | CYCLICAL CONSUMER GOODS 0.69% (0.56%) | | | |
| 10,000 | Bank of Scotland 9.375% 15/05/2021 | 12,777 | 0.06 | Automobiles & parts 0.69% (0.56%) | | | |
| 16,000 | Hammerson 6.875% 31/03/2020 | 20,146 | 0.10 | 45,527 | GKN | 135,716 | 0.69 |
| 5,000 | HSBC Bank 6.5% 07/07/2023 | 6,197 | 0.03 | Total cyclical consumer goods | | | |
| 23,000 | HSBC Capital Funding LP 5.844% 05/11/2049 | 23,141 | 0.12 | 135,716 0.69 | | | |
| 14,000 | HSBC Capital Funding LP 8.208% 30/06/2049 | 15,302 | 0.08 | CYCLICAL SERVICES 6.11% (6.25%) | | | |
| 17,000 | Hutchison Ports 6.75% 07/12/2015 | 19,154 | 0.10 | Leisure entertainment & hotels 1.03% (0.30%) | | | |
| 17,000 | Imperial Tobacco Finance 6.25% 04/12/2018 | 20,602 | 0.10 | 4,611 | Carnival | 103,240 | 0.52 |
| 13,927 | *Integrated Accommodation Service 6.48% 31/03/2029 | 17,774 | 0.09 | 19,739 | Restaurant Group | 101,458 | 0.51 |
| 5,000 | LCR Finance 5.1% 07/03/2051 | 6,569 | 0.03 | Media & photography 2.22% (1.70%) | | | |
| 21,000 | Legal & General Finance 5.875% 05/04/2033 | 25,857 | 0.13 | 107,715 | ITV | 141,322 | 0.72 |
| 20,000 | Legal & General Group 5.875% 01/10/2049 | 21,375 | 0.11 | 10,674 | Pearson | 131,397 | 0.67 |
| 5,000 | London Stock Exchange 4.75% 02/11/2021 | 5,331 | 0.03 | 22,136 | Reed Elsevier | 164,470 | 0.83 |
| 15,087 | *Mitchells & Butler Finance 5.574% 15/12/2030 | 17,219 | 0.09 | Support services 2.01% (3.49%) | | | |
| 5,000 | Nationwide Building Society 7.971% 13/03/2049 | 5,161 | 0.03 | 6,381 | Experian Group | 77,657 | 0.39 |
| 28,000 | National Grid Electricity Transmission 6.5% 27/07/2028 | 37,062 | 0.19 | 17,659 | Filtrona | 122,730 | 0.62 |
| 6,100 | Places for People Capital Markets 5% 27/12/2016 | 6,557 | 0.03 | 12,879 | Michael Page International | 49,597 | 0.25 |
| 2,000 | Places for People Homes 5.09% 31/07/2024 | 2,248 | 0.01 | 91,723 | Rentokil Initial | 82,642 | 0.42 |
| 12,000 | Prudential 5.875% 11/05/2029 | 14,995 | 0.08 | 12,339 | Rexam | 65,397 | 0.33 |
| 1,000 | Prudential 6.125% 19/12/2031 | 1,169 | 0.01 | Transport 0.85% (0.76%) | | | |
| 3,120 | *Punch Taverns Finance 6.82% 15/07/2020 | 3,208 | 0.02 | 30,014 | BBA Aviation | 83,139 | 0.42 |
| 875 | *RMPA Services 5.337% 30/09/2038 | 1,003 | 0.01 | 28,307 | Stagecoach Group | 84,298 | 0.43 |
| 2,000 | RSA Insurance Group 8.5% 08/12/2049 | 2,154 | 0.01 | Total cyclical services | | | |
| 28,000 | Royal Bank of Scotland 6.375% 07/12/2028 | 33,904 | 0.17 | 1,207,347 6.11 | | | |
| 6,000 | Safeway 6.125% 17/12/2018 | 7,168 | 0.04 | FINANCIALS 5.24% (4.25%) | | | |
| 2,000 | Sanctuary Housing Association 8.375% 01/09/2031 | 3,058 | 0.02 | Banks 2.27% (2.61%) | | | |
| 5,000 | Scottish Power UK 6.75% 29/05/2023 | 6,448 | 0.03 | 33,101 | Barclays | 106,171 | 0.54 |
| 36,000 | Standard Life 6.75% 12/07/2049 | 39,853 | 0.20 | 31,696 | HSBC Holdings | 229,954 | 1.16 |
| 1,000 | Smith Group 7.25% 30/06/2016 | 1,139 | 0.01 | 7,220 | Standard Chartered | 111,766 | 0.57 |
| 5,000 | South Eastern Power Networks 5.5% 05/06/2026 | 6,019 | 0.03 | Life assurance 1.60% (1.11%) | | | |
| 17,000 | Western Power Distribution 9.25% 09/11/2020 | 24,503 | 0.12 | 22,180 | Aviva | 74,081 | 0.38 |
| 15,000 | Standard Chartered Bank 8.103% 11/05/2049 | 16,373 | 0.08 | 113,073 | Legal & General | 206,132 | 1.04 |
| 5,000 | Sunderland Finance 6.38% 31/03/2042 | 6,452 | 0.03 | 6,191 | St. James's Place | 36,496 | 0.18 |
| 10,000 | Thames Water Utilities 6.75% 16/11/2028 | 13,535 | 0.07 | Real estate 0.58% (0.53%) | | | |
| | | | | 4,787 | Derwent London | 114,026 | 0.58 |
| | | | | Speciality & other finance 0.79% (0.00%) | | | |
| | | | | 8,435 | Schroders Non-voting Shares | 155,541 | 0.79 |
| | | | | Total financials | | | |
| | | | | 1,034,167 5.24 | | | |
| | | | | GENERAL INDUSTRIALS 3.67% (2.39%) | | | |
| | | | | Aerospace & defence 2.61% (2.39%) | | | |
| | | | | 16,600 | BAE Systems | 67,014 | 0.34 |
| | | | | 41,349 | Cobham | 119,168 | 0.61 |
| | | | | 1,888,530 | **Rolls-Royce 'C' Shares | 1,889 | 0.01 |
| | | | | 15,870 | Rolls-Royce Holdings | 189,488 | 0.96 |
| | | | | 9,946 | Smiths Group | 136,559 | 0.69 |
| | | | | Engineering & machinery 1.06% (0.00%) | | | |
| | | | | 9,680 | Amec | 99,220 | 0.50 |
| | | | | 8,593 | IMI | 111,107 | 0.56 |
| | | | | Total general industrials | | | |
| | | | | 724,445 3.67 | | | |

Threadneedle Navigator Growth Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|--|--|------------------|----------------------------|--|--|------------|----------------------------|
| GOVERNMENT BONDS 0.18% (1.49%) | | | | UNITED STATES OF AMERICA 19.79% (21.81%) | | | |
| 2,000 | Isle of Man 5.375% 14/08/2034 | 2,421 | 0.01 | BASIC INDUSTRIES 0.37% (0.72%) | | | |
| 16,260 | UK Treasury 4% 07/09/2016 | 18,089 | 0.09 | Chemicals 0.11% (0.49%) | | | |
| 12,765 | UK Treasury Index Linked 4.25% 07/12/2049 | 15,277 | 0.08 | 167 | CF Industries Holdings | 21,366 | 0.11 |
| Total government bonds | | | | Construction & building materials 0.26% (0.23%) | | | |
| | | 35,787 | 0.18 | 1,392 | Jacobs Engineering Group | 52,312 | 0.26 |
| INFORMATION TECHNOLOGY 1.05% (0.69%) | | | | Total basic industries | | | |
| Software & computer services 1.05% (0.69%) | | | | 73,678 0.37 | | | |
| 2,547 | Aveva Group | 61,052 | 0.31 | CORPORATE BONDS 0.69% (0.64%) | | | |
| 40,319 | Sage Group | 146,681 | 0.74 | 3,000 | Ahold Finance 6.5% 14/03/2017 | 3,496 | 0.02 |
| Total information technology | | | | 23,000 | Bank of America 5.5% 04/12/2019 | 27,201 | 0.14 |
| | | 207,733 | 1.05 | 40,000 | Citigroup 5.125% 12/12/2018 | 44,841 | 0.23 |
| NON-CYCLICAL CONSUMER GOODS 8.57% (8.03%) | | | | 12,000 | Citigroup 6.5% 16/08/2030 | 15,611 | 0.08 |
| Beverages 1.03% (0.36%) | | | | 9,000 | HSBC Finance 6.25% 19/08/2019 | 10,944 | 0.06 |
| 10,473 | Diageo | 203,333 | 1.03 | 2,000 | Procter & Gamble 6.25% 31/01/2030 | 2,694 | 0.01 |
| Food producers & processors 1.27% (0.98%) | | | | 10,000 | Roche Holdings 5.5% 04/03/2015 | 10,819 | 0.05 |
| 9,078 | Unilever | 251,461 | 1.27 | 3,000 | Toyota Motor Credit 4% 07/12/2017 | 3,349 | 0.02 |
| Health 0.50% (0.39%) | | | | 13,000 | Wal-Mart Stores 5.75% 19/12/2030 | 16,718 | 0.08 |
| 13,004 | Smith & Nephew | 99,676 | 0.50 | Total corporate bonds | | | |
| Pharmaceuticals & biotechnology 3.07% (2.68%) | | | | 135,673 0.69 | | | |
| 6,980 | AstraZeneca | 236,587 | 1.20 | CYCLICAL CONSUMER GOODS 0.25% (0.95%) | | | |
| 21,677 | GlaxoSmithKline | 368,726 | 1.87 | Household goods & textiles 0.25% (0.95%) | | | |
| Tobacco 2.70% (3.62%) | | | | 1,746 | Lorillard | 49,269 | 0.25 |
| 8,948 | British American Tobacco | 326,155 | 1.65 | Total cyclical consumer goods | | | |
| 8,667 | Imperial Tobacco Group | 206,881 | 1.05 | 49,269 0.25 | | | |
| Total non-cyclical consumer goods | | | | CYCLICAL SERVICES 4.03% (3.65%) | | | |
| | | 1,692,819 | 8.57 | General retailers 0.70% (0.75%) | | | |
| NON-CYCLICAL SERVICES 2.05% (2.11%) | | | | 788 | Dollar General | 27,805 | 0.14 |
| Telecommunications services 2.05% (2.11%) | | | | 1,217 | Home Depot | 63,562 | 0.32 |
| 69,452 | BT Group | 211,204 | 1.07 | 1,442 | L Brands | 47,043 | 0.24 |
| 101,946 | Vodafone Group | 194,207 | 0.98 | Leisure entertainment & hotels 0.62% (0.27%) | | | |
| Total non-cyclical services | | | | 951 | Las Vegas Sands | 36,721 | 0.19 |
| | | 405,411 | 2.05 | 1,270 | Starbucks | 52,996 | 0.27 |
| RESOURCES 5.71% (7.92%) | | | | 684 | Starwood Hotels & Resorts Worldwide | 31,003 | 0.16 |
| Mining 1.40% (2.16%) | | | | Media & photography 1.36% (0.31%) | | | |
| 5,059 | Anglo American | 78,845 | 0.40 | 2,887 | CBS Class B | 95,493 | 0.48 |
| 6,771 | Rio Tinto | 197,104 | 1.00 | 3,544 | Comcast Class A | 95,415 | 0.48 |
| Oil & gas 4.31% (5.76%) | | | | 399 | Liberty Global 'A' Shares | 19,546 | 0.10 |
| 19,667 | BG Group | 239,741 | 1.21 | 1,399 | Walt Disney | 59,446 | 0.30 |
| 52,018 | BP | 246,539 | 1.25 | Support services 0.76% (1.76%) | | | |
| 11,051 | Royal Dutch Shell 'B' Shares | 253,510 | 1.28 | 1,499 | ADT | 40,594 | 0.20 |
| 7,562 | Tullow Oil | 79,628 | 0.40 | 926 | Alliance Data Systems | 110,146 | 0.56 |
| 822 | Ensco | 33,420 | 0.17 | Transport 0.59% (0.56%) | | | |
| Total resources | | | | 6,968 | CSX | 116,637 | 0.59 |
| | | 1,128,787 | 5.71 | Total cyclical services | | | |
| UTILITIES 0.56% (0.71%) | | | | 796,407 4.03 | | | |
| Water 0.56% (0.71%) | | | | FINANCIALS 3.70% (4.04%) | | | |
| 16,100 | Pennon Group | 109,963 | 0.56 | Banks 2.37% (1.44%) | | | |
| Total utilities | | | | Bank of America | | | |
| | | 109,963 | 0.56 | 13,538 | Bank of America | 123,097 | 0.62 |
| | | | | 4,051 | J.P. Morgan Chase | 148,137 | 0.75 |
| | | | | 1,518 | SunTrust Banks | 32,536 | 0.16 |
| | | | | 6,101 | Wells Fargo | 165,421 | 0.84 |
| | | | | Insurance 0.10% (0.00%) | | | |
| | | | | 1,197 | Fidelity National | 20,871 | 0.10 |
| | | | | Life assurance 0.16% (0.30%) | | | |
| | | | | 683 | Prudential Financial | 31,442 | 0.16 |

Threadneedle Navigator Growth Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Holding | Investment | Value £ | % of Net Asset Value |
|---|--|----------------|----------------------------|--|------------------------------------|-------------------|----------------------------|
| UNITED STATES OF AMERICA 19.79% (21.81%) (continued) | | | | RESOURCES 2.37% (1.04%) | | | |
| | Real estate 0.00% (0.50%) | | | | Oil & gas 2.37% (1.04%) | | |
| | Speciality & other finance 1.07% (1.80%) | | | 1,410 | Anadarko Petroleum | 83,534 | 0.42 |
| 1,406 | American Express | 70,383 | 0.36 | 900 | Chevron | 74,030 | 0.38 |
| 1,906 | Capital One Financial | 78,220 | 0.40 | 3,629 | Halliburton | 101,664 | 0.51 |
| 1,922 | Discover Financial Services | 60,844 | 0.31 | 854 | Hess | 38,596 | 0.20 |
| | Total financials | 730,951 | 3.70 | 1,216 | Occidental Petroleum | 75,766 | 0.38 |
| | | | | 1,564 | Phillips 66 | 68,678 | 0.35 |
| | | | | 990 | Valero Energy | 26,472 | 0.13 |
| | | | | | Total resources | 468,740 | 2.37 |
| GENERAL INDUSTRIALS 2.88% (4.42%) | | | | Total value of investments 18,271,507 92.50 | | | |
| | Aerospace & defence 0.72% (0.51%) | | | Net other assets (8.63%) 1,482,324 7.50 | | | |
| 503 | Boeing | 33,249 | 0.17 | Net assets 19,753,831 100.00 | | | |
| 1,737 | United Technologies | 109,599 | 0.55 | ANALYSIS OF INVESTMENTS BY ASSET CLASS | | | |
| | Diversified industrials 0.43% (0.87%) | | | Equity | | 15,036,330 | 82.30 |
| 1,387 | Philip Morris International | 84,278 | 0.43 | Collective investment schemes | | 1,893,531 | 10.36 |
| | Electronic & electrical equipment 0.55% (0.66%) | | | Fixed interest | | 1,286,567 | 7.04 |
| 2,102 | Amphenol 'A' Shares | 108,458 | 0.55 | Floating rate notes | | 55,079 | 0.30 |
| | Engineering & machinery 1.18% (2.38%) | | | Total value of investments | | 18,271,507 | 100.00 |
| 719 | Pentair | 27,725 | 0.14 | <i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i> | | | |
| 314 | Precision Castparts | 44,561 | 0.22 | <i>June 2012 comparatives in brackets.</i> | | | |
| 2,765 | Thermo Fisher Scientific | 161,355 | 0.82 | <i>*Variable rate bonds.</i> | | | |
| | Total general industrials | 569,225 | 2.88 | <i>**Manually priced.</i> | | | |
| INFORMATION TECHNOLOGY 2.03% (3.63%) | | | | | | | |
| | Information technology hardware 1.48% (3.46%) | | | | | | |
| 475 | Apple | 141,029 | 0.71 | | | | |
| 5,124 | Applied Materials | 51,375 | 0.26 | | | | |
| 2,716 | KLA-Tencor | 100,926 | 0.51 | | | | |
| | Software & computer services 0.55% (0.17%) | | | | | | |
| 1,893 | Autodesk | 47,169 | 0.24 | | | | |
| 2,627 | EMC | 43,075 | 0.22 | | | | |
| 161 | LinkedIn | 17,925 | 0.09 | | | | |
| | Total information technology | 401,499 | 2.03 | | | | |
| NON-CYCLICAL CONSUMER GOODS 2.95% (2.72%) | | | | | | | |
| | Beverages 0.14% (0.00%) | | | | | | |
| 757 | Constellation Brands 'A' Shares | 27,055 | 0.14 | | | | |
| | Health 0.19% (0.72%) | | | | | | |
| 1,457 | HCA Holdings | 37,206 | 0.19 | | | | |
| | Pharmaceuticals & biotechnology 2.62% (2.00%) | | | | | | |
| 1,236 | Amgen | 85,488 | 0.43 | | | | |
| 1,604 | Eli Lilly & Co | 57,021 | 0.29 | | | | |
| 1,028 | Johnson & Johnson | 58,105 | 0.29 | | | | |
| 812 | Mead Johnson Nutrition | 44,374 | 0.23 | | | | |
| 14,691 | Pfizer | 272,764 | 1.38 | | | | |
| | Total non-cyclical consumer goods | 582,013 | 2.95 | | | | |
| NON-CYCLICAL SERVICES 0.52% (0.00%) | | | | | | | |
| | Food & drug retailers 0.34% (0.00%) | | | | | | |
| 1,749 | CVS Caremark | 67,603 | 0.34 | | | | |
| | Telecommunications services 0.18% (0.00%) | | | | | | |
| 2,135 | Cisco Systems | 34,208 | 0.18 | | | | |
| | Total non-cyclical services | 101,811 | 0.52 | | | | |

Threadneedle Navigator Income Trust

Manager's Report

Investment Objective and Policy

To achieve a high level of income. The Manager's investment policy is to invest in fixed interest investments primarily in the UK and Continental Europe. The Manager does not envisage remaining fully invested at all times and may utilise stocklending, forward transactions and derivatives in order to hedge against price or currency fluctuations and to facilitate efficient portfolio management.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a UCITS scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

Over the 12 months to 1 June 2013, the iBoxx Sterling Non-Gilt Index produced a total return of 10.86%. The offer price of accumulation units in the trust rose by 10.87% from 93.17p to 103.30p during the same period. Please note that the iBoxx Sterling Non-Gilt Index returns quoted above are at global close as of 31 May 2013, although the trust is valued at 12 noon on the next working day.

Income Distribution

In accordance with the Prospectus, holders of income units in the trust will receive distributions on a quarterly basis.

The distribution on income units for the quarter ended 1 June 2013 amounts to 0.3592p per unit net.

This brings the total payments from the trust for the review period to 1.4646p per unit net.

The distribution on accumulation units, with effect from the last day of each accounting period, is transferred from income to the capital property of the trust.

The amount available for transfer on 1 June 2013 was 0.6483p per unit net.

This brings the total amount available for transfer from the trust for the review period to 2.6372p per unit net.

Portfolio Activity

The sterling non-gilt market delivered a strong total return over the 12 months under review. Government bonds were outshone by the performance of corporate bonds and high yield bonds. Going into the period, the yield on the index stood at approximately 4.3%. By the end of the period, the yield on the index stood at 3.3%.

Risk markets were driven by unprecedented measures from global central banks. Mario Draghi, President of the European Central Bank (ECB), said that the bank would do "whatever it takes" to support the euro. Subsequently, the ECB announced that it would buy shorter-maturity sovereign bonds for any eurozone country which requested a bailout. This confirmed the ECB as a buyer of last resort for eurozone sovereign bonds in the same way that central banks in the US, UK and Japan have acted for their domestic bond markets. This change of policy stance by the ECB, together with ongoing loose monetary policy (low interest rates and liquidity provision) from other major central banks supported the search for defensive yield across risk markets. But while the ECB has removed the short-term risk for eurozone disintegration, the growth outlook, and therefore the

backdrop for risk assets, remains challenged in many eurozone countries.

