



Threadneedle  
Specialist Investment Funds ICVC

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## Company Information

### Company

Threadneedle Specialist Investment Funds ICVC  
Registered Number IC000232

### Registered Office

60 St Mary Axe, London EC3A 8JQ

### Director

There is a sole director, the Authorised Corporate Director (the "ACD"), which is Threadneedle Investment Services Limited.

### Board of Directors of the ACD

#### Chairman and Chief Executive

C D Fleming (Appointed 1 March 2013)  
C J Henderson (Resigned from the Board and as  
Chief Executive 1 March 2013)

#### Other Directors

T N Gillbanks  
P J W Reed  
N J Ring

## Director's Report

The ACD, Threadneedle Investment Services Limited, has pleasure in presenting the Annual Report and Accounts for Threadneedle Specialist Investment Funds ICVC for the 12 months to 30 April 2013.

The financial statements have been presented on an aggregated basis. However, separate financial information is also provided on a sub-fund basis to enable investors to review the status and performance of those funds for the period under review.

We hope that you find the report 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](http://threadneedle.com) for further information about Threadneedle.

Thank you for your continued support.



**Campbell Fleming**

**Director**

## Aggregated Financial Statements for Threadneedle Specialist Investment Funds ICVC

### STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	276,243	(38,159)
Revenue	3	60,162	47,784
Expenses	4	(29,479)	(22,341)
Finance costs:			
Derivative expenses		(5,506)	(5,732)
Interest		(58)	(226)
Net revenue before taxation		25,119	19,485
Taxation	5	(2,010)	(1,107)
Net revenue after taxation		23,109	18,378
<b>Total return before distributions</b>		299,352	(19,781)
Finance costs: Distributions		(37,690)	(26,517)
<b>Change in net assets attributable to shareholders from investment activities</b>		261,662	(46,298)

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	1,892,876	1,744,720
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	1,315,024	799,438
Amounts payable on the cancellation of shares	(650,732)	(617,565)
	664,292	181,873
Dilution adjustment	1,798	1,448
Stamp duty reserve tax	(361)	(237)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	261,662	(46,298)
Retained distribution on accumulation shares	17,239	11,370
<b>Closing net assets attributable to shareholders</b>	2,837,506	1,892,876

### BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		2,515,168	1,698,608
<b>Other assets</b>			
Debtors	6	66,709	61,475
Cash and bank balances		338,321	250,131
Total other assets		405,030	311,606
Total assets		2,920,198	2,010,214
<b>Liabilities</b>			
<b>Derivative liabilities</b>		(17,954)	(12,216)
<b>Other liabilities</b>			
Creditors	7	(46,971)	(54,475)
Bank overdrafts		(5,548)	(42,204)
Distribution payable on income shares		(12,219)	(8,443)
Total other liabilities		(64,738)	(105,122)
Total liabilities		(82,692)	(117,338)
<b>Net assets attributable to shareholders</b>		2,837,506	1,892,876

The aggregated financial statements represent the sum of the individual funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the financial statements of the individual funds.

We hereby certify the Annual Report and Accounts on behalf of the Directors of Threadneedle Investment Services Limited.

**N J Ring**  
Director

**P J W Reed**  
Director

26 June 2013

# Notes to the Aggregated Financial Statements for Threadneedle Specialist Investment Funds ICVC

## Notes to the financial statements

For the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

#### (1) Basis of accounting

The financial statements have been prepared under the historical cost basis, 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.

#### (2) Aggregation

The aggregated accounts represent the sum of the individual funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the financial statements of the individual funds.

#### (3) Recognition of revenue

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

Dividends on quoted equities and preference shares are recognised when the security is traded ex-dividend.

Dividends, interest and other income receivable include any withholding taxes but exclude any other taxes such as attributable tax credits.

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

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.

Dividends and distributions from collective investment schemes are recognised when the security is quoted ex-dividend.

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

Underwriting commission is treated as revenue except for the proportion that is deducted from the cost of shares, which is capital. Stocklending revenue and any associated charges are recognised on an accruals basis.

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

#### (4) Treatment of expenses (including management 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 accrual basis and include irrecoverable VAT where appropriate. The ACD's charges in respect of the following funds are added back for the purpose of determining the amount available for distribution:

Emerging Market Local Fund  
Global Equity Income Fund  
Pan European Equity Dividend Fund  
UK Equity Alpha Fund

In addition, the ACD is entitled to receive a performance fee in the event of the NAV per share of the Fund outperforming the relevant benchmark index, in respect of the following funds:

American Extended Alpha Fund  
Global Extended Alpha Fund  
Pan European Accelerando Fund  
UK Absolute Alpha Fund  
UK Extended Alpha Fund

Any fees arising as a result of outperformance are charged to capital. The performance fee is only chargeable at the end of any Performance Period ie 31 December, and will be paid within one month of that date. If no performance fee has been charged since the launch of the Share Class, no performance fee will be payable until such time as there is an Excess Return and there is a performance fee accrual at the end of the Performance Period.

Further details including the relevant benchmark index, can be found within the "Expenses" note of the individual funds.

#### (5) Allocation of revenue and expenses to multiple share classes

The allocation of revenue and expenses to each share class is based upon the proportion of the fund's capital net assets attributable to each share class, on the day the income is earned or the expense is suffered.

Revenue equalisation, annual management charge and registration & general expenses are specific to each share class.

#### (6) Allocation of return on hedged share classes

Hedged share classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the Reference Currency or Reference Currencies and the Hedged Currency (for further definitions refer to page 129).

Where undertaken, the allocation of return in relation to hedging transactions is applied in respect of that hedged share class only.

#### (7) Distribution policy

In accordance with the Collective Investment Schemes Sourcebook, where the revenue from investments exceeds the expenses for any share class, a distribution will be made from that share class. Should expenses exceed revenue for any share class, there will be no distribution for that share class and the shortfall will be transferred to capital.

Revenue attributable to Accumulation shareholders is retained at the end of each distribution period and represents a reinvestment of revenue.

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

#### (8) Basis of valuation of investments

The investments of the fund are valued at fair market prices at 12 noon (UK time), being the valuation point on the last working day of the accounting period.

Investments are stated at their fair value which generally is the bid valuation of each security.

These bid values are sourced from independent pricing sources; to the extent that an independent pricing source is not available then quotes are obtained from a broker. Where the ACD deems that these valuations are unrepresentative of a fair valuation of the security, a fair valuation adjustment is applied based upon the ACD's opinion of fair value.

#### (9) 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 a foreign currency are translated into sterling at the exchange rates ruling at the date of the transaction.

#### (10) Deferred tax

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

Further analysis of the deferred tax assets can be found within the financial statements of the individual funds.

#### (11) 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 expenses in a fund's accounts, in accordance with whether the fund 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.

Ongoing premia on credit default swaps are charged or credited to revenue/expenses on an accruals basis, depending on whether protection is bought or sold.

The premium that may be received on an option is treated as revenue where the motives and circumstances determine that the return is income in nature and there is no immediate capital loss generated at the time the transaction is entered into.

# Notes to the Aggregated Financial Statements for Threadneedle Specialist Investment Funds ICVC

## Notes to the financial statements

(continued)

Any positions open at the period end are reflected in the Balance Sheet at their market value, either using available market prices or the ACD'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".

Derivative revenue and expense are netted off for the purposes of disclosure. The net balance is disclosed within either the revenue or finance cost note depending on whether the balance is in a net revenue or expense position respectively.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	£000	£000
Non-derivative securities	278,542	(78,662)
Derivative contracts	(2,367)	42,676
Forward currency contracts	(982)	(176)
Other gains/(losses)	1,570	(1,597)
Transaction costs	(361)	(400)
Net capital gains/(losses)	276,402	(38,159)

### 3 REVENUE

	£000	£000
UK dividends	21,491	16,938
Overseas dividends	18,777	10,686
Stock dividends	136	124
Interest on debt securities	18,860	18,317
Interest on short term investments	237	190
Derivative revenue	54	475
Bank interest	177	478
Underwriting commission	100	34
Stocklending commission	330	539
Miscellaneous revenue	-	3
Total revenue	60,162	47,784

### 4 EXPENSES

	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(24,405)	(18,388)
**Performance fee	(2,886)	(2,120)
Registration fees	(1,553)	(1,184)
	(28,844)	(21,692)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(189)	(175)
Safe custody fees	(209)	(168)
Revenue collection expenses	(22)	(21)
	(420)	(364)
Other expenses:		
Regulatory fee	(81)	(156)
Audit fee	(134)	(129)
	(215)	(285)
*Total expenses	(29,479)	(22,341)

\*Including irrecoverable VAT where applicable.

\*\*The ACD is entitled to receive a performance fee for the Pan European Accelerando, UK Extended Alpha, American Extended Alpha, Global Extended Alpha and the UK Absolute Alpha Funds in the event of the NAV per Share of the Fund outperforming the relevant benchmark index (with reinvestment, calculated at market close) by the "hurdle rate" (as set by the fund) or more over the performance period. The performance fee is set (by fund) as a percentage of the outperformance. The performance fee by its nature is a capital charge, and is therefore charged to capital for the purpose of the calculation of distribution.

### 5 TAXATION

	£000	£000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(2,010)	(1,107)
Total current tax (note 5b)	(2,010)	(1,107)
Total tax charge for period	(2,010)	(1,107)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	25,119	19,485
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,023)	(3,946)
Revenue not subject to taxation	7,806	5,267
Overseas taxes	(2,010)	(1,107)
Overseas taxes expensed	33	18
Excess expenses	(4,517)	(2,443)
Revenue taxable in other periods	(24)	15
Distributions treated as tax deductible	1,725	1,089
Current tax charge for period (note 5a)	(2,010)	(1,107)

Details of any deferred tax asset or potential deferred tax for each sub fund can be found within the taxation note of individual funds.

### 6 DEBTORS

	£000	£000
Amounts receivable for the issue of shares	29,839	13,246
Sales awaiting settlement	21,026	32,286
Accrued revenue	15,537	15,409
Foreign withholding tax recoverable	307	188
Other debtors	-	346
Total debtors	66,709	61,475

### 7 CREDITORS

	£000	£000
Amounts payable for the cancellation of shares	(13,824)	(13,079)
Purchases awaiting settlement	(28,514)	(37,733)
Accrued expenses	(337)	(202)
Amounts payable to ACD	(3,155)	(1,838)
Accrued performance fee	(830)	(1,482)
Income tax payable	(267)	(97)
Corporation tax payable	(44)	(44)
Total creditors	(46,971)	(54,475)

### 8 RELATED PARTY TRANSACTIONS

Threadneedle Investment Services Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the funds.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

All transactions have been entered into the ordinary course of business on normal commercial terms.

Further analysis of the amounts due to or from, and payable to Threadneedle Investment Services Limited can be found within the financial statements of the individual funds.

### 9 SHARES

Funds currently may have up to 6 share classes; Class 1, Class 1 Hedged, Class 2, Class X, Class Z and Limited Issue Class shares. Where a fund has more than one share class, each class may suffer different expenses.

Consequently the level of net revenue attributable to each share class will differ. Further analysis of the annual management charge and registration fees on each share class can be found within the 'Shareholder Funds' note of the individual funds.

# Notes to the Aggregated Financial Statements for Threadneedle Specialist Investment Funds ICVC

## Notes to the financial statements

(continued)

### 10 STOCKLENDING

During the period under review, the company has entered into certain stocklending transactions to increase the revenue of the funds.

The following funds have benefited from these arrangements during the period:

American Extended Alpha Fund  
 Absolute Return Bond Fund  
 China Opportunities Fund  
 Emerging Market Local Fund  
 Global Emerging Markets Equity Fund  
 Global Extended Alpha Fund  
 Global Equity Income Fund  
 Pan European Accelerando Fund  
 Pan European Equity Dividend Fund  
 Target Return Fund  
 UK Equity Alpha Fund  
 UK Extended Alpha Fund  
 UK Mid 250 Fund

The fund has earned £465,000 (2012: £743,000) of which £41,000 (2012: £76,000) was outstanding at year end. They have paid fees of £65,000 (2012: £98,000) of which £6,000 (2012: £10,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £70,000 (2012: £106,000) of which £6,000 (2012: £12,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £136.18m (2012: £39.07m), whilst the value of collateral held for these arrangements was £143.47m (2012: £41.70m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Total Value £000	% of Total	Total Value £000	% of Total
Bonds	143,470	100	41,704	100
	143,470	100	41,704	100

### 11 DILUTION ADJUSTMENT

Under certain circumstances the ACD has the power to charge a dilution adjustment on the purchase and/or redemption of shares. If charged, the dilution adjustment will be paid into the fund.

Full details of the operation of the scheme can be found in the Prospectus.

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

In pursuing their investment objectives, each of the funds may hold a number of financial instruments. These financial instruments comprise securities, derivatives and other investments, cash balances, debtors and creditors that arise directly from the funds' operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for cancellations and debtors for accrued revenue.

The funds may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition the funds only execute derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

A sensitivity analysis for the relevant funds is shown in their notes to the financial statements, contained within the full accounts, where derivative holdings could impact the fund significantly. The main risks arising from financial instruments and the ACD's policies for managing these risks are stated below. These policies have been applied throughout the period under review. These policies have been consistent for both the current and prior period to which these financial statements relate.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the funds might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Bond funds hold a range of fixed interest instruments which may be difficult to value and/or liquidate.

Investors should consider the degree of exposure of these funds in the context of all their investments.

The funds' investment portfolios are exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers 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 fund will be exposed.

#### Liquidity risk

Liquidity risk is the risk that the fund can not raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, the funds will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of cancellations in the fund, the fund 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 shares.

The ACD manages the fund's cash to ensure it can meet its liabilities. The ACD receives daily reports of issues and cancellations enabling the ACD to raise cash from the fund's portfolio in order to meet cancellations requests. In addition the ACD monitors market liquidity of all securities, with particular focus on the FRN market, seeking to ensure the funds maintain sufficient liquidity to meet known and potential redemption activity. Fund cash balances are monitored daily by the ACD and Administrator.

Where investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its value to ensure settlement. All of the fund's financial liabilities are payable on demand or in less than one year.

#### Credit risk

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 fund may not receive back the full principal originally invested. Thirdly, there is counterparty risk, which is the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the fund has fulfilled its responsibilities, which could result in the funds suffering a loss.

In order to manage credit risk the funds 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 funds only buy and sell investments through brokers which have been approved by the ACD 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.

Some funds will invest in what are considered riskier bonds (below investment grade). This brings the potential for increased risk of default and could affect both the income and the capital value of the fund. Further details can be found in the sub-fund financial statements.

#### Interest rate risk

Interest rate risk is the risk that the value of the funds' investments will fluctuate as a result of changes in interest rates. All the funds invest in floating rate securities. The income of these funds may be affected by changes in interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed

## Notes to the Aggregated Financial Statements for Threadneedle Specialist Investment Funds ICVC

### Notes to the financial statements

*(continued)*

interest securities may be affected by interest rate movements or the expectation of such movements in the future.

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

The interest rate risk profile for the relevant funds is shown in their notes to the financial statements, contained within the full accounts.

#### **Foreign currency risk**

Foreign currency risk is the risk that the value of the funds' investments will fluctuate as a result of changes in foreign currency exchange rates. For those funds where a proportion of the net assets of the fund are denominated in currencies other than the fund's base currency, the balance sheet can be affected by movements in exchange rates. The ACD monitors the foreign currency exposure of the funds and may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the value of investments that are priced in other currencies. The foreign currency risk profile for the relevant funds is shown in their notes to the financial statements, contained within the full accounts.

Further analysis including numerical disclosures can be found within the 'Derivative and Other Financial Instruments' note of the individual funds.

## Threadneedle UK Mid 250 Fund

### Investment Report

#### Investment Objective

The investment objective of the UK Mid 250 Fund is to achieve capital growth from a portfolio of UK 'mid cap' equities.

#### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in a selection of medium sized companies which are constituents of the FTSE 250 (ex Investment Trusts) Index. If the ACD considers it desirable, it may also invest in companies which are not included in that index, and may hold cash and/or money market instruments.

#### Performance of Net Accumulation

##### Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle UK Mid 250 Fund has risen from 130.22p to 162.22p.

For comparison, using noon prices, the performance of the Class 1 share class was +24.57% and +25.29% for the Class 2 share class compared to a return of +17.18% for the Morningstar UK Unit Trusts/OEICs – (IMA) UK All Companies Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE Mid 250 (ex Investment Trusts) Index was +27.34%.

#### Portfolio Activity

UK equities saw very strong returns over the period, with the FTSE Mid 250 (ex Investment Trusts) index posting a total return in excess of 27%, outperforming larger-capitalisation stocks, with the FTSE 100 up nearly 17% on the same basis. The fund outperformed strongly in the first half, but lost ground during the second half of the review period.

Markets were cautious in tone at the start of the period, with concerns over a deepening eurozone crisis, slowing growth in China, and political stalemate over the impending political and fiscal issues in the US, with election uncertainty thrown in. However, through the period, political hurdles were overcome, such as the US elections and fiscal cliff, with monetary policy and additional quantitative easing across Europe, UK, US and Asian economies all contributing towards investors' strong appetite for equities. This created good gains for equities at the beginning of the 2013 calendar year, despite uncertainties surrounding the global economy and the corporate earnings environment.

The strongest gainers for the fund were those stocks set to benefit from economic recovery, but also from the assertive actions of strong management; these included Berendsen, Persimmon, Intermediate Capital Group and Ashtead. The biggest negative contributors for the fund versus the benchmark were zero weightings in strongly-performing shares such as easyJet, Inmarsat and William Hill.

The fund started and added to holdings across sectors such as industrials (Morgan Advanced Materials, Domino Printing Sciences), support services (Ashtead, SIG), and consumer stocks (Crest Nicholson, Greene King). Meanwhile, the fund sold out of Burberry, Aegis, Mitie and Redrow, whilst reducing position sizes in Persimmon and Babcock International.

As we enter the summer, markets have had a very strong run, but we believe that the valuation case for UK midcaps relative to other asset classes remains attractive, particularly given the opportunities to find specific, niche investment cases within the area. We are mindful of the prevailing economic and geopolitical uncertainties, and the impact these continue to have on corporate earnings, and hence share prices, but believe good returns can be achieved through strong stock selection in a modest growth environment.

### STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	22,106	(905)
Revenue	3	3,592	2,748
Expenses	4	(1,370)	(1,118)
Net revenue before taxation		2,222	1,630
Taxation	5	7	(16)
Net revenue after taxation		2,229	1,614
<b>Total return before distributions</b>		<b>24,335</b>	<b>709</b>
Finance costs: Distributions	6	(2,230)	(1,613)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>22,105</b>	<b>(904)</b>

### BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		120,064	90,761
<b>Other assets</b>			
Debtors	7	2,082	767
Cash and bank balances		3,230	1,581
Total other assets		5,312	2,348
Total assets		125,376	93,109
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(1,275)	(109)
Total other liabilities		(1,275)	(109)
Total liabilities		(1,275)	(109)
<b>Net assets attributable to shareholders</b>		<b>124,101</b>	<b>93,000</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	93,000	85,450
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	40,728	17,407
Amounts payable on the cancellation of shares	(34,043)	(10,551)
	6,685	6,856
Dilution adjustment	140	34
Stamp duty reserve tax	(93)	(55)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	22,105	(904)
Retained distribution on accumulation shares	2,264	1,619
<b>Closing net assets attributable to shareholders</b>	<b>124,101</b>	<b>93,000</b>

### DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

Class 1 Shares Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue	Net Revenue
					Accumulated 2012/2013	Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	2,7194	0,2719	2,4475	–	2,4475	1,8563
<b>Group 2</b>						
01/05/12 to 30/04/13	1,3436	0,1344	1,2092	1,2383	2,4475	1,8563
<b>Total distributions in the period</b>					<b>2,4475</b>	<b>1,8563</b>
Class 2 Shares Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue	Net Revenue
					Accumulated 2012/2013	Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	3,8213	0,3821	3,4392	–	3,4392	2,6844
<b>Group 2</b>						
01/05/12 to 30/04/13	1,7398	0,1740	1,5658	1,8734	3,4392	2,6844
<b>Total distributions in the period</b>					<b>3,4392</b>	<b>2,6844</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle UK Mid 250 Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z Shares

Net Accumulation * Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013
<b>Group 1</b>					
07/09/12 to 30/04/13	2.5622	0.2562	2.3060	-	2.3060
<b>Group 2</b>					
07/09/12 to 30/04/13	0.6730	0.0673	0.6057	1.7003	2.3060
<b>Total distributions in the period</b>					<b>2.3060</b>

Group 2: shares purchased during a distribution period

\*Class Z - Net accumulation shares commenced on 7 September 2012.

# Threadneedle UK Mid 250 Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	22,108	(902)
Transaction costs	(2)	(3)
Net capital gains/(losses)	<u>22,106</u>	<u>(905)</u>

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	3,343	2,593
Overseas dividends	133	87
Stock dividends	65	57
Bank interest	9	7
Underwriting commission	25	–
Stocklending commission	17	4
Total revenue	<u>3,592</u>	<u>2,748</u>

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,274)	(1,034)
Registration fees	(69)	(56)
	<u>(1,343)</u>	<u>(1,090)</u>
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(14)	(14)
Safe custody fees	(1)	(1)
	<u>(15)</u>	<u>(15)</u>
Other expenses:		
Regulatory fee	(5)	(7)
Audit fee	(7)	(6)
	<u>(12)</u>	<u>(13)</u>
*Total expenses	<u>(1,370)</u>	<u>(1,118)</u>

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	7	(16)
Total current tax (note 5b)	<u>7</u>	<u>(16)</u>
Total tax charge for the period	<u>7</u>	<u>(16)</u>
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	<u>2,222</u>	<u>1,630</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(444)	(326)
Effects of:		
Revenue not subject to taxation	708	548
Overseas taxes	7	(16)
Excess expenses	<u>(264)</u>	<u>(222)</u>
Current tax charge for period (note 5a)	<u>7</u>	<u>(16)</u>

The fund has not recognised a deferred tax asset of £1,026,461 (2012: £762,570) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions

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

	2013 £000	2012 £000
Final	2,264	1,619
Add: Revenue deducted on cancellation of shares	439	85
Deduct: Revenue received on creation of shares	<u>(473)</u>	<u>(91)</u>
Net distribution for the period	<u>2,230</u>	<u>1,613</u>
Total finance costs	<u>2,230</u>	<u>1,613</u>
Net revenue after taxation	2,229	1,614
Equalisation of conversions	1	–
Net distribution for the period	<u>2,230</u>	<u>1,614</u>

Details of the distribution per share are set out in the table on pages 9 and 10.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	708	189
Sales awaiting settlement	497	–
Accrued revenue	<u>877</u>	<u>578</u>
Total debtors	<u>2,082</u>	<u>767</u>

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(642)	(5)
Purchases awaiting settlement	(487)	–
Accrued expenses	(7)	(5)
Amounts payable to ACD	<u>(139)</u>	<u>(99)</u>
Total creditors	<u>(1,275)</u>	<u>(109)</u>

## Threadneedle UK Mid 250 Fund

### Notes to the financial statements

(continued)

#### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

#### 10 SHAREHOLDER FUNDS

UK Mid 250 Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

##### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

##### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 117. The distribution per share class is given in the distribution table on pages 9 and 10. All classes have the same rights on winding up.

#### 11 STOCKLENDING

During the period under review the UK Mid 250 Fund has entered into stocklending arrangements. The fund has earned £24,000 (2012: £4,000) of which £2,000 (2012: Nil) was outstanding at year end. They have paid fees of £3,000 (2012: Nil) to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2012: Nil) to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £13.93m (2012: £4.74m), whilst the value of collateral held for these arrangements was £14.88m (2012: £5.05m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, Supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

##### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	14,881	100	5,047	100
	14,881	100	5,047	100

#### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

##### Currency exposures

There are no material assets denominated in currencies other than Sterling.

##### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	3,230	–	122,146	125,376

	£000	£000	£000	£000
<b>Currency 2012</b>				
UK Sterling	1,581	–	91,528	93,109

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	–	–	(1,275)	(1,275)

	£000	£000	£000	£000
<b>Currency 2012</b>				
UK Sterling	–	–	(109)	(109)

##### 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.

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.

#### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

#### 14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	52,061	41,798
Commissions	48	52
Taxes	192	197
Total purchase costs	240	249
<b>Gross purchases total</b>	<b>52,301</b>	<b>42,047</b>
Analysis of total sale costs		
Gross sales before transaction costs	44,811	32,344
Commissions	(53)	(38)
Total sale costs	(53)	(38)
<b>Total sales net of transaction costs</b>	<b>44,758</b>	<b>32,306</b>

# Threadneedle UK Extended Alpha Fund

## Investment Report

### Investment Objective

The investment objective of the UK Extended Alpha Fund is to achieve above average capital growth from a concentrated portfolio of UK equities.

### Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to a concentrated portfolio of UK equities, i.e. equities of companies domiciled in the UK, or which have significant UK operations, by investing directly or indirectly in such securities. This approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. If the ACD considers it desirable it may further invest up to one third of the assets of the Fund in markets outside the United Kingdom. The Fund's exposure may be gained through long and short positions.

The ACD may take long and short positions through the use of derivatives and forward transactions. In addition in order to gain long exposure, the ACD may invest in equities, collective investment schemes including exchange traded funds and/or related indices. If the ACD considers it desirable, it may hold a substantial proportion or all of the Fund in cash and/or other securities (including fixed interest securities and money market instruments).

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of limited issue shares in the Threadneedle UK Extended Alpha Fund has risen from 254.66p to 298.56p.

For comparison, using noon prices, the performance of the Class 1 share class was +17.24% and +17.88% for the Class 2 share class compared to a return of +17.18% for the Morningstar UK Unit Trusts/OEICs – (IMA) UK All Companies Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE All-Share Index was +17.83%.

### Portfolio Activity

The year to end April 2013 witnessed positive returns for equity markets globally, with the FTSE All-Share index delivering a very healthy total return of just under 18%. This was primarily due to the highly accommodative stance of central banks across the globe, the largely benign outlook for corporate profitability and the relative attractiveness of equities compared to other asset classes.

The fund benefited from its positions in leading global companies in the pharmaceuticals and

staples sectors, and also its exposure to strong end markets, such as civil aerospace and recovering global auto markets. Our consumer-exposed stocks also benefited from the rebound in US economic activity and some modest improvement in UK house building. The major area of relative weakness in the fund was in financials as the fund did not particularly benefit from the major rally in banks (the sector rallied from deeply distressed valuations and oversold levels).

Despite the many macro-economic issues yet to be resolved, we remain cautiously optimistic on the outlook for UK equities. The real value in the market appears to be concentrated in large, resilient, economically-insensitive companies and so we continue to own firms such as GlaxoSmithKline, BT Group, Imperial Tobacco and Centrica. We also see selective opportunities in quality companies exposed to global growth trends such as Rolls-Royce, WPP and Compass. We remain cautious on companies directly exposed to the eurozone financial crisis (such as banks) and companies selling to the UK government and the UK consumer.

We feel that the most reliable driver of returns in this more difficult environment is likely to be stock specific and we have a number of uncorrelated positions in both the long and short books.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains	2	3,106	248
Revenue	3	734	658
Expenses	4	(203)	(195)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		531	462
Taxation	5	–	–
Net revenue after taxation		531	462
<b>Total return before distributions</b>		<b>3,637</b>	<b>710</b>
Finance costs: Distributions	6	(528)	(474)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>3,109</b>	<b>236</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>21,451</b>	<b>18,473</b>
<b>Other assets</b>			
Debtors	7	237	601
Cash and bank balances		2,480	531
Total other assets		2,717	1,132
Total assets		24,168	19,605
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(40)	(33)
Total other liabilities		(40)	(33)
Total liabilities		(40)	(33)
<b>Net assets attributable to shareholders</b>		<b>24,128</b>	<b>19,572</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>19,572</b>	<b>19,511</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	2,526	3,291
Amounts payable on the cancellation of shares	(1,611)	(3,939)
	915	(648)
Dilution adjustment	–	6
Stamp duty reserve tax	(7)	(10)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	3,109	236
Retained distribution on accumulation shares	539	477
<b>Closing net assets attributable to shareholders</b>	<b>24,128</b>	<b>19,572</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	6.0084	0.6008	5.4076	–	5.4076	5.1460
<b>Group 2</b>						
01/05/12 to 30/04/13	3.4257	0.3426	3.0831	2.3245	5.4076	5.1460
<b>Total distributions in the period</b>					<b>5.4076</b>	<b>5.1460</b>

### Class 2 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	8.0584	0.8058	7.2526	–	7.2526	6.7661
<b>Group 2</b>						
01/05/12 to 30/04/13	5.2262	0.5226	4.7036	2.5490	7.2526	6.7661
<b>Total distributions in the period</b>					<b>7.2526</b>	<b>6.7661</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle UK Extended Alpha Fund

### DISTRIBUTION TABLE

(continued)

#### Class X Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	4.4141	0.4414	3.9727	-	3.9727	3.7034
<b>Group 2</b>						
01/05/12 to 30/04/13	2.7363	0.2736	2.4627	1.5100	3.9727	3.7034
<b>Total distributions in the period</b>					<b>3.9727</b>	<b>3.7034</b>

Group 2: shares purchased during a distribution period

# Threadneedle UK Extended Alpha Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2013 £000	2012 £000
Non-derivative securities	2,440	(234)
Derivative contracts	668	242
Other gains	–	242
Transaction costs	(2)	(2)
Net capital gains	3,106	248

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	628	592
Overseas dividends	13	5
Stock dividends	28	34
Derivative revenue	54	25
Bank interest	7	1
Underwriting commission	2	–
Stocklending commission	2	1
Total revenue	734	658

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(175)	(153)
**Performance fee	3	(12)
Registration fees	(13)	(11)
	(185)	(176)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(5)	(4)
	(5)	(4)
Other expenses:		
Regulatory fee	(5)	(7)
Audit fee	(8)	(8)
	(13)	(15)
*Total expenses	(203)	(195)

\*Including irrecoverable VAT where applicable.

\*\*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the Fund outperforming the FTSE All Share Index (with revenue reinvested, calculated at market close) by 2% (being the "hurdle rate") or more over the performance period. The performance fee is set at 20% of the outperformance. Performance fees are calculated on a calendar basis and may vary substantially from year to year depending on how a fund has performed against its benchmark. As the accounting period falls during the calculation period of the performance fee, the performance fees are accrued at that point in time, but may not represent the actual amount that will be paid. Therefore, previously accrued amounts may be required to be reversed. The performance fee by its nature is a capital charge, and is therefore allocated to capital when calculating the distribution. No performance fee was paid during the reporting period in respect of the calendar year ended 31 December 2012 (2012: £29,321).

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	531	462
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% Effects of:	(106)	(92)
Revenue not subject to taxation	134	126
Excess expenses	(28)	(34)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £395,427 (2012: £367,963) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions and Interest

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

	2013 £000	2012 £000
Final	539	477
Add: Revenue deducted on cancellation of shares	14	36
Deduct: Revenue received on creation of shares	(25)	(39)
Net distribution for the period	528	474
Interest	–	1
Total finance costs	528	475
Net revenue after taxation	531	462
Performance fee charged to capital	(3)	12
Net distribution for the period	528	474

Details of the distribution per share are set out in the table on pages 13 and 14.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	7	22
Sales awaiting settlement	–	59
Accrued revenue	230	174
Other debtors	–	346
Total debtors	237	601

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(5)	–
Accrued expenses	(6)	(5)
Amounts payable to ACD	(19)	(15)
Accrued performance fee	(10)	(13)
Total creditors	(40)	(33)

# Threadneedle UK Extended Alpha Fund

## Notes to the financial statements

(continued)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management, registration services and performance fees are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 10. All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

UK Extended Alpha Fund currently has three share classes; Class 1, Class 2 and Class X shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.75%
Class X shares	-

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.050%
Class X shares	0.050%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 117. The distribution per share class is given in the distribution table on pages 13 and 14. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the UK Extended Alpha Fund has entered into stocklending arrangements. The fund has earned £3,000 (2012: £1,000). The value of stock on loan at the end of the accounting period was £2.13m (2012: £0.94m), whilst the value of collateral held for these arrangements was £2.27m (2012: £1.06m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, Supranational bonds or certificates of deposit.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	2,266	100	1,062	100
	2,266	100	1,062	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

There are no material assets denominated in currencies other than Sterling.

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	2,480	-	21,688	24,168

	£000	£000	£000	£000
<b>Currency 2012</b>				
UK Sterling	531	-	19,074	19,605

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	-	-	(40)	(40)

	£000	£000	£000	£000
<b>Currency 2012</b>				
UK Sterling	-	-	(33)	(33)

As part of the fund strategy, the fund manager is allowed to short sell up to 50% of the NAV of the Fund and thereby gain some leverage. To achieve this, the fund has entered into a total return swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

At 30 April 2013, the fund had outstanding portfolio swaps of £61,000 (2012: £35,000).

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 fund holds no derivatives that could impact the fund significantly. The same is true for the prior year.

# Threadneedle UK Extended Alpha Fund

## Notes to the financial statements

(continued)

### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

### 14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	10,078	10,644
Commissions	13	12
Taxes	45	45
Total purchase costs	58	57
<b>Gross purchases total</b>	<b>10,136</b>	<b>10,701</b>
Analysis of total sale costs		
Gross sales before transaction costs	10,282	10,554
Commissions	(13)	(11)
Total sale costs	(13)	(11)
<b>Total sales net of transaction costs</b>	<b>10,269</b>	<b>10,543</b>

# Threadneedle UK Equity Alpha Income Fund

## Investment Report

### Investment Objective

The investment objective of the UK Equity Alpha Income Fund is to achieve a reasonable and growing income with the prospects of capital growth from a concentrated portfolio of UK equities.

### Investment Policy

The ACD's investment policy is to invest the assets of the Fund in a concentrated portfolio of predominantly UK equities. The Alpha Income investment approach is a highly focused management style, which gives the ACD the flexibility to take significant stock and sector positions, which may lead to increased levels of volatility. The portfolio will consist primarily of equities of companies domiciled in the UK, or which have significant UK operations.

### Performance of Net Income Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle UK Equity Alpha Income Fund has risen from 48.40p to 57.13p.

For comparison, using noon prices, the performance of the Class 1 share class was +23.99% and +24.70% for the Class 2 share

class compared to a return of +20.68% for the Morningstar UK Unit Trusts/OEICS – (IMA) UK Equity Income Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the FTSE All-Share Index was +17.83%.

### Portfolio Activity

The fund outperformed the FTSE All-Share by a significant margin over the year, driven mainly by good selection of individual stocks, while our sector positioning also had a positive impact.

Our individual stock picking decisions delivered good results over the year. Our relatively large holding in packaging group DS Smith (which reported strong results) and lack of exposure to mining heavyweights, such as BHP Billiton, were among the highlights. Meanwhile, stock selection was strong among financials; we introduced a holding in private investment group 3i, with the shares subsequently performing strongly as the management's cost reduction strategy boosted earnings, while 3i also became the focus of takeover speculation.

At the sector level, our cautious positioning in the materials sector was helpful to performance as

concerns over the demand outlook, particularly in China, hit the share prices of mining companies. Our cautious positioning in energy also had a positive effect on performance, as oil & gas company shares performed poorly relative to the market as investors looked elsewhere for earnings growth opportunities. In financials, the fund missed out on the rally in some of the banking stocks, but the impact was offset by strong returns from the financials that we do own, such as Legal & General. We retain our high-conviction view that bank shares remain overvalued; we also believe that some banks may have to raise very large amounts of capital from investors.

We continued to favour selected industrials, adding to our holding in BAE Systems. Although a proposed merger between the defence company and Airbus maker EADS was called off in October 2012, we believe that the proposed deal highlighted the value in defence industry assets. As we also believed that concerns over the effect of government spending cuts on the industry had been overly-reflected in valuations, we added to our holding in BAE Systems and peer Cobham. We also raised our holding in GKN, a supplier of components to the car making and aerospace industries.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	62,826	(3,380)
Revenue	3	14,559	11,948
Expenses	4	(3,825)	(2,838)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		10,734	9,109
Taxation	5	–	–
Net revenue after taxation		10,734	9,109
<b>Total return before distributions</b>		<b>73,560</b>	<b>5,729</b>
Finance costs: Distributions	6	(14,348)	(11,790)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>59,212</b>	<b>(6,061)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>413,039</b>	<b>255,940</b>
<b>Other assets</b>			
Debtors	7	11,122	9,582
Cash and bank balances		6,086	5,469
Total other assets		17,208	15,051
Total assets		430,247	270,991
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(3,644)	(6,862)
Distribution payable on income shares		(8,513)	(7,058)
Total other liabilities		(12,157)	(13,920)
Total liabilities		(12,157)	(13,920)
<b>Net assets attributable to shareholders</b>		<b>418,090</b>	<b>257,071</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>257,071</b>	<b>234,219</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	109,803	42,060
Amounts payable on the cancellation of shares	(7,894)	(13,030)
	101,909	29,030
Stamp duty reserve tax	(102)	(117)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	59,212	(6,061)
<b>Closing net assets attributable to shareholders</b>	<b>418,090</b>	<b>257,071</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

Net Income Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
<b>Group 1</b>						
01/05/12 to 31/10/12	1.2406	0.1241	1.1165	–	1.1165	0.9670
01/11/12 to 30/04/13	1.2519	0.1252	1.1267	–	1.1267	1.2810
<b>Group 2</b>						
01/05/12 to 31/10/12	0.5813	0.0581	0.5232	0.5933	1.1165	0.9670
01/11/12 to 30/04/13	0.6520	0.0652	0.5868	0.5399	1.1267	1.2810
<b>Total distributions in the period</b>					<b>2.2432</b>	<b>2.2480</b>

### Class 2 Shares

Net Income Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
<b>Group 1</b>						
01/05/12 to 31/10/12	1.3022	0.1302	1.1720	–	1.1720	1.0112
01/11/12 to 30/04/13	1.3184	0.1318	1.1866	–	1.1866	1.3374
<b>Group 2</b>						
01/05/12 to 31/10/12	0.6382	0.0638	0.5744	0.5976	1.1720	1.0112
01/11/12 to 30/04/13	0.6544	0.0654	0.5890	0.5976	1.1866	1.3374
<b>Total distributions in the period</b>					<b>2.3586</b>	<b>2.3486</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle UK Equity Alpha Income Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z Shares

<b>Net Income*</b>					
<b>Distribution</b>	<b>Gross</b>	<b>Tax</b>	<b>Net</b>		<b>Distribution</b>
<b>Period</b>	<b>Revenue</b>	<b>Credit</b>	<b>Revenue</b>	<b>Equalisation</b>	<b>Paid/Payable</b>
					<b>2012/2013</b>
<b>Group 1</b>					
07/09/12 to 31/10/12	0.6109	0.0611	0.5498	-	0.5498
01/11/12 to 30/04/13	2.5529	0.2553	2.2976	-	2.2976
<b>Group 2</b>					
07/09/12 to 31/10/12	0.6026	0.0603	0.5423	0.0075	0.5498
01/11/12 to 30/04/13	0.7947	0.0795	0.7152	1.5824	2.2976
<b>Total distributions in the period</b>					<b>2.8474</b>

Group 2: shares purchased during a distribution period.

\*Class Z – Net income shares commenced on 7 September 2012.