The announcement of the ECB's bond-buying plan was followed by an expansion of the Federal Reserve's (the Fed's) quantitative-easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to purge deflation and promote growth. However, May was marred by talk from the US Fed of scaling back its QE programme as the US economic recovery gathers pace. Furthermore, fresh concerns over Chinese growth added to the risk-averse atmosphere. Consequently, equity and bond markets sold off sharply towards the end of the period, while bond yields spiked higher.

The trust generated robust gains, marginally outperforming the iBoxx Sterling Non-Gilt Index over the review year. The strong performance was helped by a combination of good sector allocation and positive stock selection.

In sector allocation terms, our very cautious stance towards sectors that are highly correlated towards gilts, such as AAAs and supranationals, with no holdings in bonds from issuers such as the European Investment Bank, boosted returns.

As a corollary, our favouring of financials, where we held large positions in insurance and banks relative to the benchmark, also helped performance. Stock selection in the banking sector was positive, helped by our investment in several outperforming Bank of America issues, although disappointing among insurers, where our low exposure to outperforming AXA detracted. However, stock selection in the consumer cyclicals sector added value, notably our relatively large exposure to strongly performing issues from pubs operator Enterprise Inns.

In terms of portfolio activity, we extended our positive stance towards financials over the review year, adding to our positions in banks and insurers, introducing exposure to banks Crédit Agricole and Den Danske, while also buying a new holding in reinsurer Hannover. Elsewhere, we maintained a very cautious view on government guaranteed holdings while also trimming our position in gilts. We maintained very significant holdings among consumer staples, raising our weighting relative to the benchmark. We introduced new exposure to brewer Carlsberg but disposed of our holding in tobacco group Philip Morris.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks

Director

P J W Reed

Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator Income Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|------------------|----------------|
| Income | | | |
| Net capital gains | 2 | 1,171,018 | 163,197 |
| Revenue | 3 | 772,239 | 796,233 |
| Expenses | 4 | (226,024) | (207,379) |
| Finance costs: | | | |
| Derivative expense | | – | (2,701) |
| Interest | 6 | (1,345) | (4,716) |
| Net revenue before taxation | | 544,870 | 581,437 |
| Taxation | 5 | – | – |
| Net revenue after taxation | | 544,870 | 581,437 |
| Total return before distributions | | 1,715,888 | 744,634 |
| Finance costs: Distributions | 6 | (544,870) | (581,437) |
| Change in net assets attributable to unitholders from investment activities | | 1,171,018 | 163,197 |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|-------------------|-------------------|
| Assets | | | |
| Investment assets | | 15,259,025 | 14,884,439 |
| Other assets | | | |
| Debtors | 7 | 389,419 | 472,024 |
| Cash and bank balances | 8 | 270,778 | 169,890 |
| Total other assets | | 660,197 | 641,914 |
| Total assets | | 15,919,222 | 15,526,353 |
| Liabilities | | | |
| Derivative liabilities | | (37,187) | (68,490) |
| Other liabilities | | | |
| Creditors | 9 | (110,790) | (346,018) |
| Bank overdrafts | 8 | (48,951) | – |
| Distribution payable on income units | | (31,329) | (34,558) |
| Total other liabilities | | (191,070) | (380,576) |
| Total liabilities | | (228,257) | (449,066) |
| Net assets attributable to unitholders | | 15,690,965 | 15,077,287 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Opening net assets attributable to unitholders | 15,077,287 | 14,218,445 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 315,311 | 1,298,017 |
| Amounts payable on the cancellation of units | (1,178,831) | (923,118) |
| | (863,520) | 374,899 |
| Change in net assets attributable to Unitholders from investment activities (see statement of total return above) | 1,171,018 | 163,197 |
| Retained distribution on accumulation units | 305,402 | 320,455 |
| Unclaimed distribution monies brought back into account | 778 | 291 |
| Closing net assets attributable to unitholders | 15,690,965 | 15,077,287 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

Interest distribution in pence per unit

| Income Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid/Payable 2012/2013 | Distribution Paid 2011/2012 |
|--|---------------|------------|-------------|--------------|-------------------------------------|-----------------------------------|
| Group 1 | | | | | | |
| 02/06/12 to 01/09/12 | 0.4685 | 0.0937 | 0.3748 | – | 0.3748 | 0.4086 |
| 02/09/12 to 01/12/12 | 0.4601 | 0.0920 | 0.3681 | – | 0.3681 | 0.4106 |
| 02/12/12 to 01/03/13 | 0.4531 | 0.0906 | 0.3625 | – | 0.3625 | 0.3612 |
| 02/03/13 to 01/06/13 | 0.4490 | 0.0898 | 0.3592 | – | 0.3592 | 0.3802 |
| Group 2 | | | | | | |
| 02/06/12 to 01/09/12 | 0.1811 | 0.0362 | 0.1449 | 0.2299 | 0.3748 | 0.4086 |
| 02/09/12 to 01/12/12 | 0.1963 | 0.0393 | 0.1570 | 0.2111 | 0.3681 | 0.4106 |
| 02/12/12 to 01/03/13 | 0.2764 | 0.0553 | 0.2211 | 0.1414 | 0.3625 | 0.3612 |
| 02/03/13 to 01/06/13 | 0.0175 | 0.0035 | 0.0140 | 0.3452 | 0.3592 | 0.3802 |
| Total distributions in the period | | | | | 1.4646 | 1.5606 |
| Accumulation | | | | | | |
| Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Net Revenue Accumulated 2012/2013 | Net Revenue Accumulated 2011/2012 |
| Group 1 | | | | | | |
| 02/06/12 to 01/09/12 | 0.8378 | 0.1676 | 0.6702 | – | 0.6702 | 0.7034 |
| 02/09/12 to 01/12/12 | 0.8260 | 0.1652 | 0.6608 | – | 0.6608 | 0.7097 |
| 02/12/12 to 01/03/13 | 0.8224 | 0.1645 | 0.6579 | – | 0.6579 | 0.6666 |
| 02/03/13 to 01/06/13 | 0.8104 | 0.1621 | 0.6483 | – | 0.6483 | 0.6848 |
| Group 2 | | | | | | |
| 02/06/12 to 01/09/12 | 0.4906 | 0.0981 | 0.3925 | 0.2777 | 0.6702 | 0.7034 |
| 02/09/12 to 01/12/12 | 0.6268 | 0.1254 | 0.5014 | 0.1594 | 0.6608 | 0.7097 |
| 02/12/12 to 01/03/13 | 0.5944 | 0.1189 | 0.4755 | 0.1824 | 0.6579 | 0.6666 |
| 02/03/13 to 01/06/13 | 0.6173 | 0.1235 | 0.4938 | 0.1545 | 0.6483 | 0.6848 |
| Total distributions in the period | | | | | 2.6372 | 2.7645 |

Group 2: units purchased during a distribution period

Threadneedle Navigator Income Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

Interest on bank and short-term deposits is recognised on an earned basis.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation Unitholders is retained at the end of each distribution period and represents a reinvestment of revenue. All remaining revenue is distributed in accordance with the Collective Investment Schemes sourcebook.

Where distributions are unclaimed for a period of six years these are brought back into the trust as capital.

(e) Basis of valuation of investments

The investments of the trust are valued at 12 noon (UK time), being the valuation point on the last working day of the accounting period. Investments are stated as fair value which generally is the bid valuation of each security. These bid valuations are sourced from independent pricing sources; to the extent that if an independent pricing source is not available then quotes are obtained from a broker. Where the Manager deems that these valuations are unrepresentative of a fair valuation of the security, a fair valuation adjustment is applied based upon the Managers opinion of fair value.

(f) Exchange rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

(h) Derivatives

The total net return in respect of any derivative transactions entered into, is analysed between capital gain or loss, and revenue or expense. Any capital gains or losses are included within "Net capital gains/(losses)", and any revenue or expense is included within "Revenue" or "Finance costs" respectively, in the Statement of Total Return.

The revenue return element in respect of Futures is calculated by reference to the quoted yield of the index upon which the Future is based compared to LIBOR. The revenue so calculated may represent revenue or expense in a trust's accounts, in accordance with whether the trust has held a net long or short position, when considering the accounting period as a whole. The revenue or expense position is reversed, where LIBOR exceeds the quoted yield of the relevant index.

Any positions open at the period end are reflected in the Balance Sheet at their market value, either using available market prices or the Manager's assessment of the fair value, based on counterparty valuations and appropriate pricing models.

Cash held at future brokers as margin is reflected separately within "Cash and bank balances".

2 NET CAPITAL GAINS/(LOSSES)

Net capital gains during the period comprise:

| | 2013 £ | 2012 £ |
|----------------------------|-----------|-----------|
| Non-derivative securities | 1,219,883 | 138,326 |
| Derivative contracts | - | 9,271 |
| Forward currency contracts | (46,561) | 16,616 |
| Other gains | 421 | 2,129 |
| Transaction costs | (2,725) | (3,145) |
| Net capital gains | 1,171,018 | 163,197 |

3 REVENUE

| | 2013 £ | 2012 £ |
|-----------------------------|-----------|-----------|
| Interest on debt securities | 770,578 | 789,976 |
| Bank interest | 1,661 | 6,257 |
| Total Revenue | 772,239 | 796,233 |

4 EXPENSES

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (194,878) | (178,388) |
| Registration fees | (17,149) | (15,698) |
| | (212,027) | (194,086) |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (3,742) | (3,425) |
| Safe custody fees | (772) | (666) |
| | (4,514) | (4,091) |
| Other expenses: | | |
| Regulatory fee | (414) | (421) |
| Audit fee | (9,000) | (8,736) |
| Miscellaneous expenses | (69) | (45) |
| | (9,483) | (9,202) |
| *Total expenses | (226,024) | (207,379) |

*Including irrecoverable VAT where applicable.

Threadneedle Navigator Income Trust

Notes to the financial statements

(continued)

5 TAXATION

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| a) Analysis of charge in period | | |
| Total current tax (note 5b) | – | – |
| Total tax charge for the period | – | – |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 544,870 | 581,437 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (108,974) | (116,287) |
| <i>Effects of:</i> | | |
| Prior period expenses utilised | 41,404 | – |
| Excess expenses | – | (3) |
| Distributions treated as tax deductible | 67,570 | 116,290 |
| Current tax charge for period (note 5a) | – | – |

The trust does not have an unrecognised deferred tax asset at the year end (2012: £41,406) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on Unitholders' behalf to HM Revenue & Customs.

6 FINANCE COSTS

Distributions and Interest

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units and comprises:

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Interim | 412,184 | 435,870 |
| Final | 130,485 | 145,866 |
| | 542,669 | 581,736 |
| Undistributed Revenue | – | (1) |
| Add: Revenue deducted on the cancellation of units | 3,298 | 3,968 |
| Deduct: Revenue received on the issue of units | (1,097) | (4,266) |
| Net distribution for the period | 544,870 | 581,437 |
| Derivative expense | – | 2,701 |
| Interest | 1,345 | 4,716 |
| Total finance costs | 546,215 | 588,854 |

Details of the distribution per unit are set out in the table on page 32.

7 DEBTORS

| | 2013 | 2012 |
|---|---------|---------|
| | £ | £ |
| Amounts receivable for the issue of units | 74,651 | – |
| Sales awaiting settlement | 51,571 | 176,628 |
| Accrued revenue | 263,197 | 295,396 |
| Total debtors | 389,419 | 472,024 |

8 CASH AND BANK BALANCES

| | 2013 | 2012 |
|---|----------|---------|
| | £ | £ |
| Amounts held at futures clearing houses and brokers | 380 | 211 |
| Cash and bank balances | 270,398 | 169,679 |
| | 270,778 | 169,890 |
| Bank overdrafts | (48,951) | – |
| Total cash and bank balances | 221,827 | 169,890 |

9 CREDITORS

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Amounts payable for the cancellation of units | (8,679) | (9,748) |
| Purchases awaiting settlement | (24,143) | (253,915) |
| Accrued expenses | (7,270) | (7,863) |
| Amounts payable to the Manager | (17,762) | (17,382) |
| Taxation payable | (52,936) | (57,110) |
| Total creditors | (110,790) | (346,018) |

10 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|--------------------------|-------|
| Annual management charge | 1.25% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 79.

11 RELATED PARTY TRANSACTIONS

Threadneedle Unit Managers Limited, a related party, acts as principal in respect of all transactions of units in the trust.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of change in Net Assets Attributable to Unitholders. The amount due from and to Threadneedle Unit Managers Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 9.

Amounts payable to Threadneedle Unit Managers Limited in respect of trust administration and registrar services are disclosed in Notes 9. A balance of £16,325 (2012: £15,976), in respect of annual management service charge and £1,437 (2012: £1,406) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and trustee Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 9. A balance of £313 (2012: £307), in respect of trustee services and £130 (2012: £116) in respect of safe custody are due at the end of the accounting period.

The trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depositary Company as disclosed in Notes 3 and 6. A balance of £19 (2012: £3) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Manager, or associates of the Manager acted as principal in all investment transactions.

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 31, the Threadneedle Navigator Income Trust may hold the following financial instruments:

- UK Equities, US Government Securities, fixed interest investments and worldwide equities;
- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC of which a maximum of 20% of the value

Threadneedle Navigator Income Trust

Notes to the financial statements

(continued)

of the property of the trust may be invested in any one fund within this range of investment funds;

- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

The main risks arising from the trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the redemption of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trust's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trusts' investments will fluctuate as a result of changes in interest rates.

The trust invests in floating rate securities.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates.

Where a portion of the investment portfolio is invested in overseas securities the balance sheet can be affected by movements in exchange rates. The Manager monitors the foreign currency exposure of the trust and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies.

Currency exposures

A small proportion of the net assets of the trust are denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Threadneedle Navigator Income Trust

Notes to the financial statements

(continued)

Net foreign currency assets

| | Monetary exposures | Non-monetary exposures | Total |
|----------------------|--------------------|------------------------|----------|
| | £ | £ | £ |
| Currency 2013 | | | |
| Euro | 18,674 | (20,502) | (1,828) |
| US Dollar | 17,606 | 2,733 | 20,339 |
| Currency 2012 | | | |
| Euro | 75,703 | (83,290) | (7,587) |
| US Dollar | 6,976 | (23,613) | (16,637) |

Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the trust's financial assets and financial liabilities at 1 June 2013 was:

| | Floating rate financial assets | Fixed rate financial assets | Financial assets not carrying interest | Total |
|----------------------|--------------------------------|-----------------------------|--|------------|
| | £ | £ | £ | £ |
| Currency 2013 | | | | |
| Euro | 98,226 | 970,016 | 64,748 | 1,132,990 |
| UK Sterling | 1,413,573 | 14,067,777 | 309,080 | 15,790,430 |
| US Dollar | 120,116 | 1,359,054 | 15,590 | 1,494,760 |
| Currency 2012 | | | | |
| Euro | 91,825 | 686,680 | 42,683 | 821,188 |
| UK Sterling | 1,618,822 | 13,433,924 | 429,342 | 15,482,088 |
| US Dollar | 128,858 | 1,147,787 | - | 1,276,645 |

| | Floating rate financial liabilities | Fixed rate financial liabilities | Financial liabilities not carrying interest | Total |
|----------------------|-------------------------------------|----------------------------------|---|-------------|
| | £ | £ | £ | £ |
| Currency 2013 | | | | |
| Euro | (146,185) | (988,633) | - | (1,134,818) |
| UK Sterling | - | - | (117,976) | (117,976) |
| US Dollar | (93,780) | (1,356,498) | (24,143) | (1,474,421) |
| Currency 2012 | | | | |
| Euro | (65,376) | (763,399) | - | (828,775) |
| UK Sterling | - | - | (380,577) | (380,577) |
| US Dollar | (124,149) | (1,169,133) | - | (1,293,282) |

| Currency | Fixed rate financial assets | | Fixed rate financial assets | |
|-------------|--------------------------------|---|--------------------------------|---|
| | Weighted average interest rate | Weighted average period for which rate is fixed | Weighted average interest rate | Weighted average period for which rate is fixed |
| | 2013 | 2012 | 2013 | 2012 |
| Euro | 5% | 5% | 12.90 years | 11.36 years |
| UK Sterling | 6% | 6% | 15.98 years | 15.68 years |
| US Dollar | 6% | 6% | 14.83 years | 15.03 years |

The trust's financial assets/(liabilities) at 1 June 2013 are due in one year or less, or on demand.

Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

The only material amounts of non interest-bearing assets relate to Forward Foreign Exchange Contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the trust and may result in a higher degree of volatility. All open positions are regularly reviewed by

the fund manager. At 1 June 2013, the trust had outstanding open Forward Foreign Exchange Contracts of £36,542 (2012: -£55,405).

The trust's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Sensitivity analysis

Sensitivity or value at risk is not shown since the trust holds no derivatives that could impact the trust significantly. The same is true of the prior year.

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

14 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

The total cost of purchases during the period was £5,430,454 and proceeds received from sales were £6,224,602.