# Threadneedle UK Equity Alpha Income Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	62,828	(3,377)
Transaction costs	(2)	(3)
Net capital gains/(losses)	62,826	(3,380)

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	14,429	11,877
Bank interest	29	18
Underwriting commission	73	34
Stocklending commission	28	19
Total revenue	14,559	11,948

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,613)	(2,681)
Registration fees	(177)	(124)
	(3,790)	(2,805)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(20)	(19)
Safe custody fees	(4)	(3)
	(24)	(22)
Other expenses:		
Regulatory fee	(4)	(5)
Audit fee	(7)	(6)
	(11)	(11)
*Total expenses	(3,825)	(2,838)

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 5b)	–	–
Total tax charge for period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	10,734	9,109
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(2,147)	(1,822)
Effects of:		
Revenue not subject to taxation	2,886	2,375
Excess expenses	(739)	(553)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £2,561,387 (2012: £1,822,408) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions and Interest

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

	2013 £000	2012 £000
Interim	7,026	5,081
Final	8,513	7,058
	15,539	12,139
Add: Revenue deducted on cancellation of shares	36	168
Deduct: Revenue received on creation of shares	(1,227)	(517)
Net distribution for the period	14,348	11,790
Interest	–	1
Total finance costs	14,348	11,791
Net revenue after taxation	10,734	9,109
Annual management charge to capital	3,613	2,681
Undistributed Revenue	1	–
Net distribution for the period	14,348	11,790

Details of the distribution per share are set out in the table on pages 18 and 19.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	7,399	2,485
Sales awaiting settlement	–	4,013
Accrued revenue	3,723	3,084
Total debtors	11,122	9,582

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	–	(2)
Purchases awaiting settlement	(3,191)	(6,592)
Accrued expenses	(8)	(7)
Amounts payable to ACD	(445)	(261)
Total creditors	(3,644)	(6,862)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

# Threadneedle UK Equity Alpha Income Fund

## Notes to the financial statements

(continued)

### 10 SHAREHOLDER FUNDS

UK equity Alpha Income Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 117. The distribution per share class is given in the distribution table on pages 18 and 19. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the UK Equity Alpha Income Fund has entered into stocklending arrangements. The fund has earned £40,000 (2012: £22,000) of which £3,000 (2012: £2,000) was outstanding at year end. They have paid fee of £6,000 (2012: £1,500) of which £1,000 (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £6,000 (2012: £1,500) of which £1,000 (2012: Nil) was outstanding at year end to J.P. Morgan as security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £42.55m (2012: £4.85m), whilst the value of collateral held for these arrangements was £44.96m (2012: £5.55m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit. The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	44,963	100	5,551	100
	44,963	100	5,551	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

There are no material assets denominated in currencies other than Sterling.

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	6,086	–	424,161	430,247
<b>Currency 2012</b>				
UK Sterling	5,469	–	265,522	270,991

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	–	–	(12,157)	(12,157)
<b>Currency 2012</b>				
UK Sterling	–	–	(13,920)	(13,920)

#### 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.

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.

### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

### 14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	167,531	145,815
Commissions	226	180
Taxes	802	688
Fees	1	–
Total purchase costs	1,029	868
<b>Gross purchases total</b>	<b>168,560</b>	<b>146,683</b>
Analysis of total sale costs		
Gross sales before transaction costs	73,936	113,999
Commissions	(92)	(140)
Total sale costs	(92)	(140)
<b>Total sales net of transaction costs</b>	<b>73,844</b>	<b>113,859</b>

# Threadneedle UK Absolute Alpha Fund

## Investment Report

### Investment Objective

The investment objective of the UK Absolute Alpha Fund is to achieve an absolute return, irrespective of market conditions, over the long term.

### Investment Policy

The ACD's investment policy is to principally invest in: equity securities, or equity related derivatives, of corporate issuers headquartered in the United Kingdom (or corporate issuers who exercise a predominate part of their activity in the United Kingdom) fixed interest securities, cash, or money market instruments. If the ACD considers it desirable, the ACD may invest in securities and derivatives related to corporate issuers headquartered outside the United Kingdom. The Fund's exposure to any equities may be gained through long and short positions.

The ACD may take long and short positions through the use of derivatives and forward transactions. In addition in order to gain long exposure the ACD may invest in equities, collective investment schemes including exchange traded funds and/or related indices.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle UK Absolute Alpha Fund has risen from 109.68p to 116.13p.

For comparison, using noon prices, the performance of the Class 1 share class was +5.88% and +6.40% for the Class 2 share class compared to a return of +5.54% for the Morningstar UK Unit Trusts/OEICS – (IMA) UK Absolute Return Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, the UK LIBOR 3 Month returned +0.65%.

### Portfolio Activity

The year to end April 2013 witnessed positive returns for equity markets globally, with the FTSE All-Share index delivering a very healthy total return of just under 18%. This was primarily due to the highly accommodative stance of central banks across the globe, the largely benign outlook for corporate profitability and the relative attractiveness of equities compared to other asset classes.

In performance terms, the fund benefitted from its positions in leading global companies in the

pharmaceuticals and staples sectors, and also its exposure to strong end markets, such as civil aerospace and recovering global auto markets. Our consumer-exposed stocks also benefitted from the rebound in US economic performance and some modest improvement in UK domestic house building. The major area of loss in the fund was in index futures positions, which are used to help manage portfolio volatility.

Despite the many macro-economic issues yet to be resolved, we remain cautiously optimistic on the outlook for UK equities. The real value in the market appears to be concentrated in large, resilient, economically-insensitive companies, and so we continue to own firms such as GlaxoSmithKline, BT Group, Imperial Tobacco and Centrica. We also see selective opportunities in quality companies exposed to global growth trends such as Rolls-Royce, WPP and Compass. We remain cautious on companies directly exposed to the eurozone financial crisis (such as banks) and companies selling to the UK government and the UK consumer.

We feel that the most reliable driver of returns in this more difficult environment is likely to be stock specific and we have a number of uncorrelated positions in the long and short books.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains	2	5,619	1,010
Revenue	3	1,335	722
Expenses	4	(1,793)	(726)
Finance costs: Derivative expense	6	(552)	(241)
Net expenses before taxation		(1,010)	(245)
Taxation	5	–	–
Net expenses after taxation		(1,010)	(245)
<b>Total return before distributions</b>		<b>4,609</b>	<b>765</b>
Finance costs: Distributions	6	(19)	(75)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>4,590</b>	<b>690</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>41,090</b>	<b>34,648</b>
<b>Other assets</b>			
Debtors	7	1,602	1,162
Cash and bank balances	8	44,915	29,264
Total other assets		46,517	30,426
Total assets		87,607	65,074
<b>Liabilities</b>			
<b>Derivative liabilities</b>		<b>(121)</b>	<b>(6)</b>
<b>Other liabilities</b>			
Creditors	9	(849)	(622)
Total other liabilities		(849)	(622)
Total liabilities		(970)	(628)
<b>Net assets attributable to shareholders</b>		<b>86,637</b>	<b>64,446</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>64,446</b>	<b>15,472</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	37,445	52,460
Amounts payable on the cancellation of shares	(19,860)	(4,567)
	17,585	47,893
Dilution adjustment	114	309
Stamp duty reserve tax	(121)	(4)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	4,590	690
Retained distribution on accumulation shares	23	86
<b>Closing net assets attributable to shareholders</b>	<b>86,637</b>	<b>64,446</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

#### Net Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: Nil).

### Class 2 Shares

#### Net Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: 0.1994).

### Class 2 Hedged Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	0.0909	0.0091	0.0818	–	0.0818	0.1734
<b>Group 2</b>						
01/05/12 to 30/04/13	0.0196	0.0020	0.0176	0.0642	0.0818	0.1734
<b>Total distributions in the period</b>					<b>0.0818</b>	<b>0.1734</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle UK Absolute Alpha Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z Shares

##### Net Accumulation \*

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013
<b>Group 1</b>					
07/09/12 to 30/04/13	0.2664	0.0266	0.2398	-	0.2398
<b>Group 2</b>					
07/09/12 to 30/04/13	0.2182	0.0218	0.1964	0.0434	0.2398
<b>Total distributions in the period</b>					<b>0.2398</b>

Group 2: shares purchased during a distribution period

\*Class Z Net accumulation shares commenced on 7 September 2012.

# Threadneedle UK Absolute Alpha Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2013 £000	2012 £000
Non-derivative securities	6,914	494
Derivative contracts	(1,415)	592
Forward currency contracts	124	(77)
Other gains	–	4
Transaction costs	(4)	(3)
Net capital gains	5,619	1,010

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	1,151	612
Overseas dividends	20	13
Stock dividends	43	33
Interest on short term investments	105	58
Bank interest	13	6
Stocklending commission	3	–
Total revenue	1,335	722

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(821)	(380)
**Performance fee	(902)	(304)
Registration fees	(42)	(18)
	(1,765)	(702)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(13)	(8)
Safe custody fees	(1)	–
	(14)	(8)
Other expenses:		
Regulatory fee	(3)	(5)
Audit fee	(11)	(11)
	(14)	(16)
*Total expenses	(1,793)	(726)

\*Including irrecoverable VAT where applicable.

\*\*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the 3 Month LIBOR (with revenue reinvested, calculated at market close). The performance fee rate of 20% is multiplied by the Excess Return. Performance fees are calculated on a calendar basis and may vary substantially from year to year depending on how a fund has performed against its benchmark. As the accounting period falls during the calculation period of the performance fee, the performance fees are accrued at that point in time, but may not represent the actual amount that will be paid. Therefore, previously accrued amounts may be required to be reversed. The performance fee by its nature is a capital charge, and is therefore allocated to capital when calculating the distribution. A performance fee of £244,894 (2012: £479,972) was paid during the reporting period in respect of the calendar year ended 31 December 2012 representing 0.33% of the NAV at that date.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net expenses before taxation	(1,010)	(245)
Net expenses before taxation multiplied by the standard rate of corporation tax of 20%	202	49
Effects of:		
Revenue not subject to taxation	243	132
Excess expenses	(445)	(181)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £695,026 (2012: £250,183) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions

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

	2013 £000	2012 £000
Final	23	86
Add: Revenue deducted on cancellation of shares	8	2
Deduct: Revenue received on creation of shares	(13)	(13)
Net distribution for the period	18	75
Derivative expenses	552	241
Total finance costs	570	316
Net expenses after taxation	(1,010)	(245)
Shortfall transfer from capital to revenue	125	16
Performance fee	902	304
Equalisation on conversions	1	–
Net distribution for the period	18	75

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 22 and 23.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	1,191	893
Accrued revenue	411	269
Total debtors	1,602	1,162

### 8 CASH AND BANK BALANCES

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	590	257
Cash and bank balances	44,325	29,007
Total cash and bank balances	44,915	29,264

# Threadneedle UK Absolute Alpha Fund

## Notes to the financial statements

(continued)

### 9 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(46)	(140)
Purchases awaiting settlement	–	(349)
Accrued expenses	(10)	(25)
Amounts payable to ACD	(88)	(61)
Accrued performance fee	(705)	(47)
Total creditors	(849)	(622)

### 10 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management, registration services and performance fees are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 12.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 11 SHAREHOLDER FUNDS

UK Absolute Alpha Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 118. The distribution per share class is given in the distribution table on pages 22 and 23. All classes have the same rights on winding up.

### 12 STOCKLENDING

During the period under review the UK Absolute Alpha Fund has entered into stocklending arrangements. The fund has earned £4,000 (2012: £Nil) of which £Nil (2012: £Nil) was outstanding at year end. They have paid fees of £1,000 (2012: £Nil) of which £Nil (2012: £Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £1,000 (2012: £Nil) of which £Nil (2012: £Nil) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £1.29m (2012: £Nil), whilst the value of collateral held for these arrangements was £1.37m (2012: £Nil). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	1,368	100	–	–
	1,368	100	–	–

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

Currency 2013	Monetary	Non-	Total
	exposures	monetary	
	£000	£000	£000
Euro	–	11,442	11,442
Currency 2012	£000	£000	£000
Euro	–	1,013	1,013

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

Currency 2013	Floating rate	Fixed rate	Financial	Total
	financial	financial	assets not	
	assets	assets	carrying	
	£000	£000	interest	£000
Euro	11,442	–	–	11,442
UK Sterling	4,249	40,666	42,693	87,608
Currency 2012	£000	£000	£000	£000
Euro	1,013	–	–	1,013
UK Sterling	2,204	27,060	35,810	65,074

## Threadneedle UK Absolute Alpha Fund

### Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	–	–	(12,413)	(12,413)
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Sterling	–	–	(1,641)	(1,641)

As part of the fund strategy, the fund manager is permitted to short sell in accordance with the investment restrictions to obtain leverage. To achieve this, the fund has entered into a total return swap throughout this accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

The fixed rate financial assets include deposits which have a weighted average interest rate of 0.40% (2012: 0.38%).

#### 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.

Other than equities, which do not have maturity dates, the only material amounts of non interest-bearing assets relate to forward foreign exchange contracts, futures and options and portfolio swaps. At 30 April 2013, the fund had outstanding open forward foreign exchange contracts, futures and options and portfolio swaps with a net value of £257,000 (2012: £215,000).

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

### 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

### 15 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	28,323	29,719
Commissions	34	36
Taxes	123	137
Total purchase costs	157	173
<b>Gross purchases total</b>	<b>28,480</b>	<b>29,892</b>
Analysis of total sale costs		
Gross sales before transaction costs	26,932	5,433
Commissions	(40)	(8)
Total sale costs	(40)	(8)
<b>Total sales net of transaction costs</b>	<b>26,892</b>	<b>5,425</b>

# Threadneedle Absolute Return Bond Fund

## Investment Report

### Investment Objective

The investment objective of the Absolute Return Bond Fund is to achieve a total positive return in all market conditions.

### Investment Policy

The ACD's investment policy is to invest the assets of the Fund so as to gain exposure to global bond and currency markets. The ACD will invest primarily in derivatives, cash and near cash, fixed interest securities, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one or a combination of such assets. The ACD may take long and short positions through derivatives in such issues.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle Absolute Return Bond Fund has risen from 62.46p to 62.93p.

Using noon prices, the performance of the Class 1 share class was +0.75% and +1.34% for the Class 2 share class compared to a return of +5.54% for the Morningstar UK Unit Trusts/OEICS – (IMA) Absolute Return Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, the LIBOR 3 Month Deposit Rate returned +0.65%.

### Portfolio Activity

The dichotomy of anaemic global recovery and unprecedented central bank action continued over the year. The eurozone remained in recession as austerity measures impinged on growth, although countries renounced and postponed austerity in the latter part of the year. The poor economic fundamentals in Europe were in contrast to a tentative recovery in the US, where the full impact of the fiscal cliff was averted and the consumer appeared to shrug off fiscal tightening measures that were implemented. More importantly for asset prices, the Federal Reserve and Bank of England extended quantitative easing (QE) schemes, whilst the Bank of Japan embarked on its own QE programme. The European Central Bank also lent support with the announcement of Outright Monetary Transactions, which, whilst not expanding its balance sheet, was interpreted by the market as a backstop for peripheral eurozone debt.

At the start of the period, prior to the announcement of central bank support, we kept the portfolio defensively positioned in both the rates and currency books. Within rates strategies, we broadly held curve flattening positions in core developed markets to reflect the likelihood of interest rates to be kept lower for longer. In currencies, we chose to maintain a sizeable short position in the euro whilst going long emerging market currencies, particularly in Asia, where economic fundamentals proved to be much more resilient.

The turning point of the period was the announcement of support from the ECB, which drastically changed the risk tone in the market. Accordingly, we tactically repositioned the portfolio to take advantage of this move, by adding exposure to the euro, as well as short-dated Italian and Spanish bonds, which were best positioned to benefit from ECB support. This rebalancing of portfolio risk was critical in ensuring fund performance remained strong throughout the first half of the year.

The second half of the year proved more challenging; what the market saw as a successful resolution to the fiscal cliff caused our long US Treasury positions to underperform, whilst the Australian dollar proved more resilient to the downturn in economic growth than we anticipated. Overall however, performance was positive over the year.

The renoucement of austerity by peripheral and semi-core eurozone economies poses an interesting dynamic. Whilst this is likely to be growth positive in the near term, the fiscal sustainability of countries will continue to deteriorate too, which precipitated the peripheral crisis in the first place. Perhaps more importantly, this has served to highlight the strained relationship and disparity of views between stronger states, such as Germany, and the peripheral economies.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	2,985	(115)
Revenue	3	10,018	9,413
Expenses	4	(4,559)	(5,159)
Finance costs:			
Derivative expense	6	(2,595)	(3,512)
Interest	6	(31)	(108)
Net revenue before taxation		2,833	634
Taxation	5	–	–
Net revenue after taxation		2,833	634
<b>Total return before distributions</b>		<b>5,818</b>	<b>519</b>
Finance costs: Distributions	6	(2,833)	(1,095)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>2,985</b>	<b>(576)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>363,861</b>	<b>412,698</b>
<b>Other assets</b>			
Debtors	7	4,467	6,697
Cash and bank balances	8	12,527	104,046
Total other assets		16,994	110,743
Total assets		380,855	523,441
<b>Liabilities</b>			
<b>Derivative liabilities</b>		<b>(9,097)</b>	<b>(7,822)</b>
<b>Other liabilities</b>			
Creditors	9	(1,595)	(5,530)
Bank overdrafts		(191)	(30,581)
Total other liabilities		(1,786)	(36,111)
Total liabilities		(10,883)	(43,933)
<b>Net assets attributable to shareholders</b>		<b>369,972</b>	<b>479,508</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>479,508</b>	<b>556,323</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	38,719	71,232
Amounts payable on the cancellation of shares	(153,896)	(148,560)
	(115,177)	(77,328)
Dilution adjustment	66	72
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	2,985	(576)
Retained distribution on accumulation shares	2,590	1,017
<b>Closing net assets attributable to shareholders</b>	<b>369,972</b>	<b>479,508</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Interest distribution in pence per share

### Class 1 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	0.2738	0.0548	0.2190	0.2190	–
<b>Total distributions in the period</b>				<b>0.2190</b>	<b>–</b>

### Class 2 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	0.7803	0.1561	0.6242	0.6242	0.3035
<b>Total distributions in the period</b>				<b>0.6242</b>	<b>0.3035</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle Absolute Return Bond Fund

### DISTRIBUTION TABLE

(continued)

#### Class 1 Shares

##### Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	0.1804	0.1804	-
<b>Total distributions in the period</b>		<b>0.1804</b>	<b>-</b>

#### Class 2 Shares

##### Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	1.0171	1.0171	0.3464
<b>Total distributions in the period</b>		<b>1.0171</b>	<b>0.3464</b>

#### Class X Shares

##### Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	1.7854	1.7854	1.1822
<b>Total distributions in the period</b>		<b>1.7854</b>	<b>1.1822</b>

# Threadneedle Absolute Return Bond Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	16,207	(19,620)
Derivative contracts	(10,585)	17,717
Forward currency contracts	(2,729)	2,237
Other gains/(losses)	127	(308)
Transaction costs	(35)	(141)
Net capital gains/(losses)	2,985	(115)

### 3 REVENUE

	2013 £000	2012 £000
Interest on debt securities	9,891	9,070
Interest on short term investments	57	94
Bank interest	55	236
Stocklending commission	15	13
Total revenue	10,018	9,413

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(4,177)	(4,732)
Registration fees	(327)	(368)
	(4,504)	(5,100)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(21)	(22)
Safe custody fees	(20)	(21)
	(41)	(43)
Other expenses:		
Regulatory fee	(3)	(5)
Audit fee	(11)	(11)
	(14)	(16)
*Total expenses	(4,559)	(5,159)

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	–	–
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	2,833	634
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(567)	(127)
Effects of:		
Distributions treated as tax deductible	567	127
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £563 (2012: £464) arising as a result of having unutilised management expenses.

These expenses will only be utilised if the treatment of interest distributions made by the fund or the nature of capital gains changes. Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on shareholders' behalf to the HM Revenue & Customs.

### 6 FINANCE COSTS

#### Distributions and Interest

	2013 £000	2012 £000
Final	2,833	1,095
Net distribution for the period	2,833	1,095
Derivative expense	2,595	3,512
Interest	31	108
Total finance costs	5,459	4,715
Net revenue after taxation	2,833	634
Shortfall transfer from capital to revenue	–	461
Net distribution for the period	2,833	1,095

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 27 and 28.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	58	619
Sales awaiting settlement	319	1,008
Accrued revenue	4,090	5,070
Total debtors	4,467	6,697

### 8 CASH AND BANK BALANCES

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	5,542	2,660
Cash and bank balances	6,985	101,386
	12,527	104,046
Amounts due to futures clearing houses and brokers	(191)	(172)
Bank overdrafts	–	(30,409)
Total cash and bank balances	12,336	73,465

### 9 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(565)	(1,465)
Purchases awaiting settlement	(391)	(3,522)
Accrued expenses	(16)	(25)
Amounts payable to ACD	(381)	(440)
Income tax payable	(242)	(78)
Total creditors	(1,595)	(5,530)

# Threadneedle Absolute Return Bond Fund

## Notes to the financial statements

(continued)

### 10 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in note 9.

In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 12.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 11 SHAREHOLDER FUNDS

Absolute Return Bond Fund currently has three share classes; Class 1, Class 2 and Class X shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.25%
Class 2 shares	0.65%
Class X shares	-

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 118. The distribution per share class is given in the distribution table on pages 27 and 28. All classes have the same rights on winding up.

### 12 STOCKLENDING

During the period under review the Absolute Return Bond Fund has entered into stocklending arrangements. The fund has earned £21,000 (2012: £17,000) of which £2,000 (2012: £1,000) was outstanding at year end. They have paid fees of £3,000 (2012: £2,000) to Threadneedle Investment Services Limited. In addition they have paid fees of £3,000 (2012: £2,000) to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £19.18m (2012: £7.95m), whilst the value of collateral held for these arrangements was £19.96m (2012: £8.37m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	19,959	100	8,368	100
	19,959	100	8,368	100

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2013</b>			
Australian Dollar	795	(40,913)	(40,118)
Brazilian Real	-	14,677	14,677
Canadian Dollar	10	(14,888)	(14,878)
Danish Krone	-	73,373	73,373
Euro	4,427	(14,996)	(10,569)
Hong Kong Dollar	-	14,717	14,717
Hungarian Forint	-	(14,638)	(14,638)
Indian Rupee	-	25,687	25,687
Japanese Yen	(68)	296	228
Mexican Peso	-	(3,684)	(3,684)
New Zealand Dollar	-	(37,201)	(37,201)
Nigerian Naira	-	7,358	7,358
Norwegian Krone	-	14,655	14,655
Polish Zloty	-	34	34
Russian Ruble	5	(52)	(47)
South Africa Rand	-	(7,551)	(7,551)
South Korean Won	-	(7,440)	(7,440)
Swedish Krona	95	(14,220)	(14,125)
Swiss Franc	-	(92,932)	(92,932)
US Dollar	653	90,670	91,323

	£000	£000	£000
<b>Currency 2012</b>			
Australian Dollar	(20,340)	1,204	(19,136)
Brazilian Real	(62)	62	-
Canadian Dollar	-	19,228	19,228
Euro	(146)	(49,709)	(49,855)
Japanese Yen	-	(19,557)	(19,557)
Malaysian Ringgit	-	19,288	19,288
Mexican Peso	151	38,218	38,369
New Zealand Dollar	-	(10)	(10)
Norwegian Krone	-	14,399	14,399
Russian Ruble	(9,660)	9,634	(26)
South Africa Rand	-	23	23
South Korean Won	-	14,370	14,370
Swedish Krona	1,047	(15,338)	(14,291)
Swiss Franc	-	(42,975)	(42,975)
Turkish Lira	-	9,716	9,716
US Dollar	7,887	35,764	43,651

## Threadneedle Absolute Return Bond Fund

### Notes to the financial statements

(continued)

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total £000	Currency 2013	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>					
Australian Dollar	652	21,164	813	22,629	Australian Dollar	-	(62,349)	(398)	(62,747)
Brazilian Real	14,677	-	-	14,677	Canadian Dollar	(14,935)	-	-	(14,935)
Canadian Dollar	-	-	57	57	Euro	(9,504)	(53,426)	(4,010)	(66,940)
Danish Krone	73,373	-	-	73,373	Hungarian Forint	(14,638)	-	-	(14,638)
Euro	11,776	43,248	1,347	56,371	Japanese Yen	-	-	(533)	(533)
Hong Kong Dollar	14,717	-	-	14,717	Mexican Peso	(3,684)	-	-	(3,684)
Indian Rupee	25,687	-	-	25,687	New Zealand Dollar	(37,201)	-	-	(37,201)
Japanese Yen	686	-	75	761	Russian Ruble	-	(4,093)	-	(4,093)
Nigerian Naira	7,358	-	-	7,358	South Africa Rand	(7,551)	-	-	(7,551)
Norwegian Krone	14,655	-	-	14,655	South Korean Won	(7,440)	-	-	(7,440)
Polish Zloty	34	-	-	34	Swedish Krona	(15,413)	-	-	(15,413)
Russian Ruble	-	4,041	5	4,046	Swiss Franc	(92,932)	-	-	(92,932)
Swedish Krona	-	-	1,288	1,288	UK Sterling	-	-	(1,486)	(1,486)
UK Sterling	61,607	307,863	3,119	372,589	US Dollar	-	-	(1,536)	(1,536)
US Dollar	16,485	74,931	1,443	92,859					
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	-	20,716	906	21,622	Australian Dollar	(20,688)	(20,070)	-	(40,758)
Brazilian Real	62	-	-	62	Brazilian Real	(62)	-	-	(62)
Canadian Dollar	19,228	-	-	19,228	Euro	-	(62,726)	(3,681)	(66,407)
Euro	641	12,497	3,414	16,552	Japanese Yen	(19,227)	-	(330)	(19,557)
Malaysian Ringgit	19,288	-	-	19,288	New Zealand Dollar	(10)	-	-	(10)
Mexican Peso	-	38,218	151	38,369	Russian Ruble	(9,660)	-	-	(9,660)
Norwegian Krone	14,399	-	-	14,399	Swedish Krona	(24,549)	-	-	(24,549)
Russian Ruble	9,634	-	-	9,634	Swiss Franc	(42,975)	-	-	(42,975)
South Africa Rand	23	-	-	23	UK Sterling	-	-	(2,161)	(2,161)
South Korean Won	14,370	-	-	14,370	US Dollar	-	-	(2,360)	(2,360)
Swedish Krona	10,258	-	-	10,258					
Turkish Lira	9,716	-	-	9,716					
UK Sterling	191,466	270,898	6,111	468,475					
US Dollar	9,501	30,066	6,444	46,011					

  

	Fixed rate financial assets		Fixed rate financial assets		Non-interest bearing assets	
	Weighted average interest rate	Weighted average period	Weighted average period for which rate is fixed	Weighted average period	Weighted average period	Weighted average period
	2013	2012	2013	2012	2013	2012
Currency	%	%	years	years	years	years
Australian Dollar	6	6	5.58	7.31	0.13	0.13
Canadian Dollar	-	-	-	-	4.83	-
Euro	4	4	8.99	3.70	9.34	0.19
Japanese Yen	-	-	-	-	15.92	0.12
Mexican Peso	-	2	-	1.64	-	-
Russian Ruble	7	-	7.96	-	-	-
Swedish Krona	-	-	-	-	9.79	-
UK Sterling	5	4	1.56	1.42	5.63	0.33
US Dollar	5	3	5.46	4.87	3.30	4.59

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2012: 0.39%).

# Threadneedle Absolute Return Bond Fund

## Notes to the financial statements

(continued)

### 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 only material amounts of non interest-bearing assets relate to forward foreign exchange contracts and futures and options. Derivatives including credit default swaps, interest rate swaps, forward foreign exchange contracts and futures and options 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 fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, interest rate swaps, forward foreign exchange contracts, futures and options contracts during this accounting period. Such contracts commit the fund 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 fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk. At 30 april 2013, the fund had outstanding credit default swaps, interest rate swaps, forward foreign exchange contracts, futures and options with a net value of £1,421,000 (2012: £8,626,000).

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

### Sensitivity analysis

Due to the use of derivatives, the percentage movement in the value of the fund will be different from the percentage movement in the markets. The impact upon the fund of the different market movement is illustrated below.

	Change in Market Value %	Change in Fund Value %	Change in Fund Value %
	2013	2013	2012
<b>Interest Rates</b>			
Increase in interest rates by:	0.50	0.75	0.31
	1.00	1.50	0.61
	2.00	3.01	1.22
Decrease in interest rates by:	0.50	-0.75	-0.31
	1.00	-1.50	-0.61
	2.00	-3.01	-1.22
<b>Credit Swaps</b>			
Widening of credit spread by:	0.50	-0.37	-0.06
	1.00	-0.75	-0.12
	2.00	-1.50	-0.25
Tightening of credit spread by:	0.50	0.37	0.06
	1.00	0.75	0.12
	2.00	1.50	0.25

## 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

## 15 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs. The total cost of purchases during the period was £711,093,795 (2012: £511,725,491) and proceeds received from sales were £763,566,220 (2012: £627,611,948).

# Threadneedle Target Return Fund

## Investment Report

### Investment Objective

The investment objective of the Target Return Fund is to target a total positive return in all market conditions.

### Investment Policy

The ACD's investment policy is to invest the assets of the Fund to gain exposure to global bond and currency markets. The ACD will invest in derivatives, cash and near cash, fixed interest securities, index linked securities, money market instruments and deposits. At times the portfolio may be concentrated in any one or a combination of such assets. The ACD may take long and short positions through derivatives in such issues. Where securities are non-euro denominated they may be hedged into Euros on a Portfolio Currency level.

### Performance of Net Accumulation Class 1 Shares

Over the twelve months to 30 April 2013, the published share price of the Threadneedle Target Return Fund has risen from 1.1762 to 1.1764 Euros.

The performance of the Class 1 gross accumulation share class was +0.00% and +0.71% for the Class 2 gross accumulation share class, in EUR terms.

For information purposes, the Euribor 3 Month Deposit Rate returned +0.32%.

### Portfolio Activity

The dichotomy of anaemic global recovery and unprecedented central bank action continued over the year. The eurozone remained in recession as austerity measures impinged on growth, although countries renounced and postponed austerity in the latter part of the year. The poor economic fundamentals in Europe were in contrast to a tentative recovery in the US, where the full impact of the fiscal cliff was averted and the consumer appeared to shrug off fiscal tightening measures that were implemented. More importantly for asset prices, the Federal Reserve and Bank of England extended quantitative easing (QE) schemes, whilst the Bank of Japan embarked on its own QE programme. The European Central Bank also lent support with the announcement of Outright Monetary Transactions, which, whilst not expanding its balance sheet, was interpreted by the market as a backstop for peripheral eurozone debt.

At the start of the period, prior to the announcement of central bank support, we kept the portfolio defensively positioned in both the rates and currency books. Within rates strategies, we broadly held curve flattening positions in core developed markets to reflect the likelihood of interest rates to be kept lower for longer. In currencies, we chose to maintain a sizeable short position in the euro whilst going long emerging market currencies,

particularly in Asia, where economic fundamentals proved to be much more resilient.

The turning point of the period was the announcement of support from the ECB, which drastically changed the risk tone in the market. Accordingly, we tactically repositioned the portfolio to take advantage of this move, by adding exposure to the euro, as well as short-dated Italian and Spanish bonds, which were best positioned to benefit from ECB support. This rebalancing of portfolio risk was critical in ensuring fund performance remained strong throughout the first half of the year.

The second half of the year proved more challenging; what the market saw as a successful resolution to the fiscal cliff caused our long US Treasury positions to underperform, whilst the Australian dollar proved more resilient to the downturn in economic growth than we anticipated.

The renoucement of austerity by peripheral and semi-core eurozone economies poses an interesting dynamic. Whilst this is likely to be growth positive in the near term, the fiscal sustainability of countries will continue to deteriorate too, which precipitated the peripheral crisis in the first place. Perhaps more importantly, this has served to highlight the strained relationship and disparity of views between stronger states, such as Germany, and the peripheral economies.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 €000	2012 €000
Income			
Net capital gains/(losses)	2	7,275	(20,733)
Revenue	3	4,315	4,881
Expenses	4	(1,773)	(2,319)
Finance costs:			
Derivative expense	6	(1,241)	(1,949)
Interest	6	(24)	(102)
Net revenue/(expenses) before taxation		1,277	511
Taxation	5	-	-
Net revenue/(expenses) after taxation		1,277	511
<b>Total return before distributions</b>		<b>8,552</b>	<b>(20,222)</b>
Finance costs: Distributions	6	(1,305)	(819)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>7,247</b>	<b>(21,041)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 €000	2012 €000
<b>Assets</b>			
<b>Investment assets</b>		154,202	226,474
<b>Other assets</b>			
Debtors	7	2,584	6,980
Cash and bank balances	8	13,813	41,323
Total other assets		16,397	48,303
Total assets		170,599	274,777
<b>Liabilities</b>			
<b>Derivative liabilities</b>		(4,035)	(4,245)
<b>Other liabilities</b>			
Creditors	9	(9,626)	(10,822)
Bank overdrafts	8	-	(6,293)
Distribution payable on income shares		(1)	(1)
Total other liabilities		(9,627)	(17,116)
Total liabilities		(13,662)	(21,361)
<b>Net assets attributable to shareholders</b>		<b>156,937</b>	<b>253,416</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 €000	2012 €000
<b>Opening net assets attributable to shareholders</b>	253,416	299,307
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	28,308	122,246
Amounts payable on the cancellation of shares	(133,432)	(147,981)
	(105,124)	(25,735)
Dilution adjustment	94	68
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	7,247	(21,041)
Retained distribution on accumulation shares	1,304	817
<b>Closing net assets attributable to shareholders</b>	<b>156,937</b>	<b>253,416</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Interest distribution in pence per share

### Class 1 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 31/10/12	-	-	-	-	-
01/11/12 to 30/04/13	0.0693	0.0139	0.0554	0.0554	-
<b>Total distributions in the period</b>				<b>0.0554</b>	

### Class 1 Shares

#### Gross Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: Nil).

Please refer to pages 117-122 for comparative tables.

# Threadneedle Target Return Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 CHF Hedged Shares

#### Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
01/05/12 to 31/10/12	–	–	–
01/11/12 to 30/04/13	0.2977	0.2977	–
<b>Total distributions in the period</b>		<b>0.2977</b>	<b>–</b>

### Class 1 USD Hedged Shares

#### Gross Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: Nil).

### Class 2 Shares

#### Gross Income

Distribution Period	Gross Revenue	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
01/05/12 to 31/10/12	0.1098	0.1098	0.2355
01/11/12 to 30/04/13	0.8470	0.8470	0.2563
<b>Total distributions in the period</b>		<b>0.9568</b>	<b>0.4918</b>

### Class 2 Shares

#### Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
01/05/12 to 31/10/12	0.1231	0.1231	0.2530
01/11/12 to 30/04/13	0.8918	0.8918	0.1154
<b>Total distributions in the period</b>		<b>1.0149</b>	<b>0.3684</b>

### Class X Shares

#### Gross Accumulation

Distribution Period	Gross Revenue	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
01/05/12 to 31/10/12	0.4592	0.4592	0.5933
01/11/12 to 30/04/13	1.1669	1.1669	0.6084
<b>Total distributions in the period</b>		<b>1.6261</b>	<b>1.2017</b>

### Class Z Shares

#### Net Accumulation\*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2012/2013
03/10/12 to 31/10/12	0.0078	0.0016	0.0062	0.0062
01/11/12 to 30/04/13	0.8024	0.1605	0.6419	0.6419
<b>Total distributions in the period</b>				<b>0.6481</b>

\*Class Z – Net accumulation shares commenced on 3 October 2012

# Threadneedle Target Return Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	11,422	(28,123)
Derivative contracts	(5,158)	9,799
Forward currency contracts	1,486	(1,370)
Other losses	(452)	(961)
Transaction costs	(23)	(78)
Net capital gains/(losses)	7,275	(20,733)

### 3 REVENUE

	2013 £000	2012 £000
Interest on debt securities	4,274	4,683
Interest on short term investments	1	15
Bank interest	32	166
Stocklending commission	8	17
Total revenue	4,315	4,881

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,607)	(2,101)
Registration fees	(121)	(169)
	(1,728)	(2,270)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(18)	(19)
Safe custody fees	(9)	(12)
	(27)	(31)
Other expenses:		
Regulatory fee	(5)	(7)
Audit fee	(13)	(11)
	(18)	(18)
*Total expenses	(1,773)	(2,319)

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Total current tax (note 5b)	-	-
Total tax charge for the period	-	-
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	1,277	511
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(255)	(102)
Effects of:		
Distributions treated as tax deductible	255	102
Current tax charge for period (note 5a)	-	-

The fund has not recognised a deferred tax asset of £316 (2012: £278) arising as a result of having unutilised management expenses. These expenses will only be utilised if the treatment of interest distributions made by the fund or the nature of capital gains changes. Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on shareholders' behalf to the HM Revenue & Customs.

### 6 FINANCE COSTS

Distributions and Interest	2013 £000	2012 £000
Interim	221	520
Final	1,084	299
	1,305	819
Derivative expenses	1,241	1,949
Interest	24	102
Total finance costs	2,570	2,870
Net revenue after taxation	1,277	511
Shortfall transfer from capital to revenue	28	308
Net distribution for the period	1,305	819

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 33 and 34.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	16	2,373
Sales awaiting settlement	133	541
Accrued revenue	2,435	4,066
Total debtors	2,584	6,980

### 8 CASH AND BANK BALANCES

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	2,208	1,564
Cash and bank balances	11,605	39,759
	13,813	41,323
Amounts due to futures clearing houses and brokers	-	(98)
Bank overdrafts	-	(6,195)
Total cash and bank balances	13,813	35,030

# Threadneedle Target Return Fund

## Notes to the financial statements

(continued)

### 9 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(9,335)	(8,359)
Purchases awaiting settlement	(162)	(2,253)
Accrued expenses	(15)	(23)
Amounts payable to ACD	(114)	(187)
Total creditors	(9,626)	(10,822)

### 10 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 9.

In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 12.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 11 SHAREHOLDER FUNDS

Target Return Fund currently has five share classes; Class 1, Class 1 Hedged, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.25%
Class 1 Hedged shares	1.25%
Class 2 shares	0.65%
Class X shares	-
Class Z shares	0.65%

#### Registration fees

Class 1 shares	0.110%
Class 1 Hedged shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 119. The distribution per share class is given in the distribution table on pages 33 and 34. All classes have the same rights on winding up.