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator Income Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator Income Trust

We have audited the financial statements of Threadneedle Navigator Income Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator Income Trust

Portfolio Statement

as at 1 June 2013

| Holding | | Investment | Value £ | % of Net Asset Value | Holding | | Investment | Value £ | % of Net Asset Value |
|---------------------------------------|---------|---|------------|----------------------------|---------------------------|---------|---|------------|----------------------------|
| FIXED INTEREST 89.77% (88.93%) | | | | | A 6.31% (6.68%) | | | | |
| AAA 2.25% (3.14%) | | | | | USD | 115,000 | AIA Group 1.75% 13/03/2018 | 74,423 | 0.47 |
| GBP | 80,000 | Broadgate Financing 4.821% 05/07/2033 | 91,079 | 0.58 | GBP | 100,000 | Anheuser-Busch InBev 9.75% 30/07/2024 | 160,301 | 1.02 |
| GBP | 50,000 | Fosse Master Issuer 4.635% 18/01/2017 | 55,568 | 0.35 | GBP | 40,000 | Annington Finance 6.5676% 10/01/2023 | 43,237 | 0.28 |
| GBP | 80,000 | Silverstone Masters Issuer 5.063% 21/10/2016 | 89,617 | 0.57 | GBP | 75,000 | DWR Cymru Financing 6.015% 31/03/2028 | 94,869 | 0.60 |
| GBP | 100,000 | Temasek Financial (I) 4.625% 26/07/2022 | 117,085 | 0.75 | GBP | 50,000 | GDF Suez 7% 30/10/2028 | 69,704 | 0.44 |
| Aaa 2.48% (5.75%) | | | | | EUR | 100,000 | Hannover Finance 5% 30/06/2043 | 92,974 | 0.59 |
| GBP | 109,000 | Barclays Bank 4.25% 12/01/2022 | 124,133 | 0.79 | GBP | 100,000 | J.P. Morgan Chase 4.25% 25/01/2017 | 109,340 | 0.70 |
| GBP | 100,000 | Clydesdale Bank 4.625% 08/06/2026 | 114,551 | 0.73 | GBP | 10,000 | Legal & General Finance 5.875% 05/04/2033 | 12,313 | 0.08 |
| GBP | 125,000 | Lloyds TSB Bank 5.125% 07/03/2025 | 150,022 | 0.96 | GBP | 50,000 | Longstone Finance 4.896% 19/04/2036 | 50,664 | 0.32 |
| Aaae 0.00% (0.67%) | | | | | EUR | 100,000 | Münchener Rückversicherungs 6% 26/05/2041 | 100,633 | 0.64 |
| AA+ 1.33% (0.93%) | | | | | GBP | 100,000 | Royal Bank of Scotland 6.625% 17/09/2018 | 121,782 | 0.78 |
| GBP | 115,000 | GE Capital UK Funding 5.125% 24/05/2023 | 133,732 | 0.85 | GBP | 50,000 | Standard Chartered Bank 7.75% 03/04/2018 | 61,015 | 0.39 |
| GBP | 61,000 | GE Capital UK Funding 5.875% 18/01/2033 | 75,022 | 0.48 | A2 0.25% (0.12%) | | | | |
| AA 2.78% (2.17%) | | | | | GBP | 30,000 | Prudential 6.875% 20/01/2023 | 39,127 | 0.25 |
| GBP | 100,000 | IPIC GMTN 6.875% 14/03/2026 | 125,085 | 0.80 | A- 17.77% (18.77%) | | | | |
| GBP | 65,000 | Land Securities Capital Markets 5.125% 07/02/2036 | 77,084 | 0.49 | GBP | 100,000 | América Móvil 5% 27/10/2026 | 115,343 | 0.74 |
| USD | 100,000 | Qatari Diar Finance 5% 21/07/2020 | 73,521 | 0.47 | GBP | 157,000 | AT&T 4.25% 01/06/2043 | 151,100 | 0.96 |
| GBP | 125,000 | Wal-Mart Stores 5.625% 27/03/2034 | 160,433 | 1.02 | GBP | 50,000 | AT&T 5.5% 15/03/2027 | 59,699 | 0.38 |
| AA- 2.87% (3.20%) | | | | | GBP | 50,000 | Bank of America 6.125% 15/09/2021 | 61,167 | 0.39 |
| EUR | 75,000 | Corporación Andina de Fomento 4.625% 29/03/2018 | 73,064 | 0.47 | GBP | 100,000 | Bank of America 7% 31/07/2028 | 134,853 | 0.86 |
| GBP | 110,000 | General Electric 5.5% 15/09/2066 | 113,066 | 0.72 | GBP | 100,000 | BAT International Finance 7.25% 12/03/2024 | 136,315 | 0.87 |
| GBP | 100,000 | Metropolitan Life Global Funding I 2.875% 11/01/2023 | 100,343 | 0.64 | GBP | 80,000 | BG Energy Capital 5.125% 07/12/2017 | 92,873 | 0.59 |
| GBP | 80,000 | National Australia Bank 5.125% 09/12/2021 | 94,648 | 0.60 | GBP | 70,000 | Citigroup 5.5% 18/11/2015 | 77,131 | 0.49 |
| GBP | 60,000 | Southern Gas Network 4.875% 21/03/2029 | 68,272 | 0.44 | GBP | 85,000 | Citigroup 7.375% 01/09/2039 | 124,928 | 0.80 |
| Aa3 0.91% (0.00%) | | | | | GBP | 50,000 | Danske Bank 4% 09/12/2015 | 53,151 | 0.34 |
| USD | 220,000 | QNB Finance 2.875% 29/04/2020 | 142,284 | 0.91 | GBP | 50,000 | DnB NOR Bank 7.25% 23/06/2020 | 54,893 | 0.35 |
| A+ 4.75% (4.37%) | | | | | GBP | 50,000 | E.On International Finance 5.875% 30/10/2037 | 63,032 | 0.40 |
| GBP | 60,000 | Barclays Bank 5.75% 17/08/2021 | 72,325 | 0.46 | GBP | 50,000 | Heathrow Funding 5.225% 15/02/2025 | 58,398 | 0.37 |
| GBP | 100,000 | BHP Billiton Finance 3.25% 25/09/2024 | 100,074 | 0.64 | GBP | 75,000 | Heathrow Funding 6.75% 03/12/2026 | 99,674 | 0.64 |
| GBP | 100,000 | Electricite de France 5.5% 17/10/2041 | 113,022 | 0.72 | GBP | 69,000 | HSBC Capital Funding LP 5.844% 05/11/2049 | 69,422 | 0.44 |
| USD | 80,000 | Hongkong Electric Finance 4.25% 14/12/2020 | 56,458 | 0.36 | GBP | 40,000 | HSBC Holdings 6% 29/03/2040 | 45,145 | 0.29 |
| GBP | 85,000 | HSBC Holdings 6.5% 20/05/2024 | 109,738 | 0.70 | GBP | 50,000 | HSBC Holdings 6.375% 18/10/2022 | 56,414 | 0.36 |
| GBP | 100,000 | Motability Operations Group 4.375% 08/02/2027 | 109,723 | 0.70 | GBP | 50,000 | HSBC Holdings 7% 07/04/2038 | 62,858 | 0.40 |
| GBP | 100,000 | Siemens Financieringsmaatschappij 2.75% 10/09/2025 | 97,071 | 0.62 | GBP | 65,000 | Hutchison Ports 6.75% 07/12/2015 | 73,237 | 0.47 |
| GBP | 25,000 | Unilever 4.75% 16/06/2017 | 28,487 | 0.18 | GBP | 65,000 | Metlife 5.375% 09/12/2024 | 75,555 | 0.48 |
| GBP | 50,000 | Wells Fargo Bank 5.25% 01/08/2023 | 58,239 | 0.37 | GBP | 75,000 | National Grid Electricity Transmission 7.375% 13/01/2031 | 106,745 | 0.68 |
| | | | | | USD | 105,000 | National Grid Gas 6% 13/05/2038 | 133,375 | 0.85 |
| | | | | | USD | 124,000 | Prudential 7.75% 23/03/2049 | 89,212 | 0.57 |
| | | | | | GBP | 70,000 | QBE Insurance Group 6.125% 28/09/2015 | 76,715 | 0.49 |
| | | | | | USD | 200,000 | Republika Slovenija 5.85% 10/05/2023 | 130,227 | 0.83 |

Threadneedle Navigator Income Trust

Portfolio Statement

(continued)

| | Holding | Investment | Value £ | % of Net Asset Value | | Holding | Investment | Value £ | % of Net Asset Value | |
|---|---------|--|------------|----------------------------|---------------------------|---------|---|---------------------------------|----------------------------|------|
| FIXED INTEREST 89.77% (88.93%) (continued) | | | | | | GBP | 35,000 | Barclays Bank 6.875% 27/11/2049 | 35,969 | 0.23 |
| GBP | 77,000 | RSA Insurance Group 6.701% 12/05/2049 | 80,525 | 0.51 | GBP | 100,000 | BG Energy Capital 6.5% 30/11/2072 | 112,500 | 0.72 | |
| GBP | 50,000 | RSA Insurance Group 9.375% 20/05/2039 | 63,959 | 0.41 | GBP | 100,000 | DnB NOR Bank 6.0116% 29/12/2049 | 104,202 | 0.66 | |
| GBP | 95,000 | Southern Water Services 5% 31/03/2021 | 108,040 | 0.69 | GBP | 70,000 | ENW Finance 6.75% 20/06/2015 | 77,006 | 0.49 | |
| GBP | 50,000 | SSE 8.375% 20/11/2028 | 76,141 | 0.49 | GBP | 115,000 | Gaz Capital 6.58% 31/10/2013 | 117,017 | 0.75 | |
| GBP | 31,000 | Standard Chartered Bank 8.103% 11/05/2049 | 33,838 | 0.22 | GBP | 50,000 | Generali Finance 6.214% 29/06/2049 | 45,306 | 0.29 | |
| GBP | 65,000 | Standard Life 6.75% 12/07/2049 | 71,957 | 0.46 | GBP | 100,000 | Glencore Finance Europe 6.5% 27/02/2019 | 117,864 | 0.75 | |
| GBP | 70,000 | Thames Water utilities Cayman 7.241% 09/04/2058 | 85,005 | 0.54 | GBP | 25,000 | Heathrow Funding 6.25% 10/09/2018 | 29,279 | 0.19 | |
| GBP | 45,000 | Vattenfall 6.875% 15/04/2039 | 64,222 | 0.41 | USD | 120,000 | Hutchison Whampoa International 6% 28/10/2049 | 83,715 | 0.53 | |
| A3 0.71% (0.73%) | | | | | GBP | 60,000 | Imperial Tobacco Finance 7.75% 24/06/2019 | 77,855 | 0.50 | |
| GBP | 100,000 | Morrison (Wm) Supermarkets 4.625% 08/12/2023 | 111,315 | 0.71 | GBP | 55,000 | Imperial Tobacco Finance 8.125% 15/03/2024 | 76,025 | 0.48 | |
| BBB+ 13.71% (10.89%) | | | | | GBP | 50,000 | Imperial Tobacco Finance 9% 17/02/2022 | 71,208 | 0.45 | |
| GBP | 50,000 | Aspire Defence Finance 4.674% 31/03/2040 | 52,762 | 0.34 | GBP | 30,000 | Nationwide Building Society 5.769% 06/08/2049 | 27,436 | 0.17 | |
| GBP | 125,000 | Barclays Bank 10% 21/05/2021 | 167,165 | 1.07 | GBP | 100,000 | NGG Finance 5.625% 18/06/2073 | 104,275 | 0.66 | |
| GBP | 75,000 | Citigroup 5.125% 12/12/2018 | 84,078 | 0.54 | GBP | 70,000 | Pemex Project Funding Master Trust 7.5% 18/12/2013 | 72,301 | 0.46 | |
| GBP | 50,000 | Credit Agricole 7.375% 18/12/2023 | 61,194 | 0.39 | GBP | 100,000 | Petrobras International Finance 5.375% 01/10/2029 | 105,800 | 0.67 | |
| GBP | 100,000 | DONG Energy 4.875% 12/01/2032 | 108,660 | 0.69 | USD | 200,000 | Russian Federation 4.5% 04/04/2022 | 141,311 | 0.90 | |
| GBP | 50,000 | Eastern Power Networks 6.25% 12/11/2036 | 64,427 | 0.41 | EUR | 100,000 | RZD Capital 3.3744% 20/05/2021 | 82,785 | 0.53 | |
| GBP | 100,000 | Electricite de France 6% 29/12/2049 | 105,417 | 0.67 | EUR | 100,000 | Softbank 4.625% 15/04/2020 | 89,301 | 0.57 | |
| GBP | 75,000 | Enel Finance International 5.75% 14/09/2040 | 70,783 | 0.45 | GBP | 55,000 | South East Water Finance 5.6577% 30/09/2019 | 64,221 | 0.41 | |
| GBP | 65,000 | ENW Finance 6.125% 21/07/2021 | 79,243 | 0.51 | GBP | 50,000 | Southern Water Services 7.869% 31/03/2014 | 52,271 | 0.33 | |
| USD | 40,000 | Heineken 2.75% 01/04/2023 | 25,424 | 0.16 | GBP | 50,000 | SSE 5.453% 01/10/2049 | 52,874 | 0.34 | |
| EUR | 100,000 | Heineken 3.5% 19/03/2024 | 93,180 | 0.59 | GBP | 40,000 | Talisman Energy 6.625% 05/12/2017 | 47,396 | 0.30 | |
| GBP | 56,000 | HSBC Capital Funding LP 8.208% 30/06/2049 | 61,208 | 0.39 | GBP | 65,000 | Tate & Lyle International Finance 6.75% 25/11/2019 | 80,249 | 0.51 | |
| GBP | 70,000 | ING Bank 6.875% 29/05/2023 | 78,788 | 0.50 | GBP | 100,000 | TDC 5.625% 23/02/2023 | 119,270 | 0.76 | |
| GBP | 55,000 | Legal & General Group 5.875% 01/10/2049 | 58,781 | 0.37 | GBP | 100,000 | Telefonica Emisiones 5.289% 09/12/2022 | 106,605 | 0.68 | |
| GBP | 100,000 | Legal & General Group 10% 23/07/2041 | 138,893 | 0.89 | GBP | 100,000 | *Telereal Securitisation 4.0902% 10/12/2033 | 103,238 | 0.66 | |
| GBP | 97,000 | Linde Finance 8.125% 14/07/2066 | 113,340 | 0.72 | USD | 30,000 | United Mexican States 6.05% 11/01/2040 | 23,521 | 0.15 | |
| GBP | 100,000 | Merrill Lynch & Co 5.5% 22/11/2021 | 111,911 | 0.71 | GBP | 122,000 | United Mexican States 6.75% 06/02/2024 | 151,991 | 0.97 | |
| EUR | 70,000 | Nationwide Building Society 6.75% 22/07/2020 | 68,691 | 0.44 | GBP | 125,000 | Western Power Distribution West 6% 09/05/2025 | 155,667 | 0.99 | |
| GBP | 75,000 | Pearson Funding One 6% 15/12/2015 | 83,449 | 0.53 | GBP | 50,000 | Yorkshire Water 6% 24/04/2025 | 56,550 | 0.36 | |
| GBP | 100,000 | Scottish Widows 5.5% 16/06/2023 | 101,204 | 0.65 | Baa2 1.01% (2.65%) | | | | | |
| GBP | 75,000 | Severn Trent Water utilities 6% 22/01/2018 | 88,200 | 0.56 | GBP | 50,000 | Bupa Finance 7.5% 04/07/2016 | 58,114 | 0.37 | |
| GBP | 100,000 | Siemens Finanzierungsamt 6.125% 14/09/2066 | 110,997 | 0.71 | EUR | 115,000 | Carlsberg Breweries 2.625% 15/11/2022 | 99,959 | 0.64 | |
| GBP | 50,000 | South Eastern Power Networks 6.375% 12/11/2031 | 64,665 | 0.41 | BBB- 5.48% (7.42%) | | | | | |
| GBP | 130,000 | Tesco 6.125% 24/02/2022 | 158,404 | 1.01 | EUR | 60,000 | ABN Amro Bank 4.31% 29/03/2049 | 47,479 | 0.30 | |
| Baa1 0.00% (0.44%) | | | | | GBP | 70,000 | FirstGroup 6.875% 18/09/2024 | 83,467 | 0.53 | |
| BBB 18.74% (15.99%) | | | | | GBP | 50,000 | G4S 7.75% 13/05/2019 | 62,714 | 0.40 | |
| GBP | 100,000 | Ahold Finance 6.5% 14/03/2017 | 116,545 | 0.74 | | | | | | |
| GBP | 100,000 | APT Pipelines 4.25% 26/11/2024 | 104,959 | 0.67 | | | | | | |
| GBP | 90,000 | Aviva 6.125% 29/09/2049 | 89,561 | 0.57 | | | | | | |
| GBP | 40,000 | AXA 7.125% 15/12/2020 | 47,532 | 0.30 | | | | | | |

Threadneedle Navigator Income Trust

Portfolio Statement

(continued)

| | Holding | Investment | Value £ | % of Net Asset Value | | Holding | Investment | Value £ | % of Net Asset Value |
|---|---------|---|-------------------|----------------------------|----------------------------------|---------|---|------------------|----------------------------|
| FIXED INTEREST 89.77% (88.93%) (continued) | | | | | AA- 1.00% (1.17%) | | | | |
| GBP | 50,000 | Lloyds TSB Bank 6.9625% 29/05/2020 | 52,175 | 0.33 | GBP | 77,827 | *Integrated Accommodation Service 6.48% 31/03/2029 | 99,326 | 0.63 |
| GBP | 40,000 | Lloyds TSB Bank 7.625% 22/04/2025 | 47,653 | 0.30 | GBP | 50,439 | *Octagon Healthcare 5.333% 31/12/2035 | 58,258 | 0.37 |
| USD | 150,000 | Pernod Ricard 4.25% 15/07/2022 | 104,457 | 0.67 | A+ 0.31% (0.32%) | | | | |
| USD | 75,000 | Royal Bank of Scotland 9.5% 16/03/2022 | 58,248 | 0.37 | GBP | 42,242 | *Mitchells & Butler Finance 5.574% 15/12/2030 | 48,214 | 0.31 |
| GBP | 50,000 | Telecom Italia 5.625% 29/12/2015 | 54,048 | 0.34 | A1 0.00% (0.29%) | | | | |
| GBP | 50,000 | UBM 6.5% 23/11/2016 | 56,868 | 0.36 | A 0.91% (0.97%) | | | | |
| USD | 200,000 | UBS Jersey 7.25% 22/02/2022 | 140,430 | 0.90 | GBP | 58,334 | *Canary Wharf Finance II 6.455% 22/04/2030 | 74,081 | 0.47 |
| GBP | 75,000 | Virgin Media Secured Finance 7% 15/01/2018 | 78,750 | 0.50 | GBP | 60,182 | *Longstone Finance 4.791% 19/04/2030 | 69,237 | 0.44 |
| EUR | 85,000 | Ziggo Finance 6.125% 15/11/2017 | 75,908 | 0.48 | A- 1.27% (3.32%) | | | | |
| Baa3 1.51% (0.50%) | | | | | GBP | 100,000 | *J.P. Morgan Chase 1.05125% 30/05/2017 | 95,746 | 0.61 |
| GBP | 54,000 | ††Acquedotto Pugliese 6.92% 29/06/2018 | 58,682 | 0.37 | GBP | 90,799 | *Juturna 5.0636% 10/08/2033 | 104,092 | 0.66 |
| GBP | 100,000 | Bupa Finance 5% 25/04/2023 | 100,627 | 0.64 | BBB+ 1.56% (0.12%) | | | | |
| GBP | 70,000 | National Express Group 6.25% 13/01/2017 | 78,439 | 0.50 | EUR | 50,000 | *Bank of America 1.053% 28/03/2018 | 40,435 | 0.26 |
| BB+ 0.61% (0.52%) | | | | | USD | 75,000 | *ING Bank 0.9826% 03/07/2017 | 46,634 | 0.30 |
| USD | 75,000 | Eksportfinans 3% 17/11/2014 | 49,298 | 0.31 | GBP | 79,382 | *Tesco Property Finance 3 5.744% 13/04/2040 | 90,333 | 0.58 |
| GBP | 40,000 | GKN Holdings 6.75% 28/10/2019 | 46,595 | 0.30 | GBP | 48,211 | *Tesco Property Finance 7.6227% 13/07/2039 | 65,943 | 0.42 |
| BB 0.64% (1.21%) | | | | | BBB 0.00% (2.38%) | | | | |
| GBP | 85,000 | LBG Capital No 1 11.04% 19/03/2020 | 100,372 | 0.64 | USD | 75,000 | *ING Bank 0.9491% 23/05/2016 | 47,323 | 0.30 |
| Ba2 0.34% (0.00%) | | | | | GBP | 44,616 | *RMPA Services 5.337% 30/09/2038 | 51,163 | 0.33 |
| EUR | 53,000 | HeidelbergCement Finance 8% 31/01/2017 | 53,942 | 0.34 | BB+ 0.00% (0.09%) | | | | |
| BB- 1.40% (0.48%) | | | | | Baa3 0.37% (0.00%) | | | | |
| GBP | 95,000 | Enterprise Inns 6.5% 06/12/2018 | 96,641 | 0.62 | EUR | 71,000 | ††*Romulus Finance 1.106% 20/02/2015 | 57,791 | 0.37 |
| GBP | 22,000 | Spirit Issuer 5.86% 28/12/2021 | 21,630 | 0.14 | BB 0.20% (0.11%) | | | | |
| GBP | 100,000 | Virgin Media Finance 5.125% 15/02/2022 | 100,756 | 0.64 | GBP | 50,000 | *Argon Capital 2.83688% 29/10/2049 | 32,000 | 0.20 |
| Ba3 0.70% (0.67%) | | | | | BB- 0.00% (0.20%) | | | | |
| GBP | 100,000 | Anglian Water (Osprey) Financing 7% 31/01/2018 | 109,649 | 0.70 | C 0.00% (0.18%) | | | | |
| Not rated 3.22% (1.63%) | | | | | Total floating rate notes | | | | |
| GBP | 87,000 | **Cattles 0% 17/01/2014 | 1,740 | 0.01 | | | | 1,171,588 | 7.47 |
| USD | 100,000 | CGS Guernsey I 7.875% 24/02/2041 | 70,525 | 0.45 | | | | | |
| EUR | 100,000 | Davide Campari-Milano 4.5% 25/10/2019 | 92,100 | 0.59 | | | | | |
| GBP | 80,000 | First Hydro Finance 9% 31/07/2021 | 99,940 | 0.64 | | | | | |
| GBP | 137,000 | Pennon Group 6.75% 08/03/2049 | 144,525 | 0.92 | | | | | |
| USD | 135,000 | Rabobank Nederland 8.375% 26/07/2049 | 96,000 | 0.61 | | | | | |
| Total fixed interest | | | 14,086,792 | 89.77 | | | | | |
| FLOATING RATE NOTES 7.47% (9.71%) | | | | | | | | | |
| AAA 0.35% (0.00%) | | | | | | | | | |
| GBP | 45,568 | *Meadowhall Finance 4.986% 12/01/2032 | 54,487 | 0.35 | | | | | |
| AA 0.87% (0.00%) | | | | | | | | | |
| GBP | 107,170 | *Telereal Securitisation 5.9478% 10/12/2031 | 136,525 | 0.87 | | | | | |