### 12 STOCKLENDING

During the period under review the Target Return Fund has entered into stocklending arrangements. The fund has earned £11,000 (2012: £23,000) of which £1,000 (2012: £4,000) was outstanding at year end. They have paid fees of £2,000 (2012: £3,000) of which Nil (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2012: £3,000) of which Nil (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £6.26m (2012: £4.25m), whilst the value of collateral held for these arrangements was £6.46m (2012: £4.35m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	6,458	100	4,352	100
	6,458	100	4,352	100

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
<b>Currency 2013</b>			
Australian Dollar	334	(17,921)	(17,587)
Brazilian Real	-	6,383	6,383
Canadian Dollar	5	(6,421)	(6,416)
Danish Krone	-	31,815	31,815
Euro	4,109	148,508	152,564
Hong Kong Dollar	-	6,330	6,330
Hungarian Forint	-	(6,366)	(6,366)
Indian Rupee	-	11,190	11,190
Japanese Yen	(29)	(98)	(127)
Mexican Peso	-	(1,588)	(1,588)
New Zealand Dollar	-	(15,861)	(15,861)
Nigerian Naira	-	3,285	3,285
Norwegian Krone	-	6,378	6,378
Polish Zloty	-	15	15
Russian Ruble	66	(28)	38
South Africa Rand	-	(3,316)	(3,316)
South Korean Won	-	(3,210)	(3,210)
Swedish Krona	40	(6,392)	(6,352)
Swiss Franc	-	(39,847)	(39,847)
US Dollar	432	39,410	39,842
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	181	(10,578)	(10,397)
Brazilian Real	(33)	32	(1)
Canadian Dollar	-	10,465	10,465
Euro	35,971	197,353	233,324
Japanese Yen	-	(9,974)	(9,974)
Malaysian Ringgit	-	10,381	10,381
Mexican Peso	78	19,558	19,636
New Zealand Dollar	-	(5)	(5)
Norwegian Krone	-	7,386	7,386
Russian Ruble	(4,615)	4,604	(11)
South Africa Rand	-	12	12
South Korean Won	-	7,829	7,829
Swedish Krona	606	(7,937)	(7,331)
Swiss Franc	-	(21,987)	(21,987)
Turkish Lira	-	5,293	5,293
US Dollar	6,558	18,330	24,888

## Threadneedle Target Return Fund

### Notes to the financial statements

(continued)

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total	Currency 2013	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Currency 2013</b>									
Australian Dollar	271	9,054	357	9,682	Australian Dollar	–	(27,102)	(167)	(27,269)
Brazilian Real	6,383	–	–	6,383	Canadian Dollar	(6,443)	–	–	(6,443)
Canadian Dollar	–	–	27	27	Euro	–	–	(1,696)	(1,696)
Danish Krone	31,815	–	–	31,815	Hungarian Forint	(6,366)	–	–	(6,366)
Euro	18,124	133,690	2,446	154,260	Japanese Yen	–	–	(235)	(235)
Hong Kong Dollar	6,330	–	–	6,330	Mexican Peso	(1,588)	–	–	(1,588)
Indian Rupee	11,190	–	–	11,190	New Zealand Dollar	(15,861)	–	–	(15,861)
Japanese Yen	67	–	41	108	Russian Ruble	–	(1,827)	–	(1,827)
Nigerian Naira	3,285	–	–	3,285	South Africa Rand	(3,316)	–	–	(3,316)
Norwegian Krone	6,378	–	–	6,378	South Korean Won	(3,210)	–	–	(3,210)
Polish Zloty	15	–	–	15	Swedish Krona	(6,906)	–	–	(6,906)
Russian Ruble	63	1,799	3	1,865	Swiss Franc	(39,847)	–	–	(39,847)
Swedish Krona	–	–	554	554	UK Sterling	–	(8,626)	(9,594)	(18,220)
UK Sterling	11,145	6,682	158	17,985	US Dollar	–	–	(681)	(681)
US Dollar	7,178	32,735	610	40,523					
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	–	10,726	489	11,215	Australian Dollar	–	(21,612)	–	(21,612)
Brazilian Real	32	–	–	32	Brazilian Real	(33)	–	–	(33)
Canadian Dollar	10,465	–	–	10,465	Euro	–	–	(2,382)	(2,382)
Euro	62,618	167,512	5,576	235,706	Japanese Yen	(9,776)	–	(198)	(9,974)
Malaysian Ringgit	10,381	–	–	10,381	New Zealand Dollar	(5)	–	–	(5)
Mexican Peso	–	19,558	78	19,636	Russian Ruble	(4,615)	–	–	(4,615)
Norwegian Krone	7,386	–	–	7,386	Swedish Krona	(12,816)	–	–	(12,816)
Russian Ruble	4,604	–	–	4,604	Swiss Franc	(21,987)	–	–	(21,987)
South Africa Rand	12	–	–	12	UK Sterling	(10,451)	–	(8,654)	(19,105)
South Korean Won	7,829	–	–	7,829	US Dollar	–	–	(1,240)	(1,240)
Swedish Krona	5,485	–	–	5,485					
Turkish Lira	5,293	–	–	5,293					
UK Sterling	–	–	3,013	3,013					
US Dollar	7,376	15,386	3,366	26,128					

  

	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period for which rate is fixed	Weighted average period for which rate is fixed	Weighted average period	Weighted average period
	2013	2012	2013	2012	2013	2012
Currency	%	%	years	years	years	years
Australian Dollar	6	6	5.43	7.30	0.13	0.13
Canadian Dollar	–	–	–	–	4.83	–
Euro	4	5	2.68	1.77	9.33	0.19
Japanese Yen	–	–	–	–	15.96	0.12
Russian Ruble	7	–	7.96	–	–	–
Mexican Peso	–	1	–	1.64	–	–
Swedish Krona	–	–	–	–	9.80	–
UK Sterling	4	–	5.82	–	5.56	0.31
US Dollar	5	3	5.37	4.87	3.26	4.57

The 2012 fixed rate financial assets included deposits which had a weighted average interest rate of 0.10%.

# Threadneedle Target Return Fund

## Notes to the financial statements

(continued)

### 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 only material amounts of non interest-bearing assets relate to forward foreign exchange contracts and futures and options. Derivatives including credit default swaps, interest rate swaps, forward foreign exchange contracts and futures and options 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 fund and may result in a higher degree of volatility. All open positions are regularly reviewed by the fund manager. The fund has entered into various credit default swaps, interest rate swaps, forward foreign exchange contracts, futures and options contracts during this accounting period. Such contracts commit the fund 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 fund manager to limit risk, or to enhance fund performance in return for the acceptance of greater risk. At 30 april 2013, the fund had outstanding credit default swaps, interest rate swaps, forward foreign exchange contracts, futures and options with a net value of -£254,000 (2012: £3,657,000).

The fund'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

Due to the use of derivatives, the percentage movement in the value of the fund will be different from the percentage movement in the markets. The impact upon the fund of the different market movement is illustrated below.

	Change in Market Value %	Change in Fund Value %	Change in Fund Value %
	2013	2013	2012
<b>Interest Rates</b>			
Increase in interest rates by:	0.50	0.62	0.16
	1.00	1.23	0.32
	2.00	2.46	0.65
Decrease in interest rates by:	-0.50	-0.62	-0.16
	-1.00	-1.23	-0.32
	-2.00	-2.46	-0.65
<b>Credit Swaps</b>			
Widening of credit spread by:	-0.50	-0.47	0.17
	-1.00	-0.93	0.34
	-2.00	-1.87	0.69
Tightening of credit spread by:	0.50	0.47	-0.17
	1.00	0.93	-0.34
	2.00	1.87	-0.69

## 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

## 15 PORTFOLIO TRANSACTION COSTS

The purchases and sales are not subject to portfolio transaction costs. The total cost of purchases during the period was £338,770,523 (2012: £349,307,306) and proceeds received from sales were £414,266,254 (2012: £382,179,799).

# Threadneedle Pan European Accelerando Fund

## Investment Report

### Investment Objective

The investment objective of the Pan European Accelerando Fund is to achieve above average capital growth.

### Investment Policy

The ACD's investment policy is to actively manage a concentrated portfolio of primarily European equities including UK Equities with the ability to hold cash and/or money market securities in order to enable the pursuit of the fund's investment objective. This approach means that the ACD has the flexibility to take significant stock and sector positions, which may lead to increased levels of volatility. The portfolio will primarily consist of equities of companies domiciled in Europe including the UK or which have a significant part of their economic activities in Europe and/or the UK. Where securities are non-euro denominated they may be hedged into Euros. If the ACD considers it desirable it may hold a substantial proportion or all of the funds in cash and/or money market instruments.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle Pan European Accelerando Fund has risen from

141.20p to 168.08p in sterling terms and from 1.7370 to 1.9921 Euros.

For comparison, using noon prices, the sterling performance of the Class 1 share class was +19.04% and +19.47% for the Class 2 share class compared to a return of +21.95% for the Morningstar UK Unit Trusts/OEICs – (IMA) Europe Including UK Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI Europe Index was +23.99%.

### Portfolio Activity

European markets rose steadily over the period, but with some periods of volatility – falls were seen in May and June 2012 and again from mid-March to mid-April 2013. In the opening weeks of the year under review, the malaise caused by political infighting amongst eurozone leaders and weak economic data focused attention on the weak state of sovereign bond markets, particularly in Spain and Italy. More action to resolve the eurozone's problems caused investors' hopes to rise: the ECB announced a new supportive programme dubbed Outright Monetary Transactions, offering unlimited support to those eurozone members who called for it (to date,

none have). Despite weaker economic data in early 2013, and an unhelpful Italian election result (Italy, like France, the Netherlands and Spain is now threatening to backtrack on promises of austerity) bourses were boosted by stronger peripheral eurozone bond markets.

Mindful of the positive impact that supportive policies would be likely to have on financial stocks, early in the year we reduced our earlier aggressive bias against the eurozone banks, buying BNP Paribas and Société Générale in France. This tactic proved successful and we were able to realise substantial profits by reducing these positions in the Spring of 2013.

Towards the end of the review year, we focused on quality growth companies, buying Bayer, which we believe is attractively valued and has a good drugs pipeline with little exposure to the risk of regulatory decisions. The company also has diversified divisions covering areas such as seeds/agrochemicals and animal healthcare. We also bought Nestlé, which benefits from commanding market shares in most of its categories and the possibility of further penetration of emerging markets – pricing power means that the company can sustain high returns. We sold Volkswagen, the German auto company, as weaker growth in Europe has been reflected in lower car sales.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	10,967	(7,089)
Revenue	3	1,583	1,300
Expenses	4	(434)	(1,084)
Finance costs: Interest	6	(1)	(1)
Net revenue before taxation		1,148	215
Taxation	5	(155)	(147)
Net revenue after taxation		993	68
<b>Total return before distributions</b>		<b>11,960</b>	<b>(7,021)</b>
Finance costs: Distributions	6	(698)	(398)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>11,262</b>	<b>(7,419)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>66,289</b>	<b>45,716</b>
<b>Other assets</b>			
Debtors	7	271	7,264
Cash and bank balances		596	5,892
Total other assets		867	13,156
Total assets		<b>67,156</b>	<b>58,872</b>
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(213)	(10,382)
Bank overdrafts		-	(1,747)
Total other liabilities		(213)	(12,129)
Total liabilities		(213)	(12,129)
<b>Net assets attributable to shareholders</b>		<b>66,943</b>	<b>46,743</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>46,743</b>	<b>62,510</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	19,101	10,373
Amounts payable on the cancellation of shares	(10,949)	(19,099)
	8,152	(8,726)
Dilution adjustment	35	15
Stamp duty reserve tax	(5)	(13)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	11,262	(7,419)
Retained distribution on accumulation shares	756	376
<b>Closing net assets attributable to shareholders</b>	<b>66,943</b>	<b>46,743</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	1.4197	0.1420	1.2777	-	1.2777	0.6265
<b>Group 2</b>						
01/05/12 to 30/04/13	0.4296	0.0430	0.3866	0.8911	1.2777	0.6265
<b>Total distributions in the period</b>					<b>1.2777</b>	<b>0.6265</b>

### Class 2 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	2.4526	0.2453	2.2073	-	2.2073	1.5020
<b>Group 2</b>						
01/05/12 to 30/04/13	1.3584	0.1358	1.2226	0.9847	2.2073	1.5020
<b>Total distributions in the period</b>					<b>2.2073</b>	<b>1.5020</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle Pan European Accelerando Fund

### DISTRIBUTION TABLE

(continued)

#### Class Z Shares

Net Accumulation* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013
<b>Group 1</b>					
12/10/12 to 30/04/13	1.4909	0.1491	1.3418	-	1.3418
<b>Group 2</b>					
12/10/12 to 30/04/13	0.5616	0.0562	0.5054	0.8364	1.3418
<b>Total distributions in the period</b>					<b>1.3418</b>

Group 2: shares purchased during a distribution period

\*Class Z – Net accumulation shares commenced 12 October 2012.

# Threadneedle Pan European Accelerando Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	11,094	(6,845)
Other losses	(121)	(239)
Transaction costs	(6)	(5)
Net capital gains/(losses)	10,967	(7,089)

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	251	292
Overseas dividends	1,290	969
Interest on short term investments	1	1
Bank interest	9	10
Stocklending commission	32	25
Miscellaneous revenue	-	3
Total revenue	1,583	1,300

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(668)	(658)
**Performance fee	295	(330)
Registration fees	(33)	(37)
	(406)	(1,025)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(12)	(12)
Safe custody fees	(4)	(3)
	(16)	(15)
Other expenses:		
Regulatory fee	(5)	(37)
Audit fee	(7)	(7)
	(12)	(44)
*Total expenses	(434)	(1,084)

\*Including irrecoverable VAT where applicable.

\*\*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the MSCI Europe Index Inc UK (with revenue reinvested, calculated at market close) by 1.5% (being the "hurdle rate") or more over the performance period. The performance fee is set at 20% of the outperformance. Performance fees are calculated on a calendar basis and may vary substantially from year to year depending on how a fund has performed against its benchmark. As the accounting period falls during the calculation period of the performance fee, the performance fees are accrued at that point in time, but may not represent the actual amount that will be paid. Therefore, previously accrued amounts may be required to be reversed. The performance fee by its nature is a capital charge, and is therefore allocated to capital.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(155)	(147)
Total current tax (note 5b)	(155)	(147)
Total tax charge for the period	(155)	(147)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	1,148	215
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(230)	(43)
Effects of:		
Revenue not subject to taxation	198	172
Overseas taxes	(155)	(147)
Overseas taxes expensed	11	9
Excess expenses	39	(157)
Revenue taxable in other periods	(18)	19
Current tax charge for period (note 5a)	(155)	(147)

The fund has not recognised a deferred tax asset of £584,606 (2012: £624,079) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions and Interest

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

	2013 £000	2012 £000
Final	756	376
Add: Revenue deducted on cancellation of shares	74	69
Deduct: Revenue received on creation of shares	(132)	(47)
Net distribution for the period	698	398
Interest	1	1
Total finance costs	699	399
Net revenue after taxation	993	68
Performance charged to capital	(295)	330
Net distribution for the period	698	398

Details of the distribution per share are set out in the table on pages 39 and 40.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	11	127
Sales awaiting settlement	-	6,897
Accrued revenue	199	172
Foreign withholding tax recoverable	61	68
Total debtors	271	7,264

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(98)	(18)
Purchases awaiting settlement	-	(9,975)
Accrued expenses	(9)	(7)
Amounts payable to ACD	(71)	(52)
Accrued performance fee	(35)	(330)
Total creditors	(213)	(10,382)

# Threadneedle Pan European Accelerando Fund

## Notes to the financial statements

(continued)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management, registration services and performance fees are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11. All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

Pan European Accelerando Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 119. The distribution per share class is given in the distribution table on pages 39 and 40. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the Pan European Accelerando Fund has entered into stocklending arrangements. The fund has earned £45,000 (2012: £35,000) of which £4,000 (2012: £3,000) was outstanding at year end. They have paid fees of £6,000 (2012: £5,000) of which £1,000 (2012: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £7,000 (2012: £5,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £14.24m (2012: £3.91m), whilst the value of collateral held for these arrangements was £14.97m (2012: £4.09m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	14,971	100	4,092	100
	14,971	100	4,092	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2013</b>			
Danish Krone	–	1,626	1,626
Euro	118	39,098	39,216
Swiss Franc	30	13,163	13,193

	£000	£000	£000
<b>Currency 2012</b>			
Danish Krone	4	3,237	3,241
Euro	24	30,135	30,159
Norwegian Krone	39	–	39
Swedish Krona	–	5,253	5,253
Swiss Franc	9	1,633	1,642
US Dollar	2	–	2

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
Danish Krone	–	–	1,626	1,626
Euro	6	–	39,211	39,217
Swiss Franc	–	–	13,193	13,193
UK Sterling	590	–	12,530	13,120

	£000	£000	£000	£000
<b>Currency 2012</b>				
Danish Krone	1,267	–	3,241	4,508
Euro	4,625	–	32,764	37,389
Norwegian Krone	–	–	39	39
Swedish Krona	–	–	5,253	5,253
Swiss Franc	–	–	2,268	2,268
UK Sterling	–	–	9,413	9,413
US Dollar	–	–	2	2

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	–	–	(213)	(213)

	£000	£000	£000	£000
<b>Currency 2012</b>				
Danish Krone	–	–	(1,267)	(1,267)
Euro	–	–	(7,230)	(7,230)
Swiss Franc	(626)	–	–	(626)
UK Sterling	(1,121)	–	(1,885)	(3,006)

# Threadneedle Pan European Accelerando Fund

## Notes to the financial statements

(continued)

### 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.

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.

### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

### 14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before		
transaction costs	104,415	98,336
Commissions	110	126
Taxes	121	130
Fees	5	–
Total purchase costs	236	256
<b>Gross purchases total</b>	<b>104,651</b>	<b>98,592</b>
Analysis of total sale costs		
Gross sales before transaction costs	95,163	117,785
Commissions	(107)	(130)
Total sale costs	(107)	(130)
<b>Total sales net of transaction costs</b>	<b>95,056</b>	<b>117,655</b>

# Threadneedle Pan European Equity Dividend Fund

## Investment Report

### Investment Objective

The investment objective of the Pan European Equity Dividend Fund is to achieve a reasonable and growing income combined with prospects for capital growth from a portfolio of Pan European equities.

### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in the equities of companies domiciled in Continental Europe and the UK or with significant Continental European and UK activities.

The ACD will look to invest in companies that exhibit a high potential for paying above average dividends.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in other securities (including fixed interest securities, other equities, money market securities, cash and near cash).

### Performance of Net Income Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle Pan European Equity Dividend Fund has risen from

63.89p to 77.25p in sterling terms and from 0.7860 to 0.9156 Euros.

For comparison, using noon prices, the performance of the Class 1 share class was +26.18% and +26.92% for the Class 2 share class compared to a return of +21.95% for the Morningstar UK Unit Trusts/OEICS – (IMA) Europe Including UK Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI Europe Index was +23.99%.

### Portfolio Activity

European markets rose steadily over the period, but with some periods of volatility – falls were seen in May and June 2012 and again from mid-March to mid-April 2013. In the opening weeks of the year under review, the malaise caused by political fighting amongst eurozone leaders and weak economic data focused attention on the weak state of sovereign bond markets, particularly in Spain and Italy. More action to resolve the eurozone's problems caused investors' hopes to rise: the ECB announced a new supportive programme dubbed Outright Monetary Transactions, offering unlimited support to those eurozone members who called for it (to date, none have). Despite weaker

economic data in early 2013, and an unhelpful Italian election result (Italy, like France, the Netherlands and Spain is now threatening to backtrack on promises of austerity) bourses were boosted by stronger peripheral eurozone bond markets.

We bought the tobacco business BAT for its defensive merits and because the stock yields more than the index whilst having the financial strength to increase dividends over time. We bought Deutsche Post, which offers good growth and a dividend yield of 4%, which is also likely to grow. We bought Ziggo, the recently-listed Dutch cable TV and broadband operator, which is growing market share.

Mindful of the effect of weakening European economies on car sales, we sold BMW and the Finnish tyres business Nokian Renkaat. After switching from Akzo to DSM – the latter offered better prospects for growth and fewer cyclical threats in the current environment – we sold the DSM position later in the year following strong performance. We took profits in GSW Immobilien, the German real estate business after strong performance; the shares no longer boast an attractive yield nor are they trading at a good discount to book value. We sold TGS Nopec Geophysical for similar reasons – the shares had performed well and the dividend yield had fallen.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	3,645	(1,183)
Revenue	3	851	672
Expenses	4	(281)	(215)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		570	456
Taxation	5	(62)	(46)
Net revenue after taxation		508	410
<b>Total return before distributions</b>		<b>4,153</b>	<b>(773)</b>
Finance costs: Distributions	6	(754)	(588)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>3,399</b>	<b>(1,361)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		24,549	12,909
<b>Other assets</b>			
Debtors	7	937	462
Cash and bank balances		636	194
Total other assets		1,573	656
Total assets		26,122	13,565
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(993)	(169)
Bank overdrafts		(264)	–
Distribution payable on income shares		(389)	(283)
Total other liabilities		(1,646)	(452)
Total liabilities		(1,646)	(452)
<b>Net assets attributable to shareholders</b>		<b>24,476</b>	<b>13,113</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	13,113	12,041
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	12,461	3,776
Amounts payable on the cancellation of shares	(4,705)	(1,429)
	7,756	2,347
Dilution adjustment	16	9
Stamp duty reserve tax	(4)	(1)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	3,399	(1,361)
Retained distribution on accumulation shares	196	78
<b>Closing net assets attributable to shareholders</b>	<b>24,476</b>	<b>13,113</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution	
					Paid/Payable 2012/2013	Paid 2011/2012
<b>Group 1</b>						
01/05/12 to 31/10/12	1,3472	0,1347	1,2125	–	1,2125	1,6122
01/11/12 to 30/04/13	1,8522	0,1852	1,6670	–	1,6670	1,5432
<b>Group 2</b>						
01/05/12 to 31/10/12	0,3671	0,0367	0,3304	0,8821	1,2125	1,6122
01/11/12 to 30/04/13	1,2411	0,1241	1,1170	0,5500	1,6670	1,5432
<b>Total distributions in the period</b>					<b>2,8795</b>	<b>3,1554</b>

### Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Accumulation	
					Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 31/10/12	1,7349	0,1735	1,5614	–	1,5614	1,9667
01/11/12 to 30/04/13	2,4291	0,2429	2,1862	–	2,1862	1,9394
<b>Group 2</b>						
01/05/12 to 31/10/12	0,4153	0,0415	0,3738	1,1876	1,5614	1,9667
01/11/12 to 30/04/13	1,6141	0,1614	1,4527	0,7335	2,1862	1,9394
<b>Total distributions in the period</b>					<b>3,7476</b>	<b>3,9061</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

# Threadneedle Pan European Equity Dividend Fund

## DISTRIBUTION TABLE

(continued)

### Class 2 Shares

#### Net Income

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
<b>Group 1</b>						
01/05/12 to 31/10/12	1.4210	0.1421	1.2789	-	1.2789	1.6822
01/11/12 to 30/04/13	1.9517	0.1952	1.7565	-	1.7565	1.6168
<b>Group 2</b>						
01/05/12 to 31/10/12	0.2377	0.0238	0.2139	1.0650	1.2789	1.6822
01/11/12 to 30/04/13	1.2917	0.1292	1.1625	0.5940	1.7565	1.6168
<b>Total distributions in the period</b>					<b>3.0354</b>	<b>3.2990</b>

### Class 2 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 31/10/12	1.8217	0.1822	1.6395	-	1.6395	2.0748
01/11/12 to 30/04/13	2.5843	0.2584	2.3259	-	2.3259	2.0157
<b>Group 2</b>						
01/05/12 to 31/10/12	-	-	-	1.6395	1.6395	2.0748
01/11/12 to 30/04/13	1.2636	0.1264	1.1372	1.1887	2.3259	2.0157
<b>Total distributions in the period</b>					<b>3.9654</b>	<b>4.0905</b>

### Class Z Shares

#### Net Income\*

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
<b>Group 1</b>					
12/10/12 to 31/10/12	0.0966	0.0097	0.0869	-	0.0869
01/11/12 to 30/04/13	2.7973	0.2797	2.5176	-	2.5176
<b>Group 2</b>					
12/10/12 to 31/10/12	0.0943	0.0094	0.0849	0.0020	0.0869
01/11/12 to 30/04/13	1.9299	0.1930	1.7369	0.7807	2.5176
<b>Total distributions in the period</b>					<b>2.6045</b>

Group 2: shares purchased during a distribution period

\*Class Z Net income shares commenced 12 October 2012.

# Threadneedle Pan European Equity Dividend Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013	2012
	£000	£000
Non-derivative securities	3,652	(1,157)
Other losses	(2)	(18)
Transaction costs	(5)	(8)
Net capital gains/(losses)	3,645	(1,183)

### 3 REVENUE

	2013	2012
	£000	£000
UK dividends	192	263
Overseas dividends	650	399
Bank interest	1	2
Stocklending commission	8	8
Total revenue	851	672

### 4 EXPENSES

	2013	2012
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(246)	(178)
Registration fees	(18)	(12)
	(264)	(190)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(4)	(3)
Safe custody fees	(1)	(1)
	(5)	(4)
Other expenses:		
Regulatory fee	(5)	(14)
Audit fee	(7)	(7)
	(12)	(21)
*Total expenses	(281)	(215)

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013	2012
	£000	£000

#### a) Analysis of charge in period

Overseas taxes	(62)	(46)
Total current tax (note 5b)	(62)	(46)
Total tax charge for the period	(62)	(46)

#### b) Factors affecting taxation charge for period

Net revenue before taxation	570	456
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(114)	(91)
Effects of:		
Revenue not subject to taxation	147	118
Overseas taxes	(62)	(46)
Overseas taxes expensed	4	2
Excess expenses	(33)	(33)
Revenue taxable in other periods	(4)	4
Current tax charge for period (note 5a)	(62)	(46)

The fund has not recognised a deferred tax asset of £106,978 (2012: £74,653) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions and Interest

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

	2013	2012
	£000	£000
Interim	287	305
Final	538	323
	825	628
Add: Revenue deducted on cancellation of shares	50	16
Deduct: Revenue received on creation of shares	(121)	(56)
Net distribution for the period	754	588
Interest	-	1
Total finance costs	754	589
Net revenue after taxation	508	410
Annual management charge to capital	246	178
Net distribution for the period	754	588

Details of the distribution per share are set out in the table on pages 44 and 45.

### 7 DEBTORS

	2013	2012
	£000	£000
Amounts receivable for the issue of shares	634	213
Sales awaiting settlement	107	107
Accrued revenue	155	112
Foreign withholding tax recoverable	41	30
Total debtors	937	462

# Threadneedle Pan European Equity Dividend Fund

## Notes to the financial statements

(continued)

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(14)	(17)
Purchases awaiting settlement	(940)	(129)
Accrued expenses	(6)	(5)
Amounts payable to ACD	(33)	(18)
Total creditors	(993)	(169)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

Pan European Equity Dividend Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 120. The distribution per share class is given in the distribution table on pages 44 and 45. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the Pan European Equity Dividend Fund has entered into stocklending arrangements. The fund has earned £12,000 (2012: £11,000) of which £1,000 (2012: Nil) was outstanding at year end. They have paid fees of £2,000 (2012: £1,500) to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2012: £1,500) to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £4.52m (2012: £2.03m), whilst the value of collateral held for these arrangements was £4.75m (2012: £2,18m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	4,752	100	2,179	100
	4,752	100	2,179	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
<b>Currency 2013</b>			
Euro	63	12,887	12,950
Norwegian Krone	7	450	457
Swedish Krona	26	1,871	1,897
Swiss Franc	23	2,402	2,425

	£000	£000	£000
<b>Currency 2012</b>			
Danish Krone	1	-	1
Euro	171	6,332	6,503
Norwegian Krone	20	1,111	1,131
Swedish Krona	-	487	487
Swiss Franc	19	1,803	1,822

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
Euro	636	-	13,000	13,636
Norwegian Krone	-	-	457	457
Swedish Krona	-	-	1,897	1,897
Swiss Franc	-	-	2,425	2,425
UK Sterling	-	-	7,707	7,707

	£000	£000	£000	£000
<b>Currency 2012</b>				
Danish Krone	1	-	-	1
Euro	164	-	6,468	6,632
Norwegian Krone	-	-	1,131	1,131
Swedish Krona	-	-	487	487
Swiss Franc	-	-	1,822	1,822
UK Sterling	28	-	3,464	3,492

## Threadneedle Pan European Equity Dividend Fund

### Notes to the financial statements

(continued)

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
Euro	–	–	(686)	(686)
UK Sterling	(264)	–	(696)	(960)
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Euro	–	–	(129)	(129)
UK Sterling	–	–	(323)	(323)

#### 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.

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.

### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

### 14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	22,124	17,890
Commissions	22	15
Taxes	26	24
Fees	2	–
Total purchase costs	50	39
<b>Gross purchases total</b>	<b>22,174</b>	<b>17,929</b>
Analysis of total sale costs		
Gross sales before transaction costs	14,195	15,793
Commissions	(12)	(13)
Total sale costs	(12)	(13)
<b>Total sales net of transaction costs</b>	<b>14,183</b>	<b>15,780</b>

# Threadneedle American Extended Alpha Fund

## Investment Report

### Investment Objective

The investment objective of the American Extended Alpha Fund is to achieve above average capital growth.

### Investment Policy

The ACD's investment policy is to actively manage an exposure primarily to equities of companies which are domiciled in North America or which have significant North American operations, by investing directly or indirectly in such securities. If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in markets other than in North America. Exposure to North American and other markets may be gained through both long and short positions.

The ACD may invest in equities, derivatives, forward transactions and collective investment schemes. The ACD may also invest in other securities (including fixed interest securities and money market securities), deposits and cash.

In order to gain short exposure the ACD will invest in derivatives. The ACD may also invest in derivatives to gain long exposure.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle American Extended Alpha Fund has risen from 152.76p to 177.60p.

For comparison, on a total return basis using noon prices, the performance of the Class 1 share class was +16.26%

and +17.08% for the Class 2 share class compared to a return of +18.34% for the Morningstar UK Unit Trusts/OEICs – (IMA) North America Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the S&P 500 Composite Index was +21.96%.

### Portfolio Activity

The fund's sector positioning detracted from returns. In particular, the under-representation in the fund compared to the peer group of consumer staples and utilities stocks hurt returns as both sectors led the market. In addition, a cash position (this position comes from the assumption of short positions via a swap) also proved unhelpful in a rising market. Stock selection did not add nor detract from returns as the strong contributions of stock picks in the IT and materials sectors were offset by positions in the consumer staples and energy sectors.

At the start of the review period, the fund had a clear preference for domestically-exposed companies in order to protect investors from the impact of a slowdown in global growth and uncertainty created by the intensification of the eurozone sovereign debt crisis.

Over the ensuing months, stock-level decisions led us to increasingly redeploy capital in cyclical stocks where valuations had come down. Compelling upside opportunities compared to the downside risks for positions in semiconductor equipment firm Lam Research, banks Wells Fargo (which we later sold) and SunTrust, and credit card firm Discover led us to add to positions. Growing signs that the US housing market

was stabilising also led us to establish positions in title insurance firm Fidelity National Financial and in diversified financial Bank of America. The latter should benefit as mortgage and credit-related provisions abate. Later in the summer, hints that further reflationary policies were forthcoming led us to take profits on short positions in global growth sectors and in financial stocks and to continue to build positions in cheap growth businesses that our research had identified. Conversely, we reduced the fund's long-standing position in Apple, as we felt that supply constraints were likely to weigh on the firm's ability to beat expectations (however, the number of Apple shares held rose over the year as the fund's assets under management grew).

In the second half of the review period, the announcement of an open-ended quantitative easing program by the Federal Reserve further limited the downside risk for a number of portfolio positions in cyclical sectors. As a result, we reinforced positions in industrial gases firm Airgas, commercial fire and security firm Tyco and the Bank of America position that we had initiated earlier. Conversely, we continued to take profits on defensive positions where the valuation opportunity was no longer compelling and sold the fund's remaining holding in tobacco firm Altria.

We maintain our view that US equities remain attractively valued. While the view that the US housing market is improving is now more widely accepted, we believe that the recovery has important ramifications for employment and consumer spending growth at a time when the US is enjoying an industrial renaissance and increased energy self-reliance.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains	2	83,877	34,451
Revenue	3	3,894	2,228
Expenses	4	(8,981)	(4,034)
Finance costs:			
Derivative expense	6	(1,097)	–
Interest	6	(1)	(6)
Net expenses before taxation		(6,185)	(1,812)
Taxation	5	(505)	(149)
Net expenses after taxation		(6,690)	(1,961)
<b>Total return before distributions</b>		<b>77,187</b>	<b>32,490</b>
Finance costs: Distribution	6	–	(175)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>77,187</b>	<b>32,315</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>639,332</b>	<b>239,318</b>
<b>Other assets</b>			
Debtors	7	25,290	18,973
Cash and bank balances	8	235,966	44,472
Total other assets		261,256	63,445
Total assets		900,588	302,763
<b>Liabilities</b>			
<b>Derivative liabilities</b>		<b>(4,620)</b>	<b>(13)</b>
<b>Other liabilities</b>			
Creditors	9	(17,506)	(12,552)
Bank overdrafts	8	(3,909)	–
Total other liabilities		(21,415)	(12,552)
Total liabilities		(26,035)	(12,565)
<b>Net assets attributable to shareholders</b>		<b>874,553</b>	<b>290,198</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>290,198</b>	<b>118,874</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	702,353	308,829
Amounts payable on the cancellation of shares	(195,675)	(170,413)
	506,678	138,416
Dilution adjustment	490	390
Stamp duty reserve tax	–	(19)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	77,187	32,315
Retained distribution on accumulation shares	–	222
<b>Closing net assets attributable to shareholders</b>	<b>874,553</b>	<b>290,198</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

#### Net Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: Nil).

### Class 2 Shares

#### Net Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: 0.3948).

### Class 1 EUR Hedged Shares

#### Net Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: Nil).

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

# Threadneedle American Extended Alpha Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2013 £000	2012 £000
Non-derivative securities	68,877	21,515
Derivative contracts	13,704	14,246
Forward currency contracts	467	(1,287)
Other gains/(losses)	847	(10)
Transaction costs	(18)	(13)
Net capital gains	83,877	34,451

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	–	28
Overseas dividends	3,721	1,460
Interest on short term investments	69	21
Derivative revenue	–	450
Bank interest	6	8
Stocklending commission	98	261
Total revenue	3,894	2,228

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(6,263)	(2,426)
**Performance fee	(2,243)	(1,404)
Registration fees	(430)	(165)
	(8,936)	(3,995)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(22)	(17)
Safe custody fees	(6)	(3)
	(28)	(20)
Other expenses:		
Regulatory fee	(5)	(7)
Audit fee	(12)	(12)
	(17)	(19)
*Total expenses	(8,981)	(4,034)

\*Including irrecoverable VAT where applicable.

\*\*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the S&P 500 Index (with revenue reinvested, calculated at market close). The performance fee rate of 20% is multiplied by the Excess Return. Performance fees are calculated on a calendar basis and may vary substantially from year to year depending on how a fund has performed against its benchmark. As the accounting period falls during the calculation period of the performance fee, the performance fees are accrued at that point in time, but may not represent the actual amount that will be paid. Therefore, previously accrued amounts may be required to be reversed. The performance fee by nature is a capital charge, and is therefore charged to capital when calculating the distribution.

A performance fee of £3,287,906 (2012: £358,587) was paid during the reporting period in respect of the calendar year ended 31 December 2012 representing 0.62% (2012: 0.14%) of the NAV at that date.

### 5 TAXATION

	2013 £000	2012 £000
--	--------------	--------------

#### a) Analysis of charge in period

Overseas taxes	(505)	(149)
Total current tax (note 5b)	(505)	(149)
Total tax charge for the period	(505)	(149)

#### b) Factors affecting taxation charge for period

Net expense before taxation	(6,185)	(1,812)
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	1,237	362
Effects of:		
Revenue not subject to taxation	744	298
Overseas taxes	(505)	(149)
Excess expenses	(1,981)	(660)
Current tax charge for period (note 5a)	(505)	(149)

The fund has not recognised a deferred tax asset of £3,288,384 (2012: £1,306,992) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distribution and Interest

	2013 £000	2012 £000
Final	–	222
Add: Revenue deducted on cancellation of units	–	93
Deduct: Revenue received on creation of units	–	(140)
Net distribution for the period	–	175
Derivative expenses	1,097	–
Interest	1	6
Total finance costs	1,098	181
Net expenses after taxation	(6,690)	(1,961)
Shortfall transfer from capital to revenue	4,447	732
Performance fee	2,243	1,404
Net distribution for the period	–	175

Details of the distribution per share and any share class with a shortfall are set out in the table on page 49.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	11,866	2,462
Sales awaiting settlement	13,155	16,321
Accrued revenue	233	155
Foreign withholding tax recoverable	36	35
Total debtors	25,290	18,973

### 8 CASH AND BANK BALANCES

	2013 £000	2012 £000
Amounts held at futures clearing houses and brokers	3,508	222
Cash and bank balances	232,458	44,250
	235,966	44,472
Bank overdrafts	(3,909)	–
Total cash and bank balances	232,057	44,472

# Threadneedle American Extended Alpha Fund

## Notes to the financial statements

(continued)

### 9 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(3,021)	(2,497)
Purchases awaiting settlement	(13,208)	(8,568)
Accrued expenses	(173)	(126)
Amounts payable to ACD	(1,104)	(315)
Accrued performance fee	–	(1,046)
Total creditors	(17,506)	(12,552)

### 10 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 9.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management, registration services and performance fees are disclosed in Note 4 and amounts outstanding at the year end in Note 9. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 12. All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 11 SHAREHOLDER FUNDS

American Extended Alpha Fund currently has three share classes; Class 1, Class 1 Hedged and Class 2 shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 1 Hedged shares	1.50%
Class 2 shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 1 Hedged shares	0.110%
Class 2 shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 120. The distribution per share class is given in the distribution table on page 49. All classes have the same rights on winding up.

### 12 STOCKLENDING

During the period under review the American Extended Alpha Fund has entered into stocklending arrangements. The fund has earned £138,000 (2012: £369,000) of which £14,000 (2012: £45,000) was outstanding at year end. They have paid fees of £19,000 (2012: £52,000) of which £2,000 (2012: £6,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £21,000 (2012: £56,000) of which £2,000 (2012: £7,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £7.35m (2012: £0.16m), whilst the value of collateral held for these arrangements was £7.75m (2012: £0.17m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	7,749	100	168	100
	7,749	100	168	100

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
<b>Currency 2013</b>			
Australian Dollar	–	5,037	5,037
Euro	2	62,467	62,469
Japanese Yen	100	–	100
US Dollar	236,005	571,828	807,833
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	25	–	25
Euro	1	19,105	19,106
US Dollar	52,145	219,806	271,951

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
Australian Dollar	–	–	5,037	5,037
Euro	62,469	–	–	62,469
Japanese Yen	100	–	–	100
UK Sterling	64	–	7,257	7,321
US Dollar	11,120	224,680	647,448	883,248
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	25	–	–	25
Euro	19,106	–	–	19,106
UK Sterling	210	–	2,890	3,100
US Dollar	5,786	38,449	255,372	299,607

# Threadneedle American Extended Alpha Fund

## Notes to the financial statements

(continued)

Currency 2013	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
UK Sterling	(3,909)	–	(4,298)	(8,207)
US Dollar	–	–	(75,415)	(75,415)
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UK Sterling	–	–	(3,984)	(3,984)
US Dollar	–	–	(27,656)	(27,656)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.09% (2012: 0.07%).

As part of the fund strategy, the fund manager is allowed to short sell up to 30% of the NAV of the fund and thereby gain some leverage. To achieve this, the fund has entered into a Total Return Swap throughout the accounting period, whereby the total return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The Swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

### 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.

Other than equities, which do not have maturity dates, the only material amounts of non interest-bearing financial assets relate to forward foreign exchange contracts and portfolio swaps. As at 30 April 2013 the fund had outstanding open forward foreign exchange contracts and portfolio swaps with a net value of –£4,359,000 (2012: £420,000).

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

## 14 CONTINGENT LIABILITIES AND COMMITMENTS

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

## 15 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	1,220,547	522,376
Commissions	696	298
Taxes	10	–
Total purchase costs	706	298
<b>Gross purchases total</b>	<b>1,221,253</b>	<b>522,674</b>
Analysis of total sale costs		
Gross sales before transaction costs	907,772	414,380
Commissions	(757)	(322)
Taxes	(9)	(8)
Total sale costs	(766)	(330)
<b>Total sales net of transaction costs</b>	<b>907,006</b>	<b>414,050</b>

# Threadneedle China Opportunities Fund

## Investment Report

### Investment Objective

The investment objective of the China Opportunities Fund is to achieve long-term capital growth.

### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in equities and equity related securities of Chinese companies. These are defined as companies domiciled in and/or whose significant activities are in the People's Republic of China.