Threadneedle Navigator Income Trust

Portfolio Statement

(continued)

| Holding | Investment | Value £ | % of Net Asset Value | Value £ |
|-----------------------------------|--|-------------------|----------------------------|--|
| DERIVATIVES -0.23% (0.37%) | | | | ANALYSIS OF INVESTMENTS BY CREDIT RATINGS |
| | Forward foreign exchange contracts -0.23% (0.37%) | | | AAA 407,836 |
| | Sell EUR 1,270,000 | | | Aaa 388,706 |
| | Buy GBP 1,073,344 Citigroup | (12,834) | (0.08) | AA+ 208,754 |
| | Sell USD 195,000 | | | AA 572,648 |
| | Buy GBP 125,647 HSBC | (2,608) | (0.02) | AA- 606,977 |
| | Sell USD 2,060,000 | | | Aa3 142,284 |
| | Buy GBP 1,334,283 J.P. Morgan | (20,625) | (0.13) | A+ 793,351 |
| | Sell EUR 48,000 | | | A 1,134,573 |
| | Buy GBP 40,747 HSBC | (305) | - | A2 39,127 |
| | Sell GBP 30,272 | | | A- 2,984,987 |
| | Buy USD 47,000 Citigroup | 641 | - | A3 111,315 |
| | Sell EUR 28,000 | | | BBB+ 2,394,209 |
| | Buy GBP 23,587 HSBC | (361) | - | BBB 2,943,605 |
| | Sell USD 17,000 | | | Baa2 205,396 |
| | Buy GBP 10,938 HSBC | (243) | - | BBB- 913,360 |
| | Sell GBP 12,839 | | | Baa3 295,539 |
| | Buy EUR 15,000 Citigroup | (10) | - | BB+ 95,893 |
| | Sell GBP 32,979 | | | BB 132,372 |
| | Buy USD 50,000 HSBC | (93) | - | Ba2 53,942 |
| | Sell GBP 49,713 | | | BB- 219,027 |
| | Buy EUR 58,000 J.P. Morgan | (108) | - | Ba3 109,649 |
| | Sell USD 30,000 | | | Not rated 504,830 |
| | Buy GBP 19,736 Citigroup | 4 | - | Total bonds 15,258,380 |
| | Total derivatives | (36,542) | (0.23) | Derivatives (36,542) |
| Total value of investments | | 15,221,838 | 97.01 | Total value of investments |
| Net other assets (1.73%) | | 469,127 | 2.99 | 15,221,838 |
| Net assets | | 15,690,965 | 100.00 | |

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

June 2012 comparatives in brackets.

*Variable rate bonds.

**These are unlisted securities and are valued at the manager's best estimate.

††At 1 June 2013 there were investments totalling £116,473 (0.74% of the NAV of the trust) which were valued using a quote from a single broker. These investments trade in a limited market and may not be able to be immediately liquidated at these estimated fair values.

Threadneedle Navigator Cautious Managed Trust

Manager's Report

Investment Objective and Policy

To achieve a total return by way of income and capital growth from investment in collective investment schemes managed or advised by, or in the case of an authorised company whose Authorised Corporate Director is Threadneedle Investment Services Limited or any company within the Group of companies of which it is a member. The Trust may also hold cash from time to time. The Manager may utilise forward transactions and derivatives in order to hedge against price or currency fluctuations and to facilitate efficient portfolio management.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a non-UCITS retail scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

During the period under review the offer price of accumulation units rose by 12.00% from 86.01p to 96.33p. In view of the nature of the trust and its investment remit there is no directly comparable market index.

Income Distribution

In accordance with the Prospectus, holders of income units in the trust will receive distributions on a half-yearly basis.

The distribution on income units for the period ended 1 June 2013 amounts to 0.9861p per unit net.

The distribution on accumulation units, with effect from the last day of each accounting period, is transferred from income to the capital property of the trust.

The amount available for transfer on 1 June 2013 was 1.4625p per unit net.

Portfolio Activity

The Threadneedle Navigator Cautious Managed Trust pursues the most conservative investment strategy of the Navigator range of four managed trusts. A large part of the portfolio is invested in bond funds with a smaller proportion in UK equity funds. While the investment emphasis is on the UK, there is also an overseas element within the bond portion of the portfolio.

The beginning of June 2012 marked the low point for equities during the review period, and was followed by a sharp recovery in risk-based assets. The gains were driven by unprecedented measures from global central banks, with the announcement of the European Central Bank's bond-buying plan followed by an expansion of the Federal Reserve's (the Fed's) quantitative easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to purge deflation and promote growth.

The rally continued for most of the period under review, albeit with brief setbacks on concerns over the US fiscal cliff, the inconclusive Italian election result, the Cypriot banking crisis, evidence of a deepening eurozone recession and signs that the Chinese economy could be losing momentum. During May 2013, market indices scaled multi-year highs in many countries and even reached fresh highs in some countries, including the US. The UK market performed strongly over much of the reporting period against the more positive global backdrop and increasing signs of UK economic recovery. The Bank of England's QE programme also drove UK equities and bonds upwards.

Meanwhile, central bank QE helped to keep core government bond yields at historically low levels. This meant that investors with less risk-averse profiles sought income opportunities elsewhere, and higher-yielding corporate bonds and emerging market bonds performed particularly well.

However, the end of May was marred by talk from the US Fed of scaling back its QE programme as the US economic recovery gathers pace. Meanwhile, fresh concerns surfaced over Chinese growth.

Equity and bond markets sold off sharply towards the end of the month, while bond yields spiked higher.

There were several portfolio adjustments during the period. Notably, we pared back holdings in the Threadneedle UK Fund and Threadneedle UK Equity Income Fund, while in fixed income we locked in some gains on UK corporate bonds. We also purchased a holding in the Threadneedle UK Growth & Income Fund, given the fund's attractive yield, and we topped up our stake in the Threadneedle Absolute Return Bond Fund to increase downside protection for the portfolio.

Looking forward, we have become slightly more cautious as the valuation case for equities has become less compelling, while the recent rise in bond yields could undermine the appeal of defensive companies which have been acting as bond-proxies. Already, we have seen a rotation into more economically sensitive stocks and we expect further moves in this direction. We are prepared for increased volatility in the short term as the market grapples with the timing and quantum of QE tapering. In the UK, we believe that the outlook remains broadly encouraging at the company level. In this environment, our focus remains on well-managed, fundamentally strong businesses that we believe can deliver positive earnings surprises and, in many cases, the ability to support total returns to shareholders through attractive and sustainable levels of dividend payouts.

Within fixed income, government and investment grade corporate bonds appear vulnerable if the growth outlook improves. However, we expect that central banks will remain broadly accommodative for the foreseeable future, inflation will remain subdued and investors will continue to search for yield; we will therefore seek to take advantage of market opportunities as they arise.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks
Director
P J W Reed
Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator Cautious Managed Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-----------|-----------|
| Income | | | |
| Net capital gains | 2 | 1,395,851 | 159,747 |
| Revenue | 3 | 513,343 | 574,356 |
| Expenses | 4 | (208,094) | (206,256) |
| Finance costs: Interest | 6 | (371) | (602) |
| Net revenue before taxation | | 304,878 | 367,498 |
| Taxation | 5 | 86 | (86) |
| Net revenue after taxation | | 304,964 | 367,412 |
| Total return before distributions | | 1,700,815 | 527,159 |
| Finance costs: Distributions | 6 | (304,964) | (367,412) |
| Change in net assets attributable to unitholders from investment activities | | 1,395,851 | 159,747 |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|---|-------|------------|------------|
| Assets | | | |
| Investment assets | | 14,610,412 | 13,796,215 |
| Other assets | | | |
| Debtors | 7 | 49,014 | 47,352 |
| Cash and bank balances | | 251,548 | 191,847 |
| Total other assets | | 300,562 | 239,199 |
| Total assets | | 14,910,974 | 14,035,414 |
| Liabilities | | | |
| Other liabilities | | | |
| Creditors | 8 | (155,048) | (98,563) |
| Distribution payable on income units | | (8,798) | (10,921) |
| Total other liabilities | | (163,846) | (109,484) |
| Total liabilities | | (163,846) | (109,484) |
| Net assets attributable to unitholders | | 14,747,128 | 13,925,930 |

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|------------|-------------|
| Opening net assets attributable to unitholders | 13,925,930 | 14,851,490 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 154,052 | 57,885 |
| Amounts payable on the cancellation of units | (950,606) | (1,408,601) |
| | (796,554) | (1,350,716) |
| Stamp duty reserve tax | (175) | (249) |
| Change in net assets attributable to unitholders from investment activities (see statement of total return above) | 1,395,851 | 159,747 |
| Retained distribution on accumulation units | 222,032 | 265,658 |
| Unclaimed distribution monies brought back into account | 44 | - |
| Closing net assets attributable to unitholders | 14,747,128 | 13,925,930 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

Interest distribution in pence per unit

| Income Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid/Payable 2012/2013 | Distribution Paid 2011/2012 |
|--|---------------|------------|-------------|--------------|-------------------------------------|-----------------------------------|
| Group 1 | | | | | | |
| 02/06/12 to 01/12/12 | 0.6505 | 0.1301 | 0.5204 | - | 0.5204 | 0.5829 |
| 02/12/12 to 01/06/13 | 0.5821 | 0.1164 | 0.4657 | - | 0.4657 | 0.5512 |
| Group 2 | | | | | | |
| 02/06/12 to 01/12/12 | 0.3364 | 0.0673 | 0.2691 | 0.2513 | 0.5204 | 0.5829 |
| 02/12/12 to 01/06/13 | 0.3561 | 0.0712 | 0.2849 | 0.1808 | 0.4657 | 0.5512 |
| Total distributions in the period | | | | | 0.9861 | 1.1341 |
| Accumulation Distribution Period | Gross Revenue | Income Tax | Net Revenue | Equalisation | Net Revenue Accumulated 2012/2013 | Net Revenue Accumulated 2011/2012 |
| Group 1 | | | | | | |
| 02/06/12 to 01/12/12 | 0.9626 | 0.1925 | 0.7701 | - | 0.7701 | 0.8354 |
| 02/12/12 to 01/06/13 | 0.8655 | 0.1731 | 0.6924 | - | 0.6924 | 0.7940 |
| Group 2 | | | | | | |
| 02/06/12 to 01/12/12 | 0.2831 | 0.0566 | 0.2265 | 0.5436 | 0.7701 | 0.8354 |
| 02/12/12 to 01/06/13 | 0.1526 | 0.0305 | 0.1221 | 0.5703 | 0.6924 | 0.7940 |
| Total distributions in the period | | | | | 1.4625 | 1.6294 |

Group 2: units purchased during a distribution period

Threadneedle Navigator Cautious Managed Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends, interest and other revenue receivable includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Dividends and distributions are recognised when the security is quoted ex-dividend.

Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Interest on bank and short-term deposits is recognised on an earned basis.

Fee rebate

In addition to any direct charge for registration and management fees within the trust, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the trust bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are charged to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital.

Revenue attributable to Accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue. All remaining revenue is distributed in accordance with the Collective Investment Schemes sourcebook.

Where distributions are unclaimed for a period of six years these are brought back into the trust as capital.

(e) Basis of valuation of investments

The investments of the trust are valued at mid market prices at 12 noon, being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

(f) Exchange rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

| | 2013 | 2012 |
|--|-----------|---------|
| | £ | £ |
| Non-derivative securities | 1,321,444 | 94,976 |
| Management fee rebate on collective investment scheme holdings | 75,587 | 66,920 |
| Other gains/(losses) | 129 | (5) |
| Transaction costs | (1,309) | (2,144) |
| Net capital gains | 1,395,851 | 159,747 |

3 REVENUE

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Franked dividend distributions | 97,428 | 92,873 |
| Unfranked dividend distributions | - | 430 |
| Interest distributions | 331,480 | 384,354 |
| Bank interest | 1,394 | 1,491 |
| Management fee rebate on collective investment scheme holdings | 79,371 | 91,077 |
| Registration fee rebate on collective investment scheme holdings | 3,670 | 4,131 |
| Total revenue | 513,343 | 574,356 |

4 EXPENSES

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (179,923) | (178,495) |
| Registration fees | (15,833) | (15,708) |
| | (195,756) | (194,203) |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (3,455) | (3,427) |
| Safe custody fees | (70) | (72) |
| | (3,525) | (3,499) |
| Other expenses: | | |
| Regulatory fee | (414) | (421) |
| Audit fee | (8,352) | (8,112) |
| Miscellaneous expenses | (47) | (21) |
| | (8,813) | (8,554) |
| *Total expenses | (208,094) | (206,256) |

*Including irrecoverable VAT where applicable.

Threadneedle Navigator Cautious Managed Trust

5 TAXATION

| | 2013 | 2012 |
|---|----------|----------|
| | £ | £ |
| a) Analysis of charge in period | | |
| Irrecoverable tax | – | (86) |
| Adjustments in respect of prior periods | 86 | – |
| Total current tax (note 5b) | 86 | (86) |
| Total tax charge for the period | 86 | (86) |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 304,878 | 367,498 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (60,976) | (73,499) |
| <i>Effects of:</i> | | |
| Revenue not subject to taxation | 19,483 | 18,578 |
| Prior period expenses utilised | 56,611 | – |
| Excess expenses | – | (5,182) |
| Distributions treated as tax deductible | – | 73,487 |
| Irrecoverable tax | – | (86) |
| Adjustments in respect of prior periods | 86 | – |
| Capitalised revenue subject to taxation | (15,118) | (13,384) |
| Current tax charge for period (note 5a) | 86 | (86) |

The trust has not recognised a deferred tax asset of £190,886 (2012: £247,497) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on unitholders' behalf to HM Revenue & Customs.

6 FINANCE COSTS

Distributions and Interest

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units and comprises:

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Interim | 160,828 | 190,072 |
| Final | 140,042 | 170,182 |
| | 300,870 | 360,254 |
| Undistributed Revenue | 9 | (19) |
| Add: Revenue deducted on the cancellation of units | 4,983 | 7,473 |
| Deduct: Revenue received on the issue of units | (898) | (296) |
| Net distribution for the period | 304,964 | 367,412 |
| Interest | 371 | 602 |
| Total finance costs | 305,335 | 368,014 |

Details of the distribution per unit are set out in the table on page 44.

7 DEBTORS

| | 2013 | 2012 |
|---------------------------------------|--------|--------|
| | £ | £ |
| Sales awaiting settlement | 15,471 | – |
| Accrued revenue | 25,496 | 27,854 |
| United Kingdom income tax recoverable | 8,047 | 19,498 |
| Total debtors | 49,014 | 47,352 |

8 CREDITORS

| | 2013 | 2012 |
|---|-----------|----------|
| | £ | £ |
| Amounts payable for the cancellation of units | (29,126) | (41,652) |
| Purchases awaiting settlement | (74,657) | – |
| Accrued expenses | (6,285) | (6,342) |
| Amounts payable to the Manager | (16,649) | (16,072) |
| Income taxation payable | (28,331) | (34,497) |
| Total creditors | (155,048) | (98,563) |

9 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|--------------------------|-------|
| Annual management charge | 1.25% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 79.

10 RELATED PARTY TRANSACTIONS

Threadneedle Unit Trust Manager Limited, a related party, acts as principal in respect of all transactions of units in the trust. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. The amount due from or to Threadneedle Unit Trust Manager Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Unit Trust Manager Limited in respect of trust administration and registrar services are disclosed in Notes 8. A balance of £15,303 (2012: £14,772*) in respect of annual management service charge and £1,347 (2012: £1,300) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and Depository Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 8. A balance of £294 (2012: £284) in respect of trustee services and £12 (2012: £12) in respect of safe custody are due at the end of the accounting period.

The trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depository Company as disclosed in Notes 3 and 6. A balance of £83 (2012: £72*) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The trust invests in a number of sub-funds of Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement and gains and losses in the period are disclosed in Note 2. Details of revenue received from the sub-funds are shown in Note 3 and amounts receivable at the end of the accounting period in Note 7. Details of purchases and sales of the sub-funds are shown in Note 13 and any amounts receivable and payable in Notes 7 and 8.

Threadneedle Investment Services Limited (a related party of Threadneedle Unit Trust Manager Limited, forming part of the same group of companies, the ultimate holding company of which is Ameriprise) rebates certain fees to the trust from its management of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC. Details of the rebates received are disclosed in Notes 2 and 3.

A balance of £24,799 (2012: £27,014) in respect of annual management fee rebate and £614 (2012: £691) in respect of registration fee rebate are receivable at the end of the accounting period are disclosed in Note 7.

The Manager, or associates of the Manager acted as principal in all investment transactions.

*restated

Threadneedle Navigator Cautious Managed Trust

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 43, the Threadneedle Navigator Adventurous Managed Trust may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC, Threadneedle Focus Investment Funds ICVC and Threadneedle Navigator Trusts (of which a maximum of 20% of the value of the property of the trust may be invested in any one fund within this range of investment funds);
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

The main risks arising from the trust's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The trust is exposed to market risk by virtue of their investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the redemption of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trust's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trusts' investments will fluctuate as a result of changes in interest rates.

The trust has holdings in other funds with significant interest rate exposure.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Threadneedle Navigator Cautious Managed Trust

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the trust's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the trust's principal currency.

Two principal areas where foreign currency risk could impact the trust are:

- Where movements in rates affect the value of the underlying investments; the trust may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the trust does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the trust at the balance sheet date. However, a large proportion of the trust's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee fund's significant exposure to non-sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposure of Threadneedle Credit Opportunities Fund and Threadneedle European High Yield Bond Fund is to the Euro.
- The principal exposure of Threadneedle Emerging Market Bond Fund is to the US Dollar.
- The principal exposures of Threadneedle Emerging Market Local Fund are to the Brazilian Real, Mexican Peso and Turkish Lira.
- The principal exposures of Threadneedle Global Bond Fund are to the Euro, Japanese Yen and US Dollar.

Fair value of financial assets and financial liabilities

All of the financial assets of the trust are valued using the single price, which is deemed to be fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

13 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

The total cost of purchases during the period was £1,208,637 (2012: £610,537) and proceeds received from sales were £1,842,647 (2012: £1,732,158).

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator Cautious Managed Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator Cautious Managed Trust

We have audited the financial statements of Threadneedle Navigator Cautious Managed Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator Cautious Managed Trust

Portfolio Statement

as at 1 June 2013

| Holding | Investment | Value £ | % of Net Asset Value |
|--|--|-------------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 99.07% (99.07%) | | | |
| UK equity 28.79% (25.14%) | | | |
| 2,071,804 | Threadneedle UK Equity Income Fund | 1,668,838 | 11.32 |
| 1,655,546 | Threadneedle UK Fund | 1,771,434 | 12.01 |
| 1,045,522 | Threadneedle UK Growth & Income Fund | 805,366 | 5.46 |
| | Total UK equity | 4,245,638 | 28.79 |
| UK bond 54.67% (57.24%) | | | |
| 432,694 | Threadneedle Absolute Return Bond Fund | 285,968 | 1.94 |
| 604,606 | Threadneedle High Yield Bond Fund | 268,506 | 1.82 |
| 5,322,137 | Threadneedle Income Trust | 2,868,632 | 19.45 |
| 3,420,669 | Threadneedle Sterling Bond Fund | 1,790,720 | 12.14 |
| 3,028,911 | Threadneedle UK Corporate Bond Fund | 2,848,691 | 19.32 |
| | Total UK bond | 8,062,517 | 54.67 |
| Overseas bond 15.61% (16.69%) | | | |
| 128,768 | Threadneedle Credit Opportunities Fund | 161,295 | 1.09 |
| 125,332 | Threadneedle Emerging Market Bond Fund | 80,851 | 0.55 |
| 154,915 | Threadneedle Emerging Market Local Fund | 262,580 | 1.78 |
| 32,772 | Threadneedle European High Yield Bond Fund | 52,373 | 0.36 |
| 2,134,227 | Threadneedle Global Bond Fund | 1,745,158 | 11.83 |
| | Total overseas bond | 2,302,257 | 15.61 |
| | Total collective investment schemes | 14,610,412 | 99.07 |
| | Total value of investments | 14,610,412 | 99.07 |
| | Net other assets (0.93%) | 136,716 | 0.93 |
| | Net assets | 14,747,128 | 100.00 |

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

June 2012 comparatives in brackets.

Threadneedle Navigator Balanced Managed Trust

Manager's Report

Investment Objective and Policy

To achieve a total return by way of income and capital growth from investment in collective investment schemes managed or advised by, or in the case of an authorised company whose Authorised Corporate Director is Threadneedle Investment Services Limited or any company within the Group of companies of which it is a member. The Trust may also hold cash from time to time. The Manager may utilise forward transactions and derivatives in order to hedge against price or currency fluctuations and to facilitate efficient portfolio management.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a non-UCITS retail scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

During the period under review the offer price of accumulation units rose by 20.45% from 87.84p to 105.80p. In view of the nature of the trust and its investment remit there is no directly comparable market index.

Accumulation

Income units are not available from the Threadneedle Navigator Balanced Managed Trust. However, in accordance with the Prospectus, the revenue in the trust is accumulated with effect from the last day of the Annual Accounting Period i.e. 1 June in each year.

Portfolio Activity

In accordance with the trust's balanced investment approach, the portfolio is invested in both bond and equity investments. The trust's equity exposure is focused on the UK while the bond portion of the portfolio includes a mix of UK and international bond funds.

The beginning of June 2012 marked the low point for equities during the review period, and was followed by a sharp recovery in risk-based assets. The gains were driven by unprecedented measures from global central banks, with the announcement of the European Central Bank's bond-buying plan followed by an expansion of the Federal Reserve's (the Fed's) quantitative easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to purge deflation and promote growth.

The rally continued for most of the period under review, albeit with brief setbacks on concerns over the US fiscal cliff, the inconclusive Italian election result, the Cypriot banking crisis, evidence of a deepening eurozone recession and signs that the Chinese economy could be losing momentum. During May 2013, market indices scaled multi-year highs in many countries and even reached fresh highs in some countries, including the US. The UK market performed strongly over much of the reporting period against the more positive global backdrop and increasing signs of UK economic recovery. The Bank of England's QE programme also drove UK equities and bonds upwards.

Meanwhile, central bank QE helped to keep core government bond yields at historically low levels. This meant that investors with less risk-averse profiles sought income opportunities elsewhere, and higher-yielding corporate bonds and emerging market bonds performed particularly well.

However, the end of May was marred by talk from the US Fed of scaling back its QE programme as the US economic recovery gathers pace. Meanwhile, fresh concerns surfaced over Chinese growth. Equity and bond markets sold off sharply towards the end of the month, while bond yields spiked higher.

There were several portfolio adjustments during the period. Notably, we took profits by reducing two of our largest holdings; Threadneedle UK Fund and Threadneedle UK Equity Income Fund. Meanwhile, we added to the holding in the Threadneedle UK Growth & Income Fund, given the fund's attractive yield. In fixed income, we locked in some gains on UK corporate bonds and topped up our stake in the Threadneedle Absolute Return Bond Fund to increase downside protection for the portfolio.

Looking forward, we have become slightly more cautious as the valuation case for equities has become less compelling, while the recent rise in bond yields could undermine the appeal of defensive companies which have been acting as bond-proxies. Already, we have seen a rotation into more economically sensitive stocks and we expect further moves in this direction. We are prepared for increased volatility in the short term as the market grapples with the timing and quantum of QE tapering. In the UK, we believe that the outlook remains broadly encouraging at the company level. In this environment, our focus remains on well-managed, fundamentally strong businesses that we believe can deliver positive earnings surprises and, in many cases, the ability to support total returns to shareholders through attractive and sustainable levels of dividend payouts.

Within fixed income, government and investment grade corporate bonds appear vulnerable if the growth outlook improves. However, we expect that central banks will remain broadly accommodative for the foreseeable future, inflation will remain subdued and investors will continue to search for yield; we will therefore seek to take advantage of market opportunities as they arise.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks

Director

P J W Reed

Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator Balanced Managed Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|------------------|------------------|
| Income | | | |
| Net capital gains/(losses) | 2 | 4,128,152 | (683,445) |
| Revenue | 3 | 934,983 | 945,273 |
| Expenses | 4 | (352,773) | (339,618) |
| Finance costs: Interest | 6 | (979) | (1,535) |
| Net revenue before taxation | | 581,231 | 604,120 |
| Taxation | 5 | (72,331) | (80,326) |
| Net revenue after taxation | | 508,900 | 523,794 |
| Total return before distributions | | 4,637,052 | (159,651) |
| Distributions | 6 | (537,936) | (554,090) |
| Change in unitholders' funds from investment activities | | 4,099,116 | (713,741) |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|---------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Investment assets | | 26,187,573 | 22,993,760 |
| Other assets | | | |
| Debtors | 7 | 99,278 | 71,613 |
| Cash and bank balances | | 59,529 | 361,500 |
| Total other assets | | 158,807 | 433,113 |
| Total assets | | 26,346,380 | 23,426,873 |
| Liabilities | | | |
| Other liabilities | | | |
| Creditors | 8 | (171,205) | (132,153) |
| Total other liabilities | | (171,205) | (132,153) |
| Total liabilities | | (171,205) | (132,153) |
| Net assets | | 26,175,175 | 23,294,720 |
| Unitholders' funds | | 26,175,175 | 23,294,720 |

STATEMENT OF CHANGE IN UNITHOLDERS' FUNDS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Opening net assets | 23,294,720 | 25,270,503 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 49,723 | 42,799 |
| Amounts payable on the cancellation of units | (1,780,828) | (1,833,303) |
| | (1,731,105) | (1,790,504) |
| Stamp duty reserve tax | (446) | (387) |
| Change in unitholders' funds from investment activities (see statement of total return above) | 4,099,116 | (713,741) |
| Retained distribution on accumulation units | 512,890 | 528,849 |
| Closing net assets | 26,175,175 | 23,294,720 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

Dividend distribution in pence per unit

| Accumulation Distribution Period | Gross Revenue | Tax Credit | Net Revenue | Equalisation | Net Revenue Accumulated 2012/2013 | Net Revenue Accumulated 2011/2012 |
|--|---------------|------------|-------------|--------------|-----------------------------------|-----------------------------------|
| Group 1 | | | | | | |
| 02/06/12 to 01/06/13 | 2.1801 | 0.2180 | 1.9621 | - | 1.9621 | 1.8862 |
| Group 2 | | | | | | |
| 02/06/12 to 01/06/13 | 0.5576 | 0.0558 | 0.5018 | 1.4603 | 1.9621 | 1.8862 |
| Total distributions in the period | | | | | 1.9621 | 1.8862 |

Group 2: units purchased during a distribution period

Threadneedle Navigator Balanced Managed Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends, interest and other revenue receivable includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Dividends and distributions are recognised when the security is quoted ex-dividend.

Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Interest on bank and short-term deposits is recognised on an earned basis.

Fee Rebate

In addition to any direct charge for registration and management fees within the trust, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the trust bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are charged to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation Unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

(e) Basis of valuation of investments

The investments of the trust are valued at mid market prices at 12 noon, being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

(f) Exchange Rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred Taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

| | 2013 | 2012 |
|--|-----------|-----------|
| | £ | £ |
| Non-derivative securities | 3,984,337 | (832,577) |
| Management fee rebate on collective investment scheme holdings | 145,178 | 151,482 |
| Other gains | 246 | 26 |
| Transaction costs | (1,609) | (2,376) |
| Net capital gains/(losses) | 4,128,152 | (683,445) |

3 REVENUE

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Franked dividend distributions | 364,737 | 353,970 |
| Unfranked dividend distributions | - | 1,662 |
| Interest distributions | 417,049 | 446,023 |
| Bank interest | 1,718 | 3,224 |
| Management fee rebate on collective investment scheme holdings | 146,125 | 134,750 |
| Registration fee rebate on collective investment scheme holdings | 5,354 | 5,644 |
| Total Revenue | 934,983 | 945,273 |

4 EXPENSES

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (310,590) | (298,882) |
| Registration fees | (27,332) | (26,302) |
| | (337,922) | (325,184) |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (5,963) | (5,738) |
| Safe custody fees | (122) | (163) |
| | (6,085) | (5,901) |
| Other expenses: | | |
| Regulatory fee | (414) | (421) |
| Audit fee | (8,352) | (8,112) |
| | (8,766) | (8,533) |
| *Total expenses | (352,773) | (339,618) |

*Including irrecoverable VAT where applicable.

Threadneedle Navigator Balanced Managed Trust

Notes to the financial statements

(continued)

5 TAXATION

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| a) Analysis of charge in period | | |
| Corporation tax | (72,331) | (80,326) |
| Total current tax (note 5b) | (72,331) | (80,326) |
| Total tax charge for the period | (72,331) | (80,326) |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 581,231 | 604,120 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (116,246) | (120,824) |
| <i>Effects of:</i> | | |
| Revenue not subject to taxation | 72,951 | 70,794 |
| Capitalised revenue subject to taxation | (29,036) | (30,296) |
| Current tax charge for period (note 5a) | (72,331) | (80,326) |

6 FINANCE COSTS AND DISTRIBUTION

Distributions and Interest

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units and comprises:

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Final | 512,890 | 528,849 |
| Add: Revenue deducted on the cancellation of units | 25,889 | 25,925 |
| Deduct: Revenue received on the issue of units | (843) | (684) |
| Net distribution for the period | 537,936 | 554,090 |
| Interest | 979 | 1,535 |
| Total finance costs | 538,915 | 555,625 |
| Net revenue after taxation | 508,900 | 523,794 |
| Tax on capital management fee rebates | 29,036 | 30,296 |
| Net distribution for the period | 537,936 | 554,090 |

Details of the distribution per unit are set out in the table on page 53.

7 DEBTORS

| | 2013 | 2012 |
|---|--------|--------|
| | £ | £ |
| Amounts receivable for the issue of units | - | 4,389 |
| Sales awaiting settlement | 27,447 | - |
| Accrued revenue | 50,018 | 50,796 |
| United Kingdom income tax recoverable | 21,813 | 16,428 |
| Total debtors | 99,278 | 71,613 |

8 CREDITORS

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Amounts payable for the cancellation of units | (62,635) | (17,710) |
| Accrued expenses | (6,753) | (6,890) |
| Amounts payable to the Manager | (29,485) | (27,225) |
| Corporation tax payable | (72,332) | (80,328) |
| Total creditors | (171,205) | (132,153) |

9 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|--------------------------|-------|
| Annual management charge | 1.25% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 80.

10 RELATED PARTY TRANSACTIONS

Threadneedle Unit Trust Manager Limited is a related party and acts as principal in respect of all transactions of units in the trust.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Unitholders' Funds. The amount due from and to Threadneedle Unit Trust Manager Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Unit Managers Limited in respect of trust management and registration services are disclosed in Notes 8. A balance of £27,100 (2012: £25,023), in respect of annual management service charge and £2,385 (2012: £2,202) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and Depository Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 8. A balance of £520 (2012: £480), in respect of trustee services and £21 (2012: £20) in respect of safe custody are due at the end of the accounting period.

The trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depository Company as disclosed in Notes 3 and 6. A balance of £43 (2012: £11) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The trust invests in a number of sub funds of Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement.

Threadneedle Investment Services Limited, (a related party of Threadneedle Unit Trust Manager Limited, forming part of the same group of companies, the ultimate holding company of which is Ameriprise), rebates certain fees to the trust from its management of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC. Details of the transactions are in Notes 2 and 3.

A balance of £49,041 (2012: £49,485) in respect of annual management fee rebate and £934 (2012: £940) in respect of registration fee rebate are receivable at the end of the accounting period.

The Manager, or associates of the Manager acted as principal in all investment transactions.

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 52, the Threadneedle Navigator Balanced Managed Trust may hold the following financial instruments:

- Funds of the Threadneedle Investments Funds ICVC, Threadneedle Specialist Investments Funds ICVC, Threadneedle Focus Investment Funds ICVC and Threadneedle Navigator Trusts (of which a maximum of 20% of the value of the property of the trust may be invested in any one fund within this range of investment funds);
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;

Threadneedle Navigator Balanced Managed Trust

- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

The main risks arising from the trust's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The trust is exposed to market risk by virtue of their investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the redemption of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trust's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trusts' investments will fluctuate as a result of changes in interest rates.

The trust has holdings in other funds with significant interest rate exposure.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the trust's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the trust's principal currency.

Two principal areas where foreign currency risk could impact the trust are:

- Where movements in rates affect the value of the underlying investments; the trust may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the trust does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

Threadneedle Navigator Balanced Managed Trust

There is no direct foreign currency exposure within the trust at the balance sheet date. However, a large proportion of the trust's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee fund's significant exposure to non-sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposure of Threadneedle Credit Opportunities Fund, Threadneedle European Corporate bond Fund and Threadneedle European High Yield Bond Fund is to the Euro.
- The principal exposures of Threadneedle Emerging Market Local Fund are to the Brazilian Real, Mexican Peso and Turkish Lira.
- The principal exposures of Threadneedle Global Bond Fund are to the Euro, Japanese Yen and US Dollar.

Fair value of financial assets and financial liabilities

All of the financial assets of the trust are valued using the single price, which is deemed to be fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

13 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

The total cost of purchases during the period was £1,079,911 (2012: £1,645,553) and proceeds received from sales were £2,189,774 (2012: £3,081,065).

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator Balanced Managed Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator Balanced Managed Trust

We have audited the financial statements of Threadneedle Navigator Balanced Managed Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in unitholders' funds, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator Balanced Managed Trust

Portfolio Statement

as at 1 June 2013

| Holding | Investment | Value £ | % of Net Asset Value |
|---|---|-------------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 100.05% (98.71%) | | | |
| UK equity 54.44% (50.34%) | | | |
| 6,205,874 | Threadneedle UK Equity Income Fund | 4,998,831 | 19.10 |
| 4,688,723 | Threadneedle UK Fund | 5,016,934 | 19.17 |
| 4,561,278 | Threadneedle UK Growth & Income Fund | 3,513,552 | 13.42 |
| 428,711 | Threadneedle UK Smaller Companies Fund | 719,592 | 2.75 |
| | Total UK equity | 14,248,909 | 54.44 |
| UK bond 35.33% (37.12%) | | | |
| 654,636 | Threadneedle Absolute Return Bond Fund | 432,649 | 1.65 |
| 893,210 | Threadneedle High Yield Bond Fund | 396,674 | 1.51 |
| 2,854,764 | Threadneedle Income Trust | 2,789,105 | 10.66 |
| 1,618,603 | Threadneedle Sterling Bond Fund | 847,339 | 3.24 |
| 5,083,841 | Threadneedle UK Corporate Bond Fund | 4,781,352 | 18.27 |
| | Total UK bond | 9,247,119 | 35.33 |
| Overseas bond 10.28% (11.25%) | | | |
| 202,666 | Threadneedle Credit Opportunities Fund | 253,861 | 0.97 |
| 362,615 | Threadneedle Emerging Market Local Fund | 614,633 | 2.35 |
| 208,874 | Threadneedle European Corporate Bond Fund | 213,636 | 0.81 |
| 35,552 | Threadneedle European High Yield Bond Fund | 56,816 | 0.22 |
| 1,898,739 | Threadneedle Global Bond Fund | 1,552,599 | 5.93 |
| | Total overseas bond | 2,691,545 | 10.28 |
| | Total collective investment schemes | 26,187,573 | 100.05 |
| | Total value of investments | 26,187,573 | 100.05 |
| | Net other (liabilities)/assets (1.29%) | (12,398) | (0.05) |
| | Net assets | 26,175,175 | 100.00 |

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

June 2012 comparatives in brackets.

Threadneedle Navigator Growth Managed Trust

Manager's Report

Investment Objective and Policy

To achieve capital growth from investment in collective investment schemes managed or advised by, or in the case of an authorised company whose Authorised Corporate Director is Threadneedle Investment Services Limited or any company within the Group of companies of which it is a member. The Trust may also hold cash from time to time. The Manager may utilise forward transactions and derivatives in order to hedge against price or currency fluctuations and to facilitate efficient portfolio management.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a non-UCITS retail scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

During the period under review the offer price of accumulation units rose by 26.06% from 86.31p to 108.80p. In view of the nature of the trust and its investment remit there is no directly comparable market index.

Accumulation

Income units are not available from the Threadneedle Navigator Growth Managed Trust. However, in accordance with the Prospectus, the revenue in the trust is accumulated with effect from the last day of the Annual Accounting Period i.e. 1 June in each year.

Portfolio Activity

The Threadneedle Navigator Growth Managed Trust maintains a large exposure to equity funds with the remainder of the portfolio invested in bond funds. The investments in UK equity funds account for approximately half of the portfolio.

The beginning of June 2012 marked the low point for equities during the review period, and was followed by a sharp recovery in risk-based assets. The gains were driven by unprecedented measures from global central banks, with the announcement of the European Central Bank's bond-buying plan followed by an expansion of the Federal Reserve's (the Fed's) quantitative easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to purge deflation and promote growth.

The rally continued for most of the period under review, albeit with brief setbacks on concerns over the US fiscal cliff, the inconclusive Italian election result, the Cypriot banking crisis, evidence of a deepening eurozone recession and signs that the Chinese economy could be losing momentum. During May 2013, market indices scaled multi-year highs in many countries and even reached fresh highs in some countries, including the US. The UK market performed strongly over much of the reporting period against the more positive global backdrop and increasing signs of UK economic recovery. The Bank of England's QE programme also drove UK equities and bonds upwards.

Meanwhile, central bank QE helped to keep core government bond yields at historically low levels. This meant that investors with less risk-averse profiles sought income opportunities elsewhere, and higher-yielding corporate bonds and emerging market bonds performed particularly well.

However, the end of May was marred by talk from the US Fed of scaling back its QE programme as the US economic recovery gathers pace. Meanwhile, fresh concerns surfaced over Chinese growth. Equity and bond markets sold off sharply towards the end of the month, while bond yields spiked higher.

There were several portfolio adjustments during the period. Notably, we took profits by reducing two of our largest holdings; the Threadneedle UK Institutional Fund and the Threadneedle UK Fund. Meanwhile, we added to our stake in the Threadneedle UK

Growth & Income Fund, given the fund's attractive yield. We also took profits by reducing our stakes in the Threadneedle European Fund, Threadneedle American Fund, Threadneedle Asia Fund and Threadneedle Japan Fund. In fixed income markets, we sold our stake in the Threadneedle Target Return Fund and increased our exposure to the Threadneedle Absolute Return Bond Fund.

Looking forward, we have become slightly more cautious as the valuation case for equities has become less compelling, while the recent rise in bond yields could undermine the appeal of defensive companies which have been acting as bond-proxies. Already, we have seen a rotation into more economically sensitive stocks and we expect further moves in this direction. We are prepared for increased volatility in the short term as the market grapples with the timing and quantum of QE tapering. Meanwhile, Europe continues to face major challenges, both political and economic, although the US economic and corporate outlook is improving. Elsewhere, we anticipate that Japan will maintain extremely loose monetary policies for the foreseeable future, and that present weakness in the market will be short-lived. In the UK, we believe that the outlook remains broadly encouraging at the company level.