If the ACD considers it desirable, it may further invest up to one third of the total assets of the Fund in derivatives, forward transactions and other securities (including fixed interest securities, other equities, money market securities and cash).

In exceptional circumstances and on a temporary basis, the ACD may hold a substantial proportion of the Fund in cash and/or money market instruments.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle China Opportunities Fund has risen from 159.26p to 177.09p.

For comparison, using noon prices, the performance of the Class 1 share class was +11.20% and +11.84% for the Class 2 share class compared to a return of +11.42% for the Morningstar UK Unit Trusts/OEICS – (IMA) China – Greater China Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI China Index was +8.94%.

### Portfolio Activity

The Chinese market rose strongly during the period under review. Initial weakness reflected concerns over the eurozone debt crisis, disappointing US economic data and slowing momentum in the Chinese economy. However, the market subsequently rallied as Chinese interest rates were lowered and global central banks announced further policies to stimulate growth – optimism grew that the new Chinese government would follow suit. Meanwhile, Chinese corporate results and economic data both started to show signs of improvement.

The fund outperformed the index over the period under review. Our focus on the consumer discretionary, information technology and industrial sectors proved especially beneficial as the market recovered, and stock selection

within the consumer discretionary sector was particularly rewarding. Our profit-taking in the energy sector proved timely, as this sector subsequently lagged the broader market. However, our continued caution on the financial sector held back performance somewhat as the market rallied.

Major investments over the period included a stake in China Construction Bank, as its valuation appeared attractive. Other purchases included China Everbright, an environmental protection company, which posted robust profits growth and contributed handsomely to performance during the latter part of the period. A stake in China Eastern Airlines was another significant purchase; the airline should benefit from an increase in Chinese tourism. Meanwhile, we took profits on PetroChina after a strong rally and sold offshore oil producer CNOOC too. Other sales included the Agricultural Bank of China; proceeds were used to fund other investment opportunities.

The fund will maintain its strategy of focusing on those stocks that stand to benefit from the ongoing strength of domestic consumption, infrastructure spending and urbanisation, which are the structural drivers of economic growth in China. It will also continue to seek out relatively undiscovered companies to generate above-market returns.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	5,032	(14,296)
Revenue	3	1,409	1,231
Expenses	4	(768)	(928)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		641	302
Taxation	5	(58)	(48)
Net revenue after taxation		583	254
<b>Total return before distributions</b>		<b>5,615</b>	<b>(14,042)</b>
Finance costs: Distributions	6	(583)	(273)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>5,032</b>	<b>(14,315)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>69,902</b>	<b>62,850</b>
<b>Other assets</b>			
Debtors	7	74	69
Cash and bank balances		974	444
Total other assets		1,048	513
Total assets		70,950	63,363
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(129)	(163)
Bank overdrafts		(170)	–
Total liabilities		(299)	(163)
<b>Net assets attributable to shareholders</b>		<b>70,651</b>	<b>63,200</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>63,200</b>	<b>86,561</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	26,054	24,023
Amounts payable on the cancellation of shares	(24,342)	(33,504)
	1,712	(9,481)
Dilution adjustment	124	162
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	5,032	(14,315)
Retained distribution on accumulation shares	583	273
<b>Closing net assets attributable to shareholders</b>	<b>70,651</b>	<b>63,200</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	1.4156	0.1416	1.2740	1.2740	0.0000
<b>Total distributions in the period</b>			<b>1.2740</b>	<b>1.2740</b>	<b>0.0000</b>

### Class 2 Shares

Net Accumulation Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	1.7682	0.1768	1.5914	1.5914	1.0835
<b>Total distributions in the period</b>			<b>1.5914</b>	<b>1.5914</b>	<b>1.0835</b>

### Class Z Shares

#### Net Accumulation\*

There is no distribution for the period 12 October 2012 to 30 April 2013, as expenses exceed revenue.

\*Class Z – Net accumulation shares commenced 12 October 2012.

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

# Threadneedle China Opportunities Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	4,956	(14,355)
Forward currency contracts	–	(1)
Other gains	92	66
Transaction costs	(16)	(6)
Net capital gains/(losses)	<u>5,032</u>	<u>(14,296)</u>

### 3 REVENUE

	2013 £000	2012 £000
Overseas dividends	1,325	1,100
Bank interest	1	2
Stocklending commission	83	129
Total revenue	<u>1,409</u>	<u>1,231</u>

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(696)	(844)
Registration fees	(36)	(44)
	<u>(732)</u>	<u>(888)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(12)	(13)
Safe custody fees	(8)	(10)
Revenue collection expenses	(4)	(3)
	<u>(24)</u>	<u>(26)</u>
Other expenses:		
Regulatory fee	(5)	(8)
Audit fee	(7)	(6)
	<u>(12)</u>	<u>(14)</u>
*Total expenses	<u>(768)</u>	<u>(928)</u>

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(58)	(48)
Total current tax (note 5b)	(58)	(48)
Total tax charge for the period	<u>(58)</u>	<u>(48)</u>
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	641	302
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(128)	(60)
Effects of:		
Revenue not subject to taxation	265	220
Overseas taxes	(58)	(48)
Excess expenses	(137)	(160)
Current tax charge for period (note 5a)	<u>(58)</u>	<u>(48)</u>

The fund has not recognised a deferred tax asset of £575,220 (2012 £438,298) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

	2013 £000	2012 £000
<b>Distributions and Interest</b>		
Final	583	273
Net distribution for the period	<u>583</u>	<u>273</u>
Interest	–	1
Total finance costs	<u>583</u>	<u>274</u>
Net revenue after taxation	583	254
Shortfall transfer from capital to revenue	–	19
Net distribution for the period	<u>583</u>	<u>273</u>
Details of the distribution per share are set out in the table on page 53.		

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	41	62
Accrued revenue	33	7
Total debtors	<u>74</u>	<u>69</u>

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(22)	(69)
Accrued expenses	(11)	(7)
Amounts payable to ACD	(76)	(66)
Corporation tax payable	(20)	(21)
Total creditors	<u>(129)</u>	<u>(163)</u>

# Threadneedle China Opportunities Fund

## Notes to the financial statements

(continued)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

China Opportunities Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 120. The distribution per share class is given in the distribution table on page 53. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the China Opportunities Fund has entered into stocklending arrangements. The fund has earned £117,000 (2012: £177,000) of which £10,000 (2012: £9,000) was outstanding at year end. They have paid fees of £16,000 (2012: £23,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £17,000 (2012: £25,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £4.66m (2012: £3.68m), whilst the value of collateral held for these arrangements was £4.93m (2012: £3.89m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	4,931	100	3,895	100
	4,931	100	3,895	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2013</b>			
Euro	1	–	1
Hong Kong Dollar	–	59,696	59,696
US Dollar	973	10,206	11,179

	£000	£000	£000
<b>Currency 2012</b>			
Australian Dollar	–	1,299	1,299
Hong Kong Dollar	–	51,412	51,412
US Dollar	359	10,140	10,499

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>				
Euro	1	–	–	1
Hong Kong Dollar	–	–	59,696	59,696
UK Sterling	–	–	75	75
US Dollar	973	–	10,205	11,178

	£000	£000	£000	£000
<b>Currency 2012</b>				
Australian Dollar	–	–	1,299	1,299
Hong Kong Dollar	–	–	51,412	51,412
UK Sterling	84	–	69	153
US Dollar	359	–	10,140	10,499

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
<b>Currency 2013</b>				
UK Sterling	(170)	–	(129)	(299)
<b>Currency 2012</b>				
UK Sterling	–	–	(163)	(163)

#### 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.

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.

### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

## Threadneedle China Opportunities Fund

### Notes to the financial statements

(continued)

#### 14 PORTFOLIO TRANSACTION COSTS

	2013	2012
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	42,389	79,303
Commissions	59	102
Taxes	21	59
Fees	20	6
Total purchase costs	100	167
<b>Gross purchases total</b>	<b>42,489</b>	<b>79,470</b>
Analysis of total sale costs		
Gross sales before transaction costs	40,487	86,954
Commissions	(55)	(103)
Taxes	(26)	(74)
Fees	(12)	(6)
Total sale costs	(93)	(183)
<b>Total sales net of transaction costs</b>	<b>40,394</b>	<b>86,771</b>

# Threadneedle Global Emerging Markets Equity Fund

## Investment Report

### Investment Objective

The investment objective of the Global Emerging Markets Equity Fund is to achieve long-term capital growth.

### Investment Policy

The ACD's investment policy is to invest the assets of the Fund primarily in equities of Emerging Markets companies. These are defined as companies domiciled in and/or whose significant activities are in Emerging Market countries. Emerging Market countries are those characterised as developing or emerging by the World Bank, the United Nations or the MSCI Emerging Markets Free Index.

If the ACD considers it desirable, it may further invest up to one third of the total assets of the Fund in other securities (including fixed interest securities, other equities and money market securities).

In addition, the ACD may use derivatives and forward transactions for purposes that are limited to efficient portfolio management.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of the Threadneedle Global

Emerging Markets Equity Fund has risen from 80.20p to 90.15p.

For comparison, using noon prices, the performance of the Class 1 share class was +12.41% and +13.05% for the Class 2 share class compared to a return of +8.59% for the Morningstar UK Unit Trusts/OEICS – (IMA) Global Emerging Markets Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI Emerging Markets Index was +8.87%.

### Portfolio Activity

Emerging market equity markets registered gains over the year although they underperformed developed stock markets as factors such as Chinese growth concerns weighed on sentiment. Towards the end of the review year, a number of the commodity-sensitive emerging markets performed poorly due to the broader sell-off in commodities prices and renewed global growth uncertainties.

The fund produced a positive return and strongly outperformed the MSCI Emerging Markets index. Stock selection was an important driver of performance over the year, although our sector and country positioning also worked well. At the sector level, our cautious positioning in materials

was a positive as the sector performed poorly due to concerns over the outlook for Chinese GDP growth. At the country level the fund benefited from its bias towards domestic-driven consumer growth, as opposed to companies that are sensitive to global macroeconomic developments, particularly in markets such as the Philippines, Thailand and Mexico.

In terms of activity, we made a number of changes to the portfolio over the review year. Purchases included Sun Art Retail Group in China and we also participated in some IPOs, such as Santander Mexico, which we later sold after a period of strong performance. Sales were focused on companies where operational trends failed to live up to our expectations, such as Brazilian retailer Cia Hering. Towards the end of the period we made some large purchases of Brazilian energy stock Petrobras, as we moved the fund to an overweight stance to reflect its renewed focus on core assets, non-core asset disposals and some easing of regulatory concerns.

We remain positive on the outlook for emerging markets as we believe that attractive valuations and high dividend yields should provide support for the asset class, particularly in an environment where liquidity is abundant and there is an ongoing search for yield.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	14,829	(19,075)
Revenue	3	3,108	2,995
Expenses	4	(1,734)	(1,702)
Finance costs: Interest	6	(1)	(3)
Net revenue before taxation		1,373	1,290
Taxation	5	(324)	(291)
Net revenue after taxation		1,049	999
<b>Total return before distributions</b>		<b>15,878</b>	<b>(18,076)</b>
Finance costs: Distributions	6	(1,049)	(1,000)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>14,829</b>	<b>(19,076)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>161,425</b>	<b>139,445</b>
<b>Other assets</b>			
Debtors	7	5,465	5,235
Cash and bank balances		2,700	6,349
Total other assets		8,165	11,584
Total assets		169,590	151,029
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(4,789)	(5,335)
Bank overdrafts		(715)	(2,787)
Total other liabilities		(5,504)	(8,122)
Total liabilities		(5,504)	(8,122)
<b>Net assets attributable to shareholders</b>		<b>164,086</b>	<b>142,907</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>142,907</b>	<b>131,110</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	42,640	49,899
Amounts payable on the cancellation of shares	(37,514)	(20,251)
	5,126	29,648
Dilution adjustment	175	226
Stamp duty reserve tax	-	(1)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	14,829	(19,076)
Retained distribution on accumulation shares	1,049	1,000
<b>Closing net assets attributable to shareholders</b>	<b>164,086</b>	<b>142,907</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	0.1957	0.0196	0.1761	0.1761	0.3015
<b>Total distributions in the period</b>				<b>0.1761</b>	<b>0.3015</b>

### Class 2 Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	0.8201	0.0820	0.7381	0.7381	0.6520
<b>Total distributions in the period</b>				<b>0.7381</b>	<b>0.6520</b>

### Class X Shares

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
01/05/12 to 30/04/13	0.4828	0.0483	0.4345	0.4345	1.3413
<b>Total distributions in the period</b>				<b>0.4345</b>	<b>1.3413</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

## Threadneedle Global Emerging Markets Equity Fund

### DISTRIBUTION TABLE

*(continued)*

#### Class Z Shares

Net Accumulation* Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Net Revenue Accumulated 2012/2013
05/10/12 to 30/04/13	0.1477	0.0148	0.1329	0.1329
<b>Total distributions in the period</b>				<b>0.1329</b>

\*Class Z – Net accumulation shares commenced on 5 October 2012.

# Threadneedle Global Emerging Markets Equity Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013	2012
	£000	£000
Non-derivative securities	14,585	(18,925)
Other gains/(losses)	281	(64)
Transaction costs	(37)	(86)
Net capital gains/(losses)	<u>14,829</u>	<u>(19,075)</u>

### 3 REVENUE

	2013	2012
	£000	£000
UK dividends	11	3
Overseas dividends	3,085	2,963
Bank interest	4	5
Stocklending commission	8	24
Total revenue	<u>3,108</u>	<u>2,995</u>

### 4 EXPENSES

	2013	2012
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,532)	(1,498)
Registration fees	(72)	(70)
	<u>(1,604)</u>	<u>(1,568)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(15)	(16)
Safe custody fees	(73)	(69)
Revenue collection expenses	(13)	(17)
	<u>(101)</u>	<u>(102)</u>
Other expenses:		
Regulatory fee	(18)	(21)
Audit fee	(11)	(11)
	<u>(29)</u>	<u>(32)</u>
*Total expenses	<u>(1,734)</u>	<u>(1,702)</u>

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013	2012
	£000	£000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(324)	(291)
Total current tax (note 5b)	(324)	(291)
Total tax charge for the period	<u>(324)</u>	<u>(291)</u>
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	1,373	1,290
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(275)	(258)
Effects of:		
Revenue not subject to taxation	532	571
Overseas taxes	(324)	(291)
Overseas taxes expensed	10	4
Excess expenses	(273)	(309)
Revenue taxable in other periods	6	(8)
Current tax charge for period (note 5a)	<u>(324)</u>	<u>(291)</u>

The fund has not recognised a deferred tax asset of £1,079,432 (2012: £806,838) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

	2013	2012
	£000	£000
<b>Distributions and Interest</b>		
Final	1,049	1,000
Net distribution for the period	<u>1,049</u>	<u>1,000</u>
Interest	1	3
Total finance costs	<u>1,050</u>	<u>1,003</u>
Details of the distribution per share are set out in the table on pages 57 and 58.		

### 7 DEBTORS

	2013	2012
	£000	£000
Amounts receivable for the issue of shares	451	2,622
Sales awaiting settlement	4,830	2,312
Accrued revenue	184	301
Total debtors	<u>5,465</u>	<u>5,235</u>

### 8 CREDITORS

	2013	2012
	£000	£000
Amounts payable for the cancellation of shares	(14)	(421)
Purchases awaiting settlement	(4,574)	(4,742)
Accrued expenses	(28)	(32)
Amounts payable to ACD	(173)	(140)
Total creditors	<u>(4,789)</u>	<u>(5,335)</u>

# Threadneedle Global Emerging Markets Equity Fund

## Notes to the financial statements

(continued)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

Global Emerging Markets Equity Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class X shares	–
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 121. The distribution per share class is given in the distribution table on pages 57 and 58. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the Global Emerging Markets Fund has entered into stocklending arrangements. The fund has earned £11,000 (2012: £33,000) of which £1,000 (2012: £6,000) was outstanding at year end. They have paid fees of £2,000 (2012: £4,000) of which Nil (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2012: £5,000) of which Nil (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £2.43m (2012: £1.55m), whilst the value of collateral held for these arrangements was £2.57m (2012: £1.64m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, Supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	2,568	100	1,638	100
	2,568	100	1,638	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2013</b>			
Australian Dollar	119	1,141	1,260
Brazilian Real	(11)	9,625	9,614
Canadian Dollar	1	–	1
Czech Koruna	65	1,228	1,293
Hong Kong Dollar	–	28,894	28,894
Indian Rupee	(890)	10,818	9,928
Indonesian Rupiah	–	3,943	3,943
Israeli New Shekel	–	1,620	1,620
Malaysian Ringgit	175	2,690	2,865
Mexican Peso	–	9,538	9,538
Norwegian Krone	2	–	2
Philippines Peso	195	8,081	8,276
South Africa Rand	–	5,147	5,147
South Korean Won	–	18,042	18,042
Taiwan Dollar	250	5,546	5,796
Thai Baht	1,936	5,115	7,051
Turkish Lira	1	8,722	8,723
US Dollar	633	40,185	40,818
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Brazilian Real	(861)	8,675	7,814
Canadian Dollar	2	125	127
Chilean Peso	9	1,435	1,444
Czech Koruna	–	779	779
Hong Kong Dollar	(166)	20,532	20,366
Indian Rupee	132	8,467	8,599
Indonesian Rupiah	990	3,206	4,196
Malaysian Ringgit	–	3,850	3,850
Mexican Peso	60	5,054	5,114
Norwegian Krone	2	–	2
Philippines Peso	–	2,147	2,147
Singapore Dollar	32	1,340	1,372
South Africa Rand	9	8,218	8,227
South Korean Won	(249)	21,255	21,006
Taiwan Dollar	1,756	7,381	9,137
Thai Baht	(222)	6,022	5,800
Turkish Lira	–	2,757	2,757
US Dollar	1,810	35,824	37,634

# Threadneedle Global Emerging Markets Equity Fund

## Notes to the financial statements

(continued)

### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000	Currency 2013 Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial assets not carrying interest £000	Total £000
<b>Currency 2013</b>								
Australian Dollar	-	-	1,260	1,260	-	-	(853)	(853)
Brazilian Real	-	-	10,467	10,467	-	-	(280)	(280)
Canadian Dollar	1	-	-	1	-	-	(995)	(995)
Czech Koruna	-	-	1,293	1,293	(166)	-	(348)	(514)
Hong Kong Dollar	280	-	28,894	29,174	(498)	-	-	(498)
Indian Rupee	-	-	10,923	10,923	(51)	-	(214)	(265)
Indonesian Rupiah	-	-	3,943	3,943	-	-	(2,099)	(2,099)
Israeli New Shekel	-	-	1,620	1,620				
Malaysian Ringgit	-	-	2,865	2,865	<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Mexican Peso	-	-	10,052	10,052	Brazilian Real	-	-	(1,152)
Norwegian Krone	2	-	-	2	Hong Kong Dollar	-	-	(166)
Philippines Peso	-	-	8,276	8,276	Indonesian Rupiah	-	-	(224)
South Africa Rand	-	-	5,147	5,147	Mexican Peso	-	-	(1,585)
South Korean Won	-	-	18,042	18,042	South Africa Rand	(868)	-	-
Taiwan Dollar	133	-	5,663	5,796	South Korean Won	-	-	(249)
Thai Baht	-	-	7,051	7,051	Taiwan Dollar	-	-	(199)
Turkish Lira	-	-	9,221	9,221	Thai Baht	-	-	(307)
UK Sterling	-	-	1,540	1,540	UK Sterling	(1,919)	-	(593)
US Dollar	2,284	-	40,633	42,917	US Dollar	-	-	(860)
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Fair value of financial assets and financial liabilities</b>			
Brazilian Real	251	-	8,715	8,966	There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.			
Canadian Dollar	2	-	125	127	There are no material amounts of non interest-bearing financial assets, other than equities, which do not have maturity dates.			
Chilean Peso	-	-	1,444	1,444	Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.			
Czech Koruna	-	-	779	779	Sensitivity or value at risk is not shown since the fund holds no derivatives that could impact the fund significantly. The same is true of the prior year.			
Hong Kong Dollar	-	-	20,532	20,532	<b>13 CONTINGENT LIABILITIES AND COMMITMENTS</b>			
Indian Rupee	-	-	8,599	8,599	There are no contingent liabilities and commitments outstanding (2012: Nil).			
Indonesian Rupiah	-	-	4,420	4,420	<b>14 PORTFOLIO TRANSACTION COSTS</b>			
Malaysian Ringgit	-	-	3,850	3,850			<b>2013</b>	<b>2012</b>
Mexican Peso	1,586	-	5,113	6,699			<b>£000</b>	<b>£000</b>
Norwegian Krone	2	-	-	2	Analysis of total purchase costs			
Philippines Peso	-	-	2,147	2,147	Purchases in period before			
Singapore Dollar	-	-	1,372	1,372	transaction costs	171,601	201,584	
South Africa Rand	-	-	9,095	9,095	Commissions	262	332	
South Korean Won	-	-	21,255	21,255	Taxes	19	53	
Taiwan Dollar	1,955	-	7,381	9,336	Fees	23	7	
Thai Baht	-	-	6,107	6,107	Total purchase costs	304	392	
Turkish Lira	-	-	2,757	2,757	<b>Gross purchases total</b>	<b>171,905</b>	<b>201,976</b>	
UK Sterling	-	-	5,048	5,048	Analysis of total sale costs			
US Dollar	2,663	-	35,831	38,494	Gross sales before transaction costs	164,869	172,823	
					Commissions	(277)	(306)	
					Taxes	(19)	(29)	
					Fees	(76)	(26)	
					Total sale costs	(372)	(361)	
					<b>Total sales net of transaction costs</b>	<b>164,497</b>	<b>172,462</b>	

### 15 POST BALANCE SHEET EVENT

Subsequent to year end, market fluctuations have resulted in the NAV of the Class 1 Net Accumulation, Class 2 Net Accumulation, Class X Net Accumulation and Class Z Net Accumulation share classes decreasing by 10.43%, 10.36%, 10.22% and 10.32% respectively from 90.15p, 94.14p, 79.65p and 110.72p respectively at 30 April 2013 to 80.75p, 84.39p, 71.51p and 99.29p respectively at 24 June 2013.