Within fixed income, government and investment grade corporate bonds appear vulnerable if the growth outlook improves. However, we expect that central banks will remain broadly accommodative for the foreseeable future, inflation will remain subdued and investors will continue to search for yield; we will therefore seek to take advantage of market opportunities as they arise.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks
Director
P J W Reed
Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator Growth Managed Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|-------------------|--------------------|
| Income | | | |
| Net capital gains/(losses) | 2 | 12,657,799 | (4,259,814) |
| Revenue | 3 | 1,756,178 | 1,820,694 |
| Expenses | 4 | (814,669) | (795,952) |
| Finance costs: Interest | 6 | (655) | (62) |
| Net revenue before taxation | | 940,854 | 1,024,680 |
| Taxation | 5 | (74,090) | (79,554) |
| Net revenue after taxation | | 866,764 | 945,126 |
| Total return before distributions | | 13,524,563 | (3,314,688) |
| Distributions | 6 | (901,962) | (970,639) |
| Change in unitholders' funds from investment activities | | 12,622,601 | (4,285,327) |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--------------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Investment assets | | 62,354,573 | 52,870,421 |
| Other assets | | | |
| Debtors | 7 | 236,191 | 261,498 |
| Cash and bank balances | | 945,586 | 1,345,924 |
| Total other assets | | 1,181,777 | 1,607,422 |
| Total assets | | 63,536,350 | 54,477,843 |
| Liabilities | | | |
| Other liabilities | | | |
| Creditors | 8 | (625,791) | (407,441) |
| Total other liabilities | | (625,791) | (407,441) |
| Total liabilities | | (625,791) | (407,441) |
| Net assets | | 62,910,559 | 54,070,402 |
| Unitholders' funds | | 62,910,559 | 54,070,402 |

STATEMENT OF CHANGE IN UNITHOLDERS' FUNDS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Opening net assets | 54,070,402 | 62,044,804 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 67,740 | 54,395 |
| Amounts payable on the cancellation of units | (4,715,706) | (4,672,516) |
| | (4,647,966) | (4,618,121) |
| Stamp duty reserve tax | (1,199) | (1,251) |
| Change in unitholders' funds from investment activities (see statement of total return above) | 12,622,601 | (4,285,327) |
| Retained distribution on accumulation units | 866,721 | 930,297 |
| Closing net assets | 62,910,559 | 54,070,402 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

Dividend distribution in pence per unit

| Accumulation Distribution Period | Gross Revenue | Tax Credit | Net Revenue | Equalisation | Net Revenue Accumulated 2012/2013 | Net Revenue Accumulated 2011/2012 |
|--|---------------|------------|-------------|--------------|-----------------------------------|-----------------------------------|
| Group 1 | | | | | | |
| 02/06/12 to 01/06/13 | 1.5771 | 0.1577 | 1.4194 | - | 1.4194 | 1.4069 |
| Group 2 | | | | | | |
| 02/06/12 to 01/06/13 | 0.7738 | 0.0774 | 0.6964 | 0.7230 | 1.4194 | 1.4069 |
| Total distributions in the period | | | | | 1.4194 | 1.4069 |

Group 2: units purchased during a distribution period

Threadneedle Navigator Growth Managed Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends, interest and other revenue receivable includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Dividends and distributions are recognised when the security is quoted ex-dividend.

Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Interest on bank and short-term deposits is recognised on an earned basis.

Fee Rebate

In addition to any direct charge for registration and management fees within the Trust, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the Trust bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are charged to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

(e) Basis of valuation of investments

The investments of the Trust are valued at mid market prices at 12 noon (UK time), being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

(f) Exchange Rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred Taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

| | 2013 | 2012 |
|--|------------|-------------|
| | £ | £ |
| Non-derivative securities | 12,483,418 | (4,384,520) |
| Management fee rebate on collective investment scheme holdings | 175,993 | 127,568 |
| Other gains/(losses) | 312 | (2) |
| Transaction costs | (1,924) | (2,860) |
| Net capital gains/(losses) | 12,657,799 | (4,259,814) |

3 REVENUE

| | 2013 | 2012 |
|--|-----------|-----------|
| | £ | £ |
| Franked dividend distributions | 746,395 | 754,475 |
| Unfranked dividend distributions | - | 2,412 |
| Interest distributions | 465,157 | 484,745 |
| Bank interest | 4,382 | 5,088 |
| Management fee rebate on collective investment scheme holdings | 520,522 | 553,165 |
| Registration fee rebate on collective investment scheme holdings | 19,722 | 20,809 |
| Total revenue | 1,756,178 | 1,820,694 |

4 EXPENSES

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (729,132) | (712,173) |
| Registration fees | (64,164) | (62,671) |
| | (793,296) | (774,844) |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (12,323) | (12,293) |
| Safe custody fees | (284) | (282) |
| | (12,607) | (12,575) |
| Other expenses: | | |
| Regulatory fee | (414) | (421) |
| Audit fee | (8,352) | (8,112) |
| | (8,766) | (8,533) |
| *Total expenses | (814,669) | (795,952) |

*Including irrecoverable VAT where applicable.

Threadneedle Navigator Growth Managed Trust

Notes to the financial statements

(continued)

5 TAXATION

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| a) Analysis of charge in period | | |
| Corporation tax | (74,090) | (79,554) |
| Total current tax (note 5b) | (74,090) | (79,554) |
| Total tax charge for the period | (74,090) | (79,554) |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 940,854 | 1,024,680 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (188,171) | (204,936) |
| <i>Effects of:</i> | | |
| Revenue not subject to taxation | 149,279 | 150,895 |
| Capitalised revenue subject to taxation | (35,198) | (25,513) |
| Current tax charge for period (note 5a) | (74,090) | (79,554) |

6 FINANCE COSTS AND DISTRIBUTION

Distributions and Interest

The distribution takes account of revenue received on the creation of units and revenue deducted on the cancellation of units and comprises:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Final | 866,721 | 930,297 |
| Add: Revenue deducted on the cancellation of units | 35,770 | 40,580 |
| Deduct: Revenue received on the issue of units | (529) | (238) |
| Net distribution for the period | 901,962 | 970,639 |
| Interest | 655 | 62 |
| Total finance costs | 902,617 | 970,701 |
| Net revenue after taxation | 866,764 | 945,126 |
| Tax on capital management fee rebates | 35,198 | 25,513 |
| Net distribution for the period | 901,962 | 970,639 |

Details of the distribution per unit are set out in the table on page 62.

7 DEBTORS

| | 2013 £ | 2012 £ |
|---------------------------------------|-----------|-----------|
| Sales awaiting settlement | 105,975 | 138,216 |
| Accrued revenue | 127,715 | 120,985 |
| United Kingdom income tax recoverable | 2,501 | 2,297 |
| Total debtors | 236,191 | 261,498 |

8 CREDITORS

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Amounts payable for the cancellation of units | (156,137) | (256,659) |
| Purchases awaiting settlement | (317,556) | - |
| Accrued expenses | (7,309) | (7,346) |
| Amounts payable to the Manager | (70,699) | (63,882) |
| Corporation tax payable | (74,090) | (79,554) |
| Total creditors | (625,791) | (407,441) |

9 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|--------------------------|-------|
| Annual management charge | 1.25% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 80.

10 RELATED PARTY TRANSACTIONS

Threadneedle Unit Managers Limited, a related party, acts as principal in respect of all transactions of units in the Trust.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Unitholders' Funds. The amount due from and to Threadneedle Unit Trust Manager Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Unit Managers Limited in respect of trust management and registration services are disclosed in Note 8. A balance of £64,981 (2012: £58,715), in respect of annual management service charge and £5,718 (2012: £5,167) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and Depositary Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 8. A balance of £1,032 (2012: £1,036), in respect of trustee services and £51 (2012: £48) in respect of safe custody are due at the end of the accounting period.

The Trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depositary Company as disclosed in Notes 3 and 6. A balance of £294 (2012: £492) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The Trust invests in a number of sub-funds of Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement.

Threadneedle Investment Services Limited, (a related party of Threadneedle Unit Managers Limited, forming part of the same group of companies, the ultimate holding company of which is Ameriprise), rebates certain fees to the trust from its management of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC. Details of the rebates received are disclosed in Notes 2 and 3.

A balance of £123,928 (2012: £95,164) in respect of annual management fee rebate and £3,493 (2012: £3,482) in respect of registration fee rebate are receivable at the end of the accounting period are disclosed in Note 7.

The Manager, or associates of the Manager acted as principal in all investment transactions.

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 61, the Threadneedle Navigator Growth Managed Trust may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC, Threadneedle Specialist Investment Funds ICVC and Threadneedle Focus Investment Funds ICVC of which a maximum of 20% of the value of the property of the trust may be invested in any one fund within this range of investment funds;
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

Threadneedle Navigator Growth Managed Trust

Notes to the financial statements

(continued)

The main risks arising from the trust's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The trust is exposed to market risk by virtue of their investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the redemption of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trust's cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase

or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trusts' investments will fluctuate as a result of changes in interest rates.

The trust has holdings in other funds with significant interest rate exposure.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates. The capital values of the trust's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the trust's principal currency.

Two principal areas where foreign currency risk could impact the trust are:

- Where movements in rates affect the value of the underlying investments; the trust may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the trust does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the trust at the balance sheet date. However, a large proportion of the trust's underlying investments have significant currency exposure since their assets are denominated in currencies other than Sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee trusts' significant exposure to non-sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposure of Threadneedle American Fund and Threadneedle Emerging Market Bond Fund is to the US Dollar.
- The principal exposures of Threadneedle Asia Fund are to the Australian Dollar, Hong Kong Dollar and South Korean Won.
- The principal exposure of Threadneedle Credit Opportunities Fund and Threadneedle European High Yield Bond Fund is to the Euro.

Threadneedle Navigator Growth Managed Trust

Notes to the financial statements

(continued)

- The principal exposures of Threadneedle Emerging Market Local Fund are to the Brazilian Real, Mexican Peso and Turkish Lira.
- The principal exposures of Threadneedle European Fund are to the Euro and Swiss Franc.
- The principal exposures of Threadneedle Global Bond Fund are to the Euro, Japanese Yen and US Dollar.
- The principal exposure of Threadneedle Japan Fund is to the Japanese Yen.
- The principal exposures of Threadneedle Latin America Fund are to the Brazilian Real, Mexican Peso and US Dollar.

Fair value of financial assets and financial liabilities

All of the financial assets of the trust are valued using the single price, which is deemed to be fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

13 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

The total cost of purchases during the period was £5,797,234 (2012: £1,446,025) and proceeds received from sales were £9,372,546 (2012: £6,068,056).

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator Growth Managed Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator Growth Managed Trust

We have audited the financial statements of Threadneedle Navigator Growth Managed Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in unitholders' funds, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator Growth Managed Trust

Portfolio Statement

as at 1 June 2013

| Holding | Investment | Value £ | % of Net Asset Value |
|--|--|-------------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 99.12% (97.78%) | | | |
| UK equity 53.04% (49.60%) | | | |
| 11,218,002 | Threadneedle UK Fund | 12,003,263 | 19.08 |
| 14,074,668 | Threadneedle UK Growth & Income Fund | 10,841,717 | 17.23 |
| 6,663,799 | Threadneedle UK Institutional Fund | 8,590,304 | 13.66 |
| 1,151,690 | Threadneedle UK Smaller Companies Fund | 1,933,111 | 3.07 |
| | Total UK equity | 33,368,395 | 53.04 |
| UK bond 14.12% (14.83%) | | | |
| 1,521,964 | Threadneedle Absolute Return Bond Fund | 1,005,866 | 1.60 |
| 1,638,332 | Threadneedle High Yield Bond Fund | 727,583 | 1.16 |
| 767,106 | Threadneedle Sterling Bond Fund | 401,580 | 0.64 |
| 7,173,838 | Threadneedle UK Corporate Bond Fund | 6,746,995 | 10.72 |
| | Total UK bond | 8,882,024 | 14.12 |
| Overseas equity 25.47% (26.17%) | | | |
| 4,438,587 | Threadneedle American Fund | 6,579,761 | 10.46 |
| 235,134 | Threadneedle Asia Fund | 324,297 | 0.52 |
| 3,409,487 | Threadneedle European Fund | 5,440,860 | 8.65 |
| 5,968,153 | Threadneedle Japan Fund | 2,377,712 | 3.78 |
| 451,174 | Threadneedle Latin America Fund | 1,298,433 | 2.06 |
| | Total overseas equity | 16,021,063 | 25.47 |
| Overseas bond 6.49% (7.18%) | | | |
| 238,924 | Threadneedle Credit Opportunities Fund | 299,277 | 0.47 |
| 201,882 | Threadneedle Emerging Market Bond Fund | 130,234 | 0.21 |
| 789,507 | Threadneedle Emerging Market Local Fund | 1,338,215 | 2.13 |
| 120,778 | Threadneedle European High Yield Bond Fund | 193,015 | 0.31 |
| 2,595,511 | Threadneedle Global Bond Fund | 2,122,350 | 3.37 |
| | Total overseas bond | 4,083,091 | 6.49 |
| | Total collective investment schemes | 62,354,573 | 99.12 |
| | Total value of investments | 62,354,573 | 99.12 |
| | Net other assets (2.22%) | 555,986 | 0.88 |
| | Net assets | 62,910,559 | 100.00 |

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

June 2012 comparatives in brackets.

Threadneedle Navigator Adventurous Managed Trust

Manager's Report

Investment Objective and Policy

To achieve above average capital growth from investment in collective investment schemes managed or advised by, or in the case of an authorised company whose Authorised Corporate Director is Threadneedle Investment Services Limited or any company within the Group of companies of which it is a member. The Trust may also hold cash from time to time. The Manager may utilise forward transactions and derivatives in order to hedge against price or currency fluctuations and to facilitate efficient portfolio management.

This report covers the period from 2 June 2012 to 1 June 2013.

Status of the Trust

The trust is an authorised Unit Trust Scheme within Section 243 of the Financial Services and Markets Act 2000, and is a non-UCITS retail scheme for the purpose of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook (COLL) as amended from time to time.

Performance

During the period under review the offer price of accumulation units rose by 30.84% from 91.41p to 119.60p. In view of the nature of the trust and its investment remit there is no directly comparable market index.

Accumulation

Income units are not available from the Threadneedle Navigator Adventurous Managed Trust. However, in accordance with the Prospectus, the revenue in the trust is accumulated with effect from the last day of the Annual Accounting Period i.e. 1 June in each year.

Portfolio Activity

Within the Navigator range of four managed trusts the Threadneedle Navigator Adventurous Managed Trust pursues the most aggressive strategy, with the focus firmly on equity investment. Within the equity component, the largest regional exposure is to the UK, with the remainder spread across a range of other world markets. The trust therefore offers useful diversification.

The beginning of June 2012 marked the low point for equities during the review period, and was followed by a sharp recovery in risk-based assets. The gains were driven by unprecedented measures from global central banks, with the announcement of the European Central Bank's bond-buying plan followed by an expansion of the Federal Reserve's (the Fed's) quantitative easing (QE) programme, through which the US central bank committed to ongoing bond purchases on a massive scale. Investors' appetite for risk was spurred still further by signs that the Chinese economy had averted a hard landing, while the newly elected Japanese government launched a colossal stimulus programme in an effort to purge deflation and promote growth.

The rally continued for most of the period under review, albeit with brief setbacks on concerns over the US fiscal cliff, the inconclusive Italian election result, the Cypriot banking crisis, evidence of a deepening eurozone recession and signs that the Chinese economy could be losing momentum. During May 2013, market indices scaled multi-year highs in many countries and even reached fresh highs in some countries, including the US. The UK market performed strongly over much of the reporting period against the more positive global backdrop and increasing signs of UK economic recovery. The Bank of England's QE programme also drove UK equities and bonds upwards.

Meanwhile, central bank QE helped to keep core government bond yields at historically low levels. This meant that investors with less risk-averse profiles sought income opportunities elsewhere, and higher-yielding corporate bonds and emerging market bonds performed particularly well.

However, the end of May was marred by talk from the US Fed of scaling back its QE programme as the US economic recovery gathers pace. Meanwhile, fresh concerns surfaced over Chinese

growth. Equity and bond markets sold off sharply towards the end of the month, while bond yields spiked higher.

In terms of portfolio activity, we made some adjustments to the equity exposure. Notably, we locked in profits by reducing three of our largest holdings; the Threadneedle UK Select Fund, the Threadneedle European Select Fund and the Threadneedle American Select Fund. Meanwhile, we bought a new holding in the Threadneedle UK Growth & Income Fund, given the fund's attractive yield. Elsewhere, the portfolio's modest fixed income exposure continued to be focused on high yield and emerging market bonds.

Looking forward, we have become slightly more cautious as the valuation case for equities has become less compelling, while the recent rise in bond yields could undermine the appeal of defensive companies which have been acting as bond-proxies. Already, we have seen a rotation into more economically sensitive stocks and we expect further moves in this direction. We are prepared for increased volatility in the short term as the market grapples with the timing and quantum of QE tapering. Meanwhile, Europe continues to face major challenges, both political and economic, although the US economic and corporate outlook is improving. Elsewhere, we anticipate that Japan will maintain extremely loose monetary policies for the foreseeable future, and that present weakness in the market will be short-lived. In the UK, we believe that the outlook remains broadly encouraging at the company level. Within fixed income markets, we are maintaining our modest exposure, and will seek to take advantage of opportunities as they arise.

Other Information

Pages 79 to 85 at the back of these Annual Reports and Accounts form part of this Manager's Report.

Directors' Statement

In accordance with the requirements of the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook, we hereby certify the annual report on behalf of the Directors of Threadneedle Unit Trust Manager Limited.

T N Gillbanks

Director

P J W Reed

Director

17 July 2013

Threadneedle Unit Trust Manager Limited

Threadneedle Navigator Adventurous Managed Trust

STATEMENT OF TOTAL RETURN

for the accounting period 2 June 2012 to 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|--|-------|------------------|--------------------|
| Income | | | |
| Net capital gains/(losses) | 2 | 4,391,751 | (1,289,809) |
| Revenue | 3 | 382,337 | 378,479 |
| Expenses | 4 | (239,849) | (231,644) |
| Finance costs: Interest | 6 | (56) | (57) |
| Net revenue before taxation | | 142,432 | 146,778 |
| Taxation | 5 | (6,467) | (6,074) |
| Net revenue after taxation | | 135,965 | 140,704 |
| Total return before distributions | | 4,527,716 | (1,149,105) |
| Distributions | 6 | (137,455) | (140,853) |
| Change in unitholders' funds from investment activities | | 4,390,261 | (1,289,958) |

BALANCE SHEET

as at 1 June 2013

| | Notes | 2013 £ | 2012 £ |
|---------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Investment assets | | 18,495,484 | 15,106,122 |
| Other assets | | | |
| Debtors | 7 | 70,963 | 50,514 |
| Cash and bank balances | | 27,716 | 129,952 |
| Total other assets | | 98,679 | 180,466 |
| Total assets | | 18,594,163 | 15,286,588 |
| Liabilities | | | |
| Other liabilities | | | |
| Creditors | 8 | (80,322) | (40,575) |
| Total other liabilities | | (80,322) | (40,575) |
| Total liabilities | | (80,322) | (40,575) |
| Net assets | | 18,513,841 | 15,246,013 |
| Unitholders' funds | | 18,513,841 | 15,246,013 |

STATEMENT OF CHANGE IN UNITHOLDERS' FUNDS

for the accounting period 2 June 2012 to 1 June 2013

| | 2013 £ | 2012 £ |
|---|-------------------|-------------------|
| Opening net assets | 15,246,013 | 17,645,756 |
| Movement due to sales and repurchases of units: | | |
| Amounts receivable on the issue of units | 46,681 | 45,800 |
| Amounts payable on the cancellation of units | (1,302,145) | (1,292,074) |
| | (1,255,464) | (1,246,274) |
| Stamp duty reserve tax | (158) | (285) |
| Change in unitholders' funds from investment activities (see statement of total return above) | 4,390,261 | (1,289,958) |
| Retained distribution on accumulation units | 133,189 | 136,774 |
| Closing net assets | 18,513,841 | 15,246,013 |

DISTRIBUTION TABLE

for the accounting period 2 June 2012 to 1 June 2013

Dividend distribution in pence per unit

| Accumulation Distribution Period | Gross Revenue | Tax Credit | Net Revenue | Equalisation | Net Revenue | Net Revenue |
|--|------------------|---------------|----------------|--------------|--------------------------|--------------------------|
| | | | | | Accumulated 2012/2013 | Accumulated 2011/2012 |
| Group 1 | | | | | | |
| 02/06/12 to 01/06/13 | 0.9062 | 0.0906 | 0.8156 | – | 0.8156 | 0.7772 |
| Group 2 | | | | | | |
| 02/06/12 to 01/06/13 | 0.5462 | 0.0546 | 0.4916 | 0.3240 | 0.8156 | 0.7772 |
| Total distributions in the period | | | | | 0.8156 | 0.7772 |

Group 2: units purchased during a distribution period

Threadneedle Navigator Adventurous Managed Trust

Notes to the financial statements

for the accounting period 2 June 2012 to 1 June 2013

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Practice ("UKGAAP"), and in accordance with the Statement of Recommended Practice (the "SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

(b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following bases:

Dividends, interest and other revenue receivable includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Dividends and distributions are recognised when the security is quoted ex-dividend.

Equalisation on distributions received is treated as a repayment of capital and deducted from the cost of the investment.

Interest on bank and short-term deposits is recognised on an earned basis.

Fee rebate

In addition to any direct charge for registration and management fees within the trust, there would occur, in the absence of a rebate mechanism, an indirect charge for registration and management fees in respect of investment in other Threadneedle funds. Any such target funds themselves bear registration and management fees, which reduce the value of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the trust bear only the registration and management fee validly applicable to them.

Depending upon the Manager's treatment of management fees within the underlying funds, where management fees are charged to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(c) Treatment of expenses

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Expenses are recognised on an accruals basis and include irrecoverable VAT where appropriate.

(d) Distribution policy

Where the revenue from investments exceeds the expenses a distribution will be made. Should expenses exceed revenue, there will be no distribution and the shortfall will be transferred to capital. Revenue attributable to Accumulation Unitholders is retained at the end of each distribution period and represents a reinvestment of revenue.

(e) Basis of valuation of investments

The investments of the trust are valued at mid market prices at 12 noon, being the valuation point on the last working day of the accounting period. The single price may include an adjustment to cover dealing costs in the underlying funds.

(f) Exchange rates

Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rates ruling at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Transactions denominated in foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

(g) Deferred taxation

Deferred taxation liabilities are provided for in full, and deferred tax assets are recognised to the extent that they are considered recoverable, in respect of all items for which recognition falls in different accounting periods for accounting and taxation purposes.

2 NET CAPITAL GAINS/(LOSSES)

Net capital gains/(losses) during the period comprise:

| | 2013 | 2012 |
|--|-----------|-------------|
| | £ | £ |
| Non-derivative securities | 4,385,694 | (1,288,429) |
| Management fee rebate on collective investment scheme holdings | 7,449 | 751 |
| Other gains/(losses) | 72 | (103) |
| Transaction costs | (1,464) | (2,028) |
| Net capital gains/(losses) | 4,391,751 | (1,289,809) |

3 REVENUE

| | 2013 | 2012 |
|--|---------|---------|
| | £ | £ |
| Franked dividend distributions | 117,546 | 117,157 |
| Unfranked dividend distributions | - | 218 |
| Interest distributions | 18,458 | 9,932 |
| Bank interest | 283 | 458 |
| Management fee rebate on collective investment scheme holdings | 236,357 | 240,838 |
| Registration fee rebate on collective investment scheme holdings | 9,693 | 9,876 |
| Total revenue | 382,337 | 378,479 |

4 EXPENSES

| | 2013 | 2012 |
|---|-----------|-----------|
| | £ | £ |
| Payable to the Manager or associates of the Manager: | | |
| Annual management charge | (208,635) | (201,436) |
| Registration fees | (18,360) | (17,726) |
| | (226,995) | (219,162) |
| Payable to the trustee or associate of the trustee, and the agents of either of them: | | |
| Trustee's fees | (4,006) | (3,867) |
| Safe custody fees | (82) | (81) |
| | (4,088) | (3,948) |
| Other expenses: | | |
| Regulatory fee | (414) | (422) |
| Audit fee | (8,352) | (8,112) |
| | (8,766) | (8,534) |
| *Total expenses | (239,849) | (231,644) |

*Including irrecoverable VAT where applicable.

Threadneedle Navigator Adventurous Managed Trust

Notes to the financial statements

(continued)

5 TAXATION

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| a) Analysis of charge in period | | |
| Corporation tax | (6,543) | (6,002) |
| Total current tax (note 5b) | (6,543) | (6,002) |
| Deferred tax – origination and reversal of timing difference (Note 5c) | 76 | (72) |
| Total tax charge for the period | (6,467) | (6,074) |
| b) Factors affecting taxation charge for period | | |
| Net revenue before taxation | 142,432 | 146,778 |
| Net revenue before taxation multiplied by the standard rate of corporation tax of 20% | (28,486) | (29,355) |
| <i>Effects of:</i> | | |
| Revenue not subject to taxation | 23,509 | 23,431 |
| Revenue taxable in other periods | (76) | 72 |
| Capitalised revenue subject to taxation | (1,490) | (150) |
| Current tax charge for period (note 5a) | (6,543) | (6,002) |
| c) Deferred Tax | | |
| Provision at start of period | (76) | (4) |
| Deferred tax charge in statement of total return for period (Note 5a) | 76 | (72) |
| Provision at end of period (due to timing differences) | – | (76) |

6 FINANCE COSTS AND DISTRIBUTION

Distributions and Interest

The distribution takes account of revenue received on the issue of units and revenue deducted on the cancellation of units and comprises:

| | 2013 £ | 2012 £ |
|--|-----------|-----------|
| Final | 133,189 | 136,774 |
| Add: Revenue deducted on the cancellation of units | 4,422 | 4,266 |
| Deduct: Revenue received on the issue of units | (156) | (187) |
| Net distribution for the period | 137,455 | 140,853 |
| Interest | 56 | 57 |
| Total finance costs | 137,511 | 140,910 |
| Net revenue after taxation | 135,965 | 140,704 |
| Tax on capital management fee rebates | 1,490 | 149 |
| Net distribution for the period | 137,455 | 140,853 |

Details of the distribution per unit are set out in the table on page 71.

7 DEBTORS

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Amounts receivable for the issue of units | – | 5,487 |
| Sales awaiting settlement | 25,340 | – |
| Accrued revenue | 45,321 | 43,658 |
| United Kingdom income tax recoverable | 302 | 1,369 |
| Total debtors | 70,963 | 50,514 |

8 CREDITORS

| | 2013 £ | 2012 £ |
|---|-----------|-----------|
| Amounts payable for the cancellation of units | (46,481) | (10,093) |
| Accrued expenses | (6,562) | (6,426) |
| Amounts payable to the Manager | (20,736) | (17,978) |
| Deferred taxation | – | (76) |
| Corporation tax payable | (6,543) | (6,002) |
| Total creditors | (80,322) | (40,575) |

9 UNITHOLDER FUNDS

The charges on the trust are as follows:

| | |
|--------------------------|-------|
| Annual management charge | 1.25% |
| Registration fees | 0.11% |

The net asset value of the trust, the net asset value per unit and the number of units in the trust are given on page 80.

10 RELATED PARTY TRANSACTIONS

Threadneedle Unit Trust Manager Limited, a related party, acts as principal in respect of all transactions of units in the trust. The aggregated monies received through issues and paid on cancellations are disclosed in the Statement of Change in Unitholders' Funds. The amount due from or to Threadneedle Unit Trust Manager Limited in respect of unit transactions at the end of the accounting period is disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Unit Trust Manager Limited in respect of trust administration and registrar services are disclosed in Notes 8. A balance of £19,059 (2012: £16,524) in respect of annual management service charge and £1,677 (2012: £1,454) in respect of registration fees are due at the end of the accounting period.

Amounts payable to J.P. Morgan Trustee and Depositary Company Limited, a related party, in respect of trustee services and safe custody charges are disclosed in Note 8. A balance of £366 (2012: £317) in respect of trustee services and £15 (2012: £14) in respect of safe custody are due at the end of the accounting period.

The trust receives and pays interest on deposits held with J.P. Morgan Trustee and Depositary Company as disclosed in Notes 3 and 6. A balance of £12 (2012: £62) is receivable at the end of the accounting period. Cash and bank balances at the end of the accounting period are disclosed in the Balance Sheet.

The trust invests in a number of sub-funds of Threadneedle Investment Funds ICVC and Threadneedle Specialist Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investments are shown in the Portfolio Statement.

Threadneedle Investment Services Limited (a related party of Threadneedle Unit Trust Manager Limited, forming part of the same group of companies, the ultimate holding company of which is Ameriprise) rebates certain fees to the trust from its management of the Threadneedle Investment Funds ICVC and Threadneedle Specialist Investment Funds ICVC. Details of the rebates received are disclosed in Notes 2 and 3.

A balance of £43,592 (2012: £41,882) in respect of annual management fee rebate and £1,717 (2012: £1,714) in respect of registration fee rebate are receivable at the end of the accounting period are disclosed in Note 7.

The Manager, or associates of the Manager acted as principal in all investment transactions.

Threadneedle Navigator Adventurous Managed Trust

Notes to the financial statements

(continued)

11 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing its investment objectives set out on page 70, the Threadneedle Navigator Adventurous Managed Trust may hold the following financial instruments:

- Funds of the Threadneedle Investment Funds ICVC and Threadneedle Specialist Investment Funds ICVC (of which a maximum of 20% of the value of the property of the trust may be invested in any one fund within this range of investment funds);
- Cash, liquid resources and short term debtors and creditors that arise directly from its operations;
- Unitholders' funds which represent investors monies which are invested on their behalf;
- Borrowing used to finance investment activity; and
- Derivative transactions to manage the currency and market risks arising from the trust's investment activities.

Throughout the period under review, it has been the policy of the trust to buy and sell financial instruments for the purpose of investment rather than trading.

The main risks arising from the trust's financial instruments are market price, liquidity, credit, interest rate and foreign currency risk. The policies for managing each of these risks are reviewed regularly and agreed with the Trustee of the trust and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate and are consistently applied throughout the period under review. The same policies also applied throughout the year ending 1 June 2012.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the trust might suffer through holding market positions in the face of price movements. The value of the investment can fall as well as rise and investors might not recover the amount invested, especially if investments are not held for the long term.

The trust is exposed to market risk by virtue of their investments in Collective Investment Schemes.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The investment guidelines and investment and borrowing powers are set out in the instrument of incorporation, the prospectus and in the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook describe the nature of the market price risk to which the trust will be exposed.

Liquidity risk

Liquidity risk is the risk that the trust cannot raise sufficient cash to meet its liabilities when due.

The main liability of the trust is the redemption of units that the investors wish to sell.

The trust's assets comprise mainly realisable securities which can readily be sold.

Under normal circumstances, the trust will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemption in the trust, the trust may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy, or following a large issue of units.

The Manager manages the trusts' cash to ensure it can meet its liabilities. The Manager receives daily reports of issues and cancellations enabling the Manager to raise cash from the trust's portfolio in order to meet cancellation requests. In addition the Manager monitors market liquidity of all securities, seeking to ensure the trust maintains sufficient liquidity to meet known and potential cancellation activity. Trust cash balances are monitored daily by the Manager and Administrator. Where investments cannot be realised in time to meet any potential liability, the trust may borrow up to 10% of its value to ensure settlements. All of the trust's financial liabilities are payable on demand or in less than one year.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will fail to fulfil their obligation or commitment.

Credit risk arises from three main sources. Firstly, the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Secondly, for asset backed investments (including FRNs) there is the possibility of default of the issuer and default in the underlying assets meaning that the trust may not receive back the full principal originally invested. Thirdly, there is the counterparty risk that the counterparty will not deliver the investment for a purchase or cash for a sale after the trust has fulfilled its responsibilities, which could result in the trust suffering a loss.

In order to manage credit risk the trust and underlying investments are subject to investment limits for issuers of securities. Issuer credit ratings are evaluated periodically and an approved issuer list is maintained and monitored. In addition the underlying funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counterparty and limits are set and monitored to cover the exposure to any individual broker. Changes in broker's financial ratings are periodically reviewed.

Interest rate risk

Interest rate risk is the risk that the value of the trusts' investments will fluctuate as a result of changes in interest rates.

The trust has holdings in other funds with significant interest rate exposure.

Thus any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise the revenue potential of the trust also rises but the value of fixed rate securities will decline.

A decline in interest rates will in general have the opposite effect.

Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

The interest risk profile for the relevant funds is shown in their notes to the financial statements.

Foreign currency risk

Foreign currency risk is the risk that the value of the trust's investments will fluctuate as a result of changes in foreign currency exchange rates.

The capital values of the trust's underlying investments can be affected by currency translation movements where the assets are denominated in currencies other than sterling, which is the trust's principal currency.

Threadneedle Navigator Adventurous Managed Trust

Notes to the financial statements

(continued)

Two principal areas where foreign currency risk could impact the trust are:

- Where movements in rates affect the value of the underlying investments; the trust may hedge the initial investment;
- Where movements in rates affect the revenue received from the underlying investments; the trust does not hedge or otherwise seek to avoid rate movement risk on revenue accrued but not received.

There is no direct foreign currency exposure within the trust at the balance sheet date. However, a large proportion of the trust's underlying investments have significant currency exposure since their assets are denominated in currencies other than sterling, with the effect that their balance sheets and total returns can be affected by currency movements. Investee fund's significant exposure to non-sterling currencies, based on their most recent published financial statements are as follows:

- The principal exposure of Threadneedle American Fund, Threadneedle American Select Fund, Threadneedle Global Select Fund and Threadneedle Emerging Market Bond Fund is to the US Dollar.
- The principal exposures of Threadneedle Asia Fund are to the Australian Dollar, Hong Kong Dollar and South Korean Won.
- The principal exposures of Threadneedle China Opportunities Fund are to the Hong Kong Dollar and US Dollar.
- The principal exposures of Threadneedle Emerging Market Local Fund are to the Brazilian Real, Mexican Peso and Turkish Lira.
- The principal exposures of Threadneedle European Fund and Threadneedle European Select Fund are to the Euro and Swiss Franc.
- The principal exposure of Threadneedle European Smaller Companies Fund is to the Euro.
- The principal exposures of Threadneedle Global Emerging Markets Equity Fund are to the Hong Kong Dollar, South Korean Won and US Dollar.
- The principal exposures of Threadneedle Global Extended Alpha Fund are to the Japanese Yen and US Dollar.
- The principal exposure of Threadneedle Japan Fund is to the Japanese Yen.
- The principal exposures of Threadneedle Latin America Fund are to the Brazilian Real, Mexican Peso and US Dollar.

Fair value of financial assets and financial liabilities

All of the financial assets of the trust are valued using the single price, which is deemed to be fair value.

The primary financial liability is the trust's liability to redeem units issued to finance its operations. These are held at book value and the difference from fair value is deemed to be immaterial.

Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2012: Nil).

13 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs.

The total cost of purchases during the period was £812,580 (2012: £269,653) and proceeds received from sales were £1,859,713 (2012: £1,565,846).

Statement of Manager's Responsibilities in relation to the Financial Statements of the Scheme

The Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook as amended ("the Regulations") requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Scheme and of its net revenue/(expenses) and the net gains/(losses) on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records, which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation for the foreseeable future.

The Manager is required to keep proper accounting records and to manage the Scheme in accordance with the Collective Investment Schemes Sourcebook, the Trust Deed and the Prospectus. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of the Threadneedle Navigator Adventurous Managed Trust

The Trustee is responsible for the safekeeping of all of the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed by the Authorised Fund Manager in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook") and the Scheme's Trust Deed and Prospectus, as appropriate, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Fund Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL Sourcebook and, where applicable, the Scheme's Trust Deed and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Bournemouth
17 July 2013

J.P. Morgan Trustee and
Depositary Company Limited

Independent Auditors' Report to the Unitholders of Threadneedle Navigator Adventurous Managed Trust

We have audited the financial statements of Threadneedle Navigator Adventurous Managed Trust (the "trust") for the year ended 1 June 2013 which comprise the statement of total return, the statement of change in unitholders' funds, the balance sheet, the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, have been prepared for and only for the trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Manager's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the trust at 1 June 2013 and of the net revenue and the net capital gains of the scheme property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes Sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the trust have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London
17 July 2013

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

Threadneedle Navigator Adventurous Managed Trust

Portfolio Statement

as at 1 June 2013

| Holding | Investment | Value £ | % of Net Asset Value |
|--|--|-------------------|----------------------------|
| COLLECTIVE INVESTMENT SCHEMES 99.90% (99.08%) | | | |
| UK equity 31.20% (29.14%) | | | |
| 2,176,230 | Threadneedle UK Fund | 2,328,566 | 12.58 |
| 625,224 | Threadneedle UK Growth & Income Fund | 481,610 | 2.60 |
| 2,677,814 | Threadneedle UK Select Fund | 2,627,203 | 14.19 |
| 202,416 | Threadneedle UK Smaller Companies Fund | 339,756 | 1.83 |
| | Total UK equity | 5,777,135 | 31.20 |
| UK bond 0.94% (0.97%) | | | |
| 127,492 | Threadneedle High Yield Bond Fund | 174,421 | 0.94 |
| | Total UK bond | 174,421 | 0.94 |
| Overseas equity 66.92% (68.04%) | | | |
| 1,085,275 | Threadneedle American Fund | 1,608,812 | 8.69 |
| 1,817,048 | Threadneedle American Select Fund | 2,850,948 | 15.40 |
| 332,575 | Threadneedle Asia Fund | 458,688 | 2.48 |
| 82,961 | Threadneedle China Opportunities Fund | 154,217 | 0.83 |
| 418,356 | Threadneedle European Fund | 667,612 | 3.61 |
| 1,338,148 | Threadneedle European Select Fund | 2,611,128 | 14.11 |
| 63,572 | Threadneedle European Smaller Companies Fund | 289,468 | 1.56 |
| 165,439 | Threadneedle Global Emerging Markets Equity Fund | 151,542 | 0.82 |
| 465,038 | Threadneedle Global Extended Alpha Fund | 744,433 | 4.02 |
| 1,102,717 | Threadneedle Global Select Fund | 1,354,026 | 7.31 |
| 2,676,091 | Threadneedle Japan Fund | 1,066,155 | 5.76 |
| 150,000 | Threadneedle Latin America Fund | 431,685 | 2.33 |
| | Total overseas equity | 12,388,714 | 66.92 |
| Overseas bond 0.84% (0.93%) | | | |
| 78,809 | Threadneedle Emerging Market Bond Fund | 50,840 | 0.28 |
| 68,962 | Threadneedle Emerging Market Local Fund | 104,374 | 0.56 |
| | Total overseas bond | 155,214 | 0.84 |
| | Total collective investment schemes | 18,495,484 | 99.90 |
| | Total Value of Investments | 18,495,484 | 99.90 |
| | Net other assets (0.92%) | 18,357 | 0.10 |
| | Net Assets | 18,513,841 | 100.00 |

The calculation of the % Net Asset Value may not sum to 100% due to rounding.

June 2012 comparatives in brackets.

Comparative Tables

| | Net asset value of trust £ | Net asset value per unit p | Units in issue | Calendar year | Net income per unit p | Highest offer p | Lowest bid p |
|--|-------------------------------------|-------------------------------------|-------------------|-------------------------|-----------------------------|-----------------------|--------------------|
| Threadneedle Navigator UK Index Tracker Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 1.9272 | 82.13 | 47.49 |
| Accumulation units | 47,357,512 | 85.30p | 55,517,380 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 1.9208 | 73.63 | 45.30 |
| Accumulation units | 37,276,463 | 76.92p | 48,464,188 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 1.6057 | 84.37 | 66.81 |
| Accumulation units | 44,788,894 | 100.12p | 44,735,789 | 2011 | | | |
| | | | | Accumulation units | 1.8653 | 87.03 | 70.25 |
| | | | | Accumulation units | 2.0802 | 87.04 | 76.82 |
| | | | | †Accumulation units | 2.4398 | 103.90 | 89.61 |
| | | | | <i>†To 1 June 2013.</i> | | | |
| Threadneedle Navigator Growth Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 0.9420 | 85.53 | 56.27 |
| Accumulation units | 19,359,311 | 94.74p | 20,433,678 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 1.2515 | 86.84 | 57.38 |
| Accumulation units | 16,857,517 | 90.35p | 18,658,885 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 0.6813 | 99.08 | 76.72 |
| Accumulation units | 19,753,831 | 114.18p | 17,300,076 | 2011 | | | |
| | | | | Accumulation units | 0.6701 | 102.10 | 79.69 |
| | | | | Accumulation units | 0.5683 | 103.60 | 88.20 |
| | | | | †Accumulation units | 1.0401 | 123.70 | 100.40 |
| | | | | <i>†To 1 June 2013.</i> | | | |
| Threadneedle Navigator Income Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 3.1654 | 78.23 | 65.53 |
| Accumulation units | 9,512,914 | 83.99p | 11,326,886 | Income units | 2.1109 | 52.50 | 41.13 |
| Income units | 4,705,531 | 49.30p | 9,544,941 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 2.9637 | 81.19 | 59.79 |
| Accumulation units | 10,543,993 | 87.84p | 12,003,651 | Income units | 1.9191 | 50.28 | 37.85 |
| Income units | 4,533,295 | 49.88p | 9,088,277 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 2.8232 | 89.23 | 76.11 |
| Accumulation units | 10,999,855 | 97.50p | 11,282,157 | Income units | 1.7044 | 53.33 | 46.70 |
| Income units | 4,691,110 | 53.79p | 8,721,806 | 2011 | | | |
| | | | | Accumulation units | 2.8283 | 89.82 | 80.64 |
| | | | | Income units | 1.6626 | 52.45 | 46.54 |
| | | | | Accumulation units | 2.6824 | 93.17 | 83.35 |
| | | | | Income units | 1.4843 | 52.91 | 47.70 |
| | | | | 2013 | | | |
| | | | | †Accumulation units | 1.3062 | 105.10 | 93.87 |
| | | | | †Income units | 0.7217 | 57.98 | 52.15 |
| | | | | <i>†To 1 June 2013.</i> | | | |
| Threadneedle Navigator Cautious Managed Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 2.0088 | 69.35 | 56.66 |
| Accumulation units | 13,724,569 | 78.68p | 17,443,901 | Income units | 1.5288 | 53.11 | 42.71 |
| Income units | 1,126,921 | 55.34p | 2,036,320 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 1.6104 | 74.56 | 59.19 |
| Accumulation units | 12,816,580 | 81.26p | 15,771,495 | Income units | 1.1290 | 54.38 | 43.87 |
| Income units | 1,109,350 | 55.99p | 1,981,192 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 1.6424 | 81.73 | 69.88 |
| Accumulation units | 13,582,818 | 91.08p | 14,912,769 | Income units | 1.1604 | 58.08 | 50.24 |
| Income units | 1,164,310 | 61.64p | 1,888,963 | 2011 | | | |
| | | | | Accumulation units | 1.6603 | 83.54 | 75.45 |
| | | | | Income units | 1.1371 | 58.53 | 52.54 |
| | | | | 2012 | | | |
| | | | | Accumulation units | 1.5641 | 86.97 | 78.84 |
| | | | | Income units | 1.0716 | 59.92 | 54.32 |
| | | | | 2013 | | | |
| | | | | †Accumulation units | 0.6924 | 97.49 | 86.13 |
| | | | | †Income units | 0.4657 | 65.98 | 58.29 |
| | | | | <i>†To 1 June 2013.</i> | | | |

Comparative Tables

| | Net asset value of trust £ | Net asset value per unit p | Units in issue | Calendar year | Net income per unit p | Highest offer p | Lowest bid p |
|---|-------------------------------------|-------------------------------------|-------------------|---------------------|-----------------------------|-----------------------|--------------------|
| Threadneedle Navigator Balanced Managed Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 2.0373 | 73.68 | 55.86 |
| Accumulation units | 25,270,503 | 83.58p | 30,235,093 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 1.8260 | 75.99 | 57.57 |
| Accumulation units | 23,294,720 | 83.09p | 28,037,045 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 1.7665 | 85.14 | 70.47 |
| Accumulation units | 26,175,175 | 100.14p | 26,139,006 | 2011 | | | |
| | | | | Accumulation units | 1.7110 | 89.30 | 76.16 |
| | | | | Accumulation units | 1.8862 | 91.54 | 81.50 |
| | | | | †Accumulation units | 1.9621 | 107.60 | 91.88 |
| | | | | †To 1 June 2013. | | | |
| Threadneedle Navigator Growth Managed Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 1.2862 | 77.84 | 52.25 |
| Accumulation units | 62,044,804 | 86.46p | 71,758,572 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 1.3592 | 77.44 | 52.93 |
| Accumulation units | 54,070,402 | 81.77p | 66,122,675 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 1.1754 | 89.32 | 70.02 |
| Accumulation units | 62,910,559 | 103.03p | 61,061,517 | 2011 | | | |
| | | | | Accumulation units | 1.0309 | 92.98 | 73.76 |
| | | | | Accumulation units | 1.4069 | 93.31 | 81.14 |
| | | | | †Accumulation units | 1.4194 | 111.30 | 91.90 |
| | | | | †To 1 June 2013. | | | |
| Threadneedle Navigator Adventurous Managed Trust | | | | 2008 | | | |
| for the year ended 1 June 2011 | | | | Accumulation units | 0.5282 | 86.18 | 52.44 |
| Accumulation units | 17,645,756 | 92.91p | 18,993,316 | 2009 | | | |
| for the year ended 1 June 2012 | | | | Accumulation units | 0.7083 | 81.73 | 53.02 |
| Accumulation units | 15,246,013 | 86.63p | 17,598,124 | 2010 | | | |
| for the year ended 1 June 2013 | | | | Accumulation units | 0.5798 | 95.80 | 72.97 |
| Accumulation units | 18,513,841 | 113.38p | 16,328,671 | 2011 | | | |
| | | | | Accumulation units | 0.4644 | 100.80 | 77.11 |
| | | | | Accumulation units | 0.7772 | 101.20 | 85.79 |
| | | | | †Accumulation units | 0.8156 | 123.10 | 98.10 |
| | | | | †To 1 June 2013. | | | |

Ongoing Charges Figure Summary

for the accounting period 2 June 2012 to 1 June 2013

| Trust | June 2013 | June 2012 |
|---|--------------|--------------|
| Threadneedle Navigator UK Index Tracker Trust | *1.04% | 1.19% |
| Threadneedle Navigator Growth Trust | 1.71% | 1.71% |
| Threadneedle Navigator Income Trust | 1.47% | 1.47% |
| [§] Threadneedle Navigator Cautious Managed Trust | 1.63% | 1.60% |
| [§] Threadneedle Navigator Balanced Managed Trust | 1.60% | 1.54% |
| [§] Threadneedle Navigator Growth Managed Trust | 1.55% | 1.49% |
| [§] Threadneedle Navigator Adventurous Managed Trust | 1.62% | 1.57% |

The ongoing charges figure is based on the financial year's expenses and may vary from year to year. It excludes the costs of buying and selling assets for the trust (unless these assets are shares of other funds).

[§]Where the trust invests in other group funds, the calculation includes the trust's share of the expenses of the underlying funds. The share of the costs of the underlying funds may fluctuate due to changes in investment decisions, which may be required as a result of changes in market conditions.

*Change to Management Service Charge from 1% to 0.75% 02/12/2012.

Risk and Reward Profiles

| Trust | SRRI* |
|--|-------|
| Threadneedle Navigator UK Index Tracker Trust | 6 |
| Threadneedle Navigator Growth Trust | 6 |
| Threadneedle Navigator Income Trust | 4 |
| Threadneedle Navigator Cautious Managed Trust | 4 |
| **Threadneedle Navigator Balanced Managed Trust | 4 |
| Threadneedle Navigator Growth Managed Trust | 6 |
| Threadneedle Navigator Adventurous Managed Trust | 6 |

*As at 1 June 2013 the synthetic risk and reward indicator (SRRI) is explained in the table below:

SRRI

- 1 The trust is in this specific category because historically it has shown a low level of volatility (how much the value of the trust went up and down compared to other categories).
- 2 The trust is in this specific category because historically it has shown a relatively low level of volatility (how much the value of the trust went up and down compared to other categories).
- 3 The trust is in this specific category because historically it has shown a medium to low level of volatility (how much the value of the trust went up and down compared to other categories).
- 4 The trust is in this specific category because historically it has shown a medium level of volatility (how much the value of the trust went up and down compared to other categories).
- 5 The trust is in this specific category because historically it has shown a medium to high level of volatility (how much the value of the trust went up and down compared to other categories).
- 6 The trust is in this specific category because historically it has shown a high level of volatility (how much the value of the trust went up and down compared to other categories).
- 7 The trust is in this specific category because historically it has shown a very high level of volatility (how much the value of the trust went up and down compared to other categories).

The Risk and Reward profile is based on past performance data in pounds sterling.

**The risk and reward profile of the Threadneedle Navigator Balanced Managed Trust changed from 5 to 4 on 17 September 2012.

Further Information

General

Each trust is an authorised unit trust scheme. The Threadneedle Navigator UK Index Tracker Trust, Threadneedle Navigator Growth Trust and Threadneedle Navigator Income Trusts are UCITS schemes for the purpose of the FCA (formerly FSA) Regulations (meaning that they have been certified by the FCA as eligible to enjoy the rights conferred by the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC)).

The Threadneedle Navigator Cautious Managed Trust, Threadneedle Navigator Balanced Managed Trust, Threadneedle Navigator Growth Managed Trust and Threadneedle Navigator Adventurous Managed Trusts are Non-UCITS Retail Schemes for the purposes of the FCA (formerly FSA) Regulations.

The prospectus, which describes each of the trusts in the Navigator Trusts range in detail, is available on request from Threadneedle Unit Trust Manager Limited, International Financial Data Services, PO Box 10033, Chelmsford CM99 2AL, United Kingdom.

Changes to the Prospectus

The following changes were made to the Prospectus and became effective 4 June 2013:

- improved disclosure on our Registration Fees;
- change in name of FSA to FCA;
- removal of Crispin Henderson and addition of Campbell Fleming as Director;
- removal of reference to Threadneedle Asset Management Limited carrying out investment advice;
- inclusion of ability to convert Units;
- interest distribution wording amended for greater clarity;
- dividend distribution wording amended for greater clarity;
- wording inserted around complaints;
- update to performance figures;
- other miscellaneous changes.

The Retail Distribution Review (“RDR”)

RDR is an initiative that is being driven by the Financial Conduct Authority (formerly Financial Services Authority) to change how investors get financial advice. The RDR came into effect on 31 December 2012.

For more information on RDR please visit fca.org.uk/consumers/protect-yourself/investment-rights/payadvice

Income

Income from the Threadneedle Navigator UK Index Tracker Trust, Threadneedle Navigator Growth Trust, Threadneedle Navigator Balanced Managed Trust, Threadneedle Navigator Growth Managed Trust and Threadneedle Navigator Adventurous Managed Trusts will accumulate yearly. A choice of income or accumulation units is offered on the Threadneedle Navigator Income Trust and Threadneedle Navigator Cautious Managed Trust. Holders of income units in the Threadneedle Navigator

Income Trust will receive quarterly distributions of income in respect of each annual accounting period. Holders of income units in the Threadneedle Navigator Cautious Managed Trust will receive half yearly distributions of income in respect of each annual accounting period.

If you choose accumulation units in the Threadneedle Navigator Income Trust or Threadneedle Navigator Cautious Managed Trust, the Manager will automatically reinvest the income in the trust for you.

Charges

A preliminary charge of (currently) 5.5% (with the exception of the Threadneedle Navigator UK Index Tracker Trust which has no preliminary charge) is included in the offer (buying) prices. We also make a charge as remuneration for our ongoing services. This is currently 1.25% per year for the Threadneedle Navigator Income Trust, Threadneedle Navigator Cautious Managed Trust, Threadneedle Navigator Balanced Managed Trust, Threadneedle Navigator Growth Managed Trust and Threadneedle Navigator Adventurous Managed Trust and 1.5% for the Threadneedle Navigator Growth Trust and is paid out of the property of each trust. With effect from 1 December 2012, the charge for the Threadneedle Navigator UK Index Tracker Trust was reduced from 1% to 0.75% per year.

The fees and expenses of the Trustee, Registrar’s fees, Auditor’s fees and FCA authorisation fees are also payable by the trusts.

SDRT Provision

SDRT is chargeable on the surrender, and certain transfers of units in the trusts. The current rate of SDRT is 0.5%.

The liability for SDRT is calculated weekly by reference to unit sales and repurchases in that and the following week but is reduced proportionately to the extent that the investments held by the fund are exempt investments, which essentially are any assets other than United Kingdom equities and other collective investment schemes that are not exempt from SDRT. Any fund which only invests in exempt investments, i.e. holds no United Kingdom equities, will therefore be wholly exempt from SDRT.

How it affects Unitholders and potential Unitholders:

The Trustee meets the SDRT liability from the property of the trust. It is not the Manager’s intention to require the payment of a further provision for SDRT (as set out in the Prospectus).

Income Equalisation

When the first income distribution is received it may include an amount known as equalisation. The amount representing the income equalisation in the Unit’s price is a return of capital and is not taxable in the hands of Unitholders. This amount should be deducted from the cost of income units in computing capital gains realised on their disposal.

Further Information

(continued)

Individual Savings Accounts

Throughout the accounting period the trusts have satisfied the requirements of the Individual Savings Account Regulations 1998.

It is the Manager's intention that the trusts will be managed in such a way as to continue to meet these requirements.

Stock Exchange Disclaimer

The Threadneedle Navigator UK Index Tracker Trust is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Limited (the "Exchange") or by The Financial Times Limited ("FT") and neither FTSE nor the Exchange nor the FT makes any warranty or representation whatsoever, expressly or implied, either as to the results to be obtained from the use of the FTSE All-Share Index (the "Index") and/or the figure at which the Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated solely by the Exchange. However, neither FTSE nor the Exchange nor the FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor the Exchange nor the FT shall be under any obligation to advise any person of any error in it.

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Threadneedle Navigator Stocks and Shares ISA

We have made changes to the Terms and Conditions for those clients who invest through the Threadneedle Navigator Stocks and Shares ISA. As of 15 March 2013 our Terms and Conditions have stopped allowing:

- you to choose the date on which your direct debit payment is collected; and
- payments to be made by debit card.

Currently no investors make use of these facilities.

If you would like a copy of the new Terms and Conditions you should contact us at our client services address below.

Directory

Manager

Threadneedle Unit Trust Manager Limited

Registered Office

60 St Mary Axe
London EC3A 8JQ

Client Services Details

Address: Threadneedle Unit Trust Manager Limited
International Financial Data Services

PO Box 10033

Chelmsford

Essex CM99 2AL

Telephone UK Investors: (dealing & customer enquiries):
0845 113 0273*

Telephone non-UK Investors: (dealing & customer enquiries):
01268 441 520*

Fax UK Investors (dealing): 0845 113 0274

Fax non-UK Investors (dealing): 00 352 2455 29807

Email (enquiries): questions@service.threadneedle.co.uk

**Calls may be recorded.*

Registrar

Threadneedle Investment Services Limited

St Nicholas Lane

Basildon

Essex SS15 5FS

Legal Advisers:

Eversheds LLP

One Wood Street

London EC2V 7WS

Directors of the Manager

C D Fleming (*Appointed as Chairman and Chief Executive
1 March 2013*)

T N Gillbanks

C J Henderson (*Resigned from the Board and as Chairman and
Chief Executive 1 March 2013*)

P J W Reed

N J Ring

Investment Adviser

Threadneedle Asset Management Limited

(*Authorised and regulated by the Financial Conduct Authority
(FCA) (formerly Financial Services Authority (FSA))*)

Registered Office

60 St Mary Axe

London EC3A 8JQ

Trustee

J.P. Morgan Trustee and Depositary

Company Limited

(*Authorised and regulated by the Financial Conduct Authority
(FCA) (formerly Financial Services Authority (FSA))*)

Head Office

Chaseside

Bournemouth

Dorset BH7 7DA

Registered Office

25 Bank Street

Canary Wharf

London E14 5JP

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

Important Information

References in this document to any trust does not constitute an offer or invitation to subscribe to units in such a trust. We recommend you obtain detailed information before the purchase of units. Subscriptions to a trust may only be made on the basis of the current Prospectus and Key Investor Information Document as well as the latest annual and interim reports. Please refer also to the Risk Factors in the Prospectus.

Past performance is not a guide to future performance.

The mention of any specific shares or bonds should not be taken as a recommendation to deal. Threadneedle Investments does not give any investment advice. If you are in doubt about the suitability of any investment, you should speak to your financial adviser.

| Trust/Key risks | Market Risk | Currency Risk | Investor Currency Risk | Investment in Funds Risk | Issuer Risk | Inflation Risk | Interest Rate Risk | Volatility Risk | Tracker Risk |
|--|-------------|---------------|------------------------|--------------------------|-------------|----------------|--------------------|-----------------|--------------|
| Threadneedle Navigator UK Index Tracker Trust | X | | X | | | | | X | X |
| Threadneedle Navigator Growth Trust | X | X | X | | | | | X | |
| Threadneedle Navigator Income Trust | X | | X | | X | X | X | X | |
| Threadneedle Navigator Cautious Managed Trust | X | X | X | X | X | X | X | X | |
| Threadneedle Navigator Balanced Managed Trust | X | X | X | X | X | X | X | X | |
| Threadneedle Navigator Growth Managed Trust | X | X | X | X | | | | X | |
| Threadneedle Navigator Adventurous Managed Trust | X | X | X | X | | | | X | |

Description of the Key Risks:

Market Risk: The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Currency Risk: 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 Risk: Where investments in the trust are in currencies other than your own, changes in exchange rates may affect the value of your investments.

Investment in Funds Risk: The Investment Policy allows the trust to invest principally in units of other collective investment schemes. Investors should consider the investment policy and asset composition in the underlying funds when assessing their portfolio exposure.

Issuer Risk: The trust invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay or perceived to be unable to pay.

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

Interest Rate Risk: Changes in interest rates are likely to affect the trust's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa.

Volatility Risk: The trust may exhibit significant price volatility.

Tracker Risk: The Investment Policy of the trust is to replicate the FTSE All-Share Index. The effect of ongoing charges means that although tracking this index, the trust will not exactly replicate the index performance.

All of the risks currently identified as applicable to the Trusts are set out in the "Risk Factors" section of the Prospectus.

Key Investor Information Document (KIID) – Subscription requirements

Since 1 July 2012, the Key Investor Information Document for UCITS schemes (KIID) and the Non-UCITS retail scheme Key Investor Information (NURS-KII) are pre-contractual documents.

Consequently, all investors in UCITS schemes and all retail investors in NURS schemes have to confirm that they have read the latest KIID or NURS-KII, as the case may be, before making a subscription. Threadneedle has the right to reject a subscription if the investor does not confirm that they have read the latest KIID/NURS-KII at the time of application. Investors can obtain the latest KIID/NURS-KII from threadneedle.com.

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