# Threadneedle Emerging Market Local Fund

## Investment Report

### Investment Objective

The investment objective of the Emerging Market Local Fund is to achieve a total return primarily by way of income with some capital growth.

### Investment Policy

The ACD's investment policy is to actively manage an exposure primarily in emerging market local currencies and emerging market local currency debt issued by governments in Emerging Markets and/or companies which are domiciled or have significant operations in an Emerging Market. Emerging markets countries are those characterised as developing or emerging by the MSCI Emerging Markets Free Index or those not listed in the OECD country list. If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in markets other than emerging markets.

The ACD will invest the total assets of the Fund in local currency government bonds and treasury bills, corporate bonds issued in local currency, cash or near cash, securitised notes, foreign exchange forward transactions, and other type of derivatives. At times the portfolio may be concentrated in any one or a combination of such assets.

### Performance of Net Income Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of Class 1 shares in the

Threadneedle Emerging Market Local Fund has risen from 120.46p to 128.39p.

For comparison, using noon prices, the performance of the Class 1 share class was +11.82%. The performance of the Class 1 gross accumulation share class was +12.99% and +13.92% for the Class 2 gross accumulation share class.

For information purposes, using global close prices, the total return of the JPM GBI-EM Global Diversified Index was +15.10%.

### Portfolio Activity

Early in the review year we added exposure to bonds with relatively long maturities in Brazil. Given weak growth and benign inflation pressures we believed that the market was overestimating the extent of future interest rate increases. This move proved positive as valuations re-adjusted to reflect the view that rates would remain lower for longer than was previously anticipated. Over the course of the year we extended our cautious overall positioning in Brazil, reflecting our view that the country was moving away from the path to fiscal improvement. However, we adopted a positive stance towards Mexico, based on positive macro fundamentals and our view that July's presidential elections would result in liberalising economic reforms. With the country further benefiting from its export focus to the recovering US economy, we retained significant exposure to Mexican bonds.

We introduced non-benchmark exposure to Romania, purchasing some attractively-valued bonds in the five and 10-year areas. Romanian debt subsequently rallied ahead of its inclusion in the benchmark in March.

We maintained a cautious stance towards Malaysia, given our concerns about political uncertainty. This stance has been very successful with Malaysian bonds performing relatively poorly early in the review year.

In August we sharply reduced exposure to South Africa, taking the view that valuations did not reflect the extent to which strikes and violence in the mining industry were exacerbating the deteriorating economic fundamentals. Our concerns were subsequently realised when both Moody's and S&P lowered their ratings on the country. We retained only very limited exposure to South African bonds at the end of the review year.

Early in the review year we maintained a favourable position in Russia, based on improving macroeconomic fundamentals, supported by revenues from the energy sector. However, we subsequently reduced overall exposure as the outlook for the oil & gas industry deteriorated, locking in some gains in short-dated bonds, though we added exposure to Gazprombank, Russia's third largest bank.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	7,162	(3,163)
Revenue	3	4,713	4,475
Expenses	4	(901)	(720)
Finance costs: Interest	6	-	(2)
Net revenue before taxation		3,812	3,753
Taxation	5	(59)	(72)
Net revenue after taxation		3,753	3,681
<b>Total return before distributions</b>		<b>10,915</b>	<b>518</b>
Finance costs: Distributions	6	(4,515)	(4,301)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>6,400</b>	<b>(3,783)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>98,426</b>	<b>58,207</b>
<b>Other assets</b>			
Debtors	7	3,996	1,131
Cash and bank balances		6,869	8,208
Total other assets		10,865	9,339
Total assets		109,291	67,546
<b>Liabilities</b>			
<b>Derivative liabilities</b>		(81)	(130)
<b>Other liabilities</b>			
Creditors	8	(2,202)	(173)
Bank overdrafts		(128)	-
Distribution payable on income shares		(126)	(90)
Total other liabilities		(2,456)	(263)
Total liabilities		(2,537)	(393)
<b>Net assets attributable to shareholders</b>		<b>106,754</b>	<b>67,153</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>67,153</b>	<b>61,657</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	35,307	35,938
Amounts payable on the cancellation of shares	(6,867)	(30,845)
	28,440	5,093
Dilution adjustment	56	95
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	6,400	(3,783)
Retained distribution on accumulation shares	4,705	4,091
<b>Closing net assets attributable to shareholders</b>	<b>106,754</b>	<b>67,153</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Interest distribution in pence per share

### Class 1 Shares

Distribution Period	Gross Income		Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
	Revenue	Tax				
<b>Group 1</b>						
01/05/12 to 31/10/12	3.4659	0.6932	2.7727	-	2.7727	3.2532
01/11/12 to 30/04/13	3.2168	0.6434	2.5734	-	2.5734	2.9418
<b>Group 2</b>						
01/05/12 to 31/10/12	1.3058	0.2612	1.0446	1.7281	2.7727	3.2532
01/11/12 to 30/04/13	1.0093	0.2019	0.8074	1.7660	2.5734	2.9418
<b>Total distributions in the period</b>					<b>5.3461</b>	<b>6.1950</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

# Threadneedle Emerging Market Local Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 Shares

#### Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
<b>Group 1</b>				
01/05/12 to 31/10/12	4.1291	–	4.1291	4.5215
01/11/12 to 30/04/13	3.9288	–	3.9288	4.2297
<b>Group 2</b>				
01/05/12 to 31/10/12	0.5630	3.5661	4.1291	4.5215
01/11/12 to 30/04/13	1.9774	1.9514	3.9288	4.2297
<b>Total distributions in the period</b>			<b>8.0579</b>	<b>8.7512</b>

### Class 2 Shares

#### Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
<b>Group 1</b>				
01/05/12 to 31/10/12	4.6516	–	4.6516	5.0501
01/11/12 to 30/04/13	4.4497	–	4.4497	4.7364
<b>Group 2</b>				
01/05/12 to 31/10/12	1.7265	2.9251	4.6516	5.0501
01/11/12 to 30/04/13	2.0212	2.4285	4.4497	4.7364
<b>Total distributions in the period</b>			<b>9.1013</b>	<b>9.7865</b>

### Class X Shares

#### Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013	Gross Revenue Accumulated 2011/2012
<b>Group 1</b>				
01/05/12 to 31/10/12	5.4700	–	5.4700	5.9240
01/11/12 to 30/04/13	5.2690	–	5.2690	6.0686
<b>Group 2</b>				
01/05/12 to 31/10/12	0.9840	4.4860	5.4700	5.9240
01/11/12 to 30/04/13	1.1963	4.0727	5.2690	6.0686
<b>Total distributions in the period</b>			<b>10.7390</b>	<b>11.9926</b>

### Class Z Shares

#### Gross Accumulation\*\*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2012/2013
<b>Group 1</b>			
05/10/12 to 31/10/12	0.3135	–	0.3135
01/11/12 to 30/04/13	2.7398	–	2.7398
<b>Group 2</b>			
05/10/12 to 31/10/12	0.3135	–	0.3135
01/11/12 to 30/04/13	0.2898	2.4500	2.7398
<b>Total distributions in the period</b>			<b>3.0533</b>

### Class Z Shares

#### Net Income\*

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
<b>Group 1</b>					
07/09/12 to 31/10/12	0.3130	0.0626	0.2504	–	0.2504
01/11/12 to 30/04/13	2.7350	0.5470	2.1880	–	2.1880
<b>Group 2</b>					
07/09/12 to 31/10/12	0.3089	0.0618	0.2471	0.0033	0.2504
01/11/12 to 30/04/13	0.4571	0.0914	0.3657	1.8223	2.1880
<b>Total distributions in the period</b>					<b>2.4384</b>

Group 2: shares purchased during a distribution period

\*Class Z – Net income shares commenced on 7 September 2012

\*\*Class Z – Gross accumulation shares commenced on 5 October 2012

# Threadneedle Emerging Market Local Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	7,044	(3,182)
Forward currency contracts	(330)	322
Other gains/(losses)	640	(273)
Transaction costs	(15)	(30)
Capital gains tax on IDR sales	(177)	–
Net capital gains/(losses)	7,162	(3,163)

### 3 REVENUE

	2013 £000	2012 £000
Interest on debt securities	4,707	4,464
Interest on short term investments	4	1
Bank interest	1	10
Stocklending commission	1	–
Total revenue	4,713	4,475

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(762)	(620)
Registration fees	(44)	(34)
	(806)	(654)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(13)	(13)
Safe custody fees	(65)	(35)
	(78)	(48)
Other expenses:		
Regulatory fee	(5)	(7)
Audit fee	(12)	(11)
	(17)	(18)
*Total expenses	(901)	(720)

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(59)	(72)
Total current tax (note 5b)	(59)	(72)
Total tax charge for period	(59)	(72)
<b>b) Factors affecting taxation charge for period</b>		
Net revenue before taxation	3,812	3,753
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(762)	(751)
Effects of:		
Overseas taxes	(59)	(72)
Excess expenses	(141)	(109)
Distributions treated as tax deductible	903	860
Current tax charge for period (note 5a)	(59)	(72)

The fund has not recognised a deferred tax asset of £474,817 (2012: £334,336) arising as a result of having unutilised management expenses.

These expenses will only be utilised if the treatment of interest distributions made by the fund or the nature of capital gains changes. Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on shareholders' behalf to the HM Revenue & Customs.

### 6 FINANCE COSTS

#### Distributions and Interest

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

	2013 £000	2012 £000
Interim	2,327	2,261
Final	2,676	2,044
	5,003	4,305
Add: Revenue deducted on cancellation of shares	119	591
Deduct: Revenue received on creation of shares	(607)	(595)
Net distribution for the period	4,515	4,301
Interest	–	2
Total finance costs	4,515	4,303
Net revenue after taxation	3,753	3,681
Annual management charge to capital	762	620
Net distribution for the period	4,515	4,301

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

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	205	35
Sales awaiting settlement	1,985	–
Accrued revenue	1,798	1,096
Foreign withholding tax recoverable	8	–
Total debtors	3,996	1,131

# Threadneedle Emerging Market Local Fund

## Notes to the financial statements

(continued)

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(53)	(83)
Purchases awaiting settlement	(2,000)	–
Accrued expenses	(25)	(16)
Amounts payable to ACD	(99)	(55)
Income tax payable	(25)	(19)
Total creditors	(2,202)	(173)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

Emerging Market Local Fund currently has four share classes; Class 1, Class 2, Class X and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	0.75%
Class X shares	–
Class Z shares	0.60%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 121. The distribution per share class is given in the distribution table on pages 62 and 63. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the Emerging Market Local Fund has entered into stocklending arrangements. The fund has earned £2,000 (2012: Nil). The value of stock on loan at the end of the accounting period was £0.88m (2012: £0.57m), whilst the value of collateral held for these arrangements was £0.92m (2012: £0.60m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	924	100	603	100
	924	100	603	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
<b>Currency 2013</b>			
Brazilian Real	266	11,651	11,917
Chilean Peso	7	604	611
Colombian Peso	58	4,187	4,245
Egyptian Pound	2	–	2
Euro	4	49	53
Hungarian Forint	203	2,485	2,688
Indonesian Rupiah	116	6,017	6,133
Israeli New Shekel	5	1,142	1,147
Malaysian Ringgit	53	9,547	9,600
Mexican Peso	310	13,248	13,558
New Romanian	66	1,932	1,998
Nigerian Naira	84	2,460	2,544
Peruvian Nuevo Sol	29	2,249	2,278
Philippines Peso	32	247	279
Polish Zloty	105	8,325	8,430
Russian Ruble	93	10,437	10,530
South Africa Rand	98	7,433	7,531
Thai Baht	55	8,980	9,035
Turkish Lira	218	11,541	11,759
Uruguayan Peso Uruguayo	9	1,566	1,575
US Dollar	6,848	(5,752)	1,096
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Brazilian Real	184	6,212	6,396
Colombian Peso	49	2,568	2,617
Egyptian Pound	2	–	2
Hungarian Forint	88	3,939	4,027
Indonesian Rupiah	162	5,590	5,752
Israeli Shekel	6	–	6
Malaysian Ringgit	57	7,116	7,173
Mexican Peso	173	7,799	7,972
Peruvian Nuevo Sol	19	1,352	1,371
Philippines Peso	4	313	317
Polish Zloty	116	6,351	6,467
Russian Ruble	98	6,172	6,270
South Africa Rand	126	6,474	6,600
Thai Baht	19	4,447	4,466
Turkish Lira	79	6,929	7,008
US Dollar	7,944	(7,185)	759

## Threadneedle Emerging Market Local Fund

### Notes to the financial statements

(continued)

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total	Currency 2013	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000		£000	£000	£000	£000
<b>Currency 2013</b>									
Brazilian Real	1	11,651	265	11,917	Euro	-	(938)	-	(938)
Chilean Peso	-	604	7	611	Hungarian Forint	-	(2,631)	-	(2,631)
Colombian Peso	-	4,187	58	4,245	Mexican Peso	-	-	(945)	(945)
Egyptian Pound	2	-	-	2	Philippines Peso	-	(2,021)	-	(2,021)
Euro	-	987	4	991	Polish Zloty	-	(216)	-	(216)
Hungarian Forint	-	5,116	203	5,319	South Africa Rand	-	(1)	-	(1)
Indonesian Rupiah	-	6,017	116	6,133	Turkish Lira	-	-	(1,055)	(1,055)
Israeli New Shekel	-	1,141	5	1,146	UK Sterling	(128)	-	(328)	(456)
Malaysian Ringgit	-	9,546	53	9,599	US Dollar	(5,752)	-	-	(5,752)
Mexican Peso	11	13,247	1,245	14,503	<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
New Romanian	1	1,932	65	1,998	Russian Ruble	-	(368)	-	(368)
Nigerian Naira	-	2,459	84	2,543	UK Sterling	-	-	(263)	(263)
Peruvian Nuevo Sol	-	2,249	29	2,278	US Dollar	(7,185)	-	-	(7,185)
Philippines Peso	-	2,268	32	2,300					
Polish Zloty	-	8,541	105	8,646					
Russian Ruble	-	10,436	93	10,529					
South Africa Rand	1	7,434	97	7,532					
Thai Baht	3,612	5,368	55	9,035					
Turkish Lira	2,758	8,789	1,267	12,814					
UK Sterling	-	-	205	205					
Uruguayan Peso									
Uruguayo	1,566	-	9	1,575					
US Dollar	390	6,458	-	6,848					
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>					
Brazilian Real	-	6,212	184	6,396					
Colombian Peso	-	2,568	49	2,617					
Egyptian Pound	2	-	-	2					
Hungarian Forint	8	3,939	80	4,027					
Indonesian Rupiah	41	5,590	121	5,752					
Israeli Shekel	6	-	-	6					
Malaysian Ringgit	-	7,116	57	7,173					
Mexican Peso	2	7,799	171	7,972					
Peruvian Nuevo Sol	-	1,352	19	1,371					
Philippines Peso	-	313	4	317					
Polish Zloty	4	6,351	112	6,467					
Russian Ruble	-	6,540	98	6,638					
South Africa Rand	10	6,474	116	6,600					
Thai Baht	2,791	1,656	19	4,466					
Turkish Lira	13	6,929	66	7,008					
UK Sterling	177	-	36	213					
US Dollar	1,179	6,765	-	7,944					

	Fixed rate financial assets	Fixed rate financial assets	Non-interest bearing assets	Non-interest bearing assets
	Weighted average interest rate	Weighted average period for which rate is fixed	Weighted average period for which rate is fixed	Weighted average period for which rate is fixed
	2013	2012	2013	2012
	%	%	years	years
<b>Currency</b>				
Brazilian Real	9	-	5.98	4.19
Chilean Peso	5	-	7.27	-
Colombian Peso	7	8	8.78	8.76
Euro	4	-	4.90	-
Hungarian Forint	7	7	7.06	5.01
Indonesian Rupiah	7	9	21.36	8.13
Israeli New Shekel	-	-	9.92	-
Malaysian Ringgit	4	4	8.00	6.10
Mexican Peso	7	7	10.19	9.19
Nigerian Naira	13	-	8.75	-
Peruvian Nuevo Sol	7	7	11.70	10.88
Philippines Peso	4	5	10.63	7.27
Polish Zloty	5	6	8.74	8.78
Romanian Leu	6	-	7.90	-
Russian Ruble	8	7	7.28	5.42
South Africa Rand	8	9	21.52	8.47
Thai Baht	4	5	9.50	7.19
Turkish Lira	9	9	4.92	4.29

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.08% (2012: 0.06%).

#### 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 only material amounts of non interest-bearing assets relate to forward foreign exchange contracts. At 30 April 2013, the fund had outstanding open forward foreign exchange contracts of £44,000 (2012: £9,000).

The fund'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.

### 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 £96,826,117 (2012: £72,398,469) and proceeds received from sales were £63,320,090 (2012: £74,605,560).

## Threadneedle Emerging Market Local Fund

### 15 POST BALANCE SHEET EVENT

Subsequent to year end, market fluctuations have resulted in the NAV of the Class 1 Net Income, Class 1 Gross Accumulation, Class 2 Gross Accumulation, Class X Gross Accumulation, Class Z Net Income and Class Z Gross Accumulation share classes decreasing by 14.27%, 12.42%, 12.31%, 12.21%, 14.14% and 12.30% respectively from 128.39p, 158.16p, 177.00p, 210.00p, 110.05p and 110.94p respectively at 30 April 2013 to 110.07p, 138.52p, 155.21p, 184.35p, 94.49p and 97.29p respectively at 24 June 2013.

# Threadneedle Global Extended Alpha Fund

## Investment Report

### Investment Objective

The investment objective of the Global Extended Alpha Fund is to achieve long term capital growth.

### Investment Policy

The ACD's investment policy is to actively manage an exposure by investing directly or indirectly into equity securities worldwide, including companies located in developed and emerging markets. Exposure to these markets may be gained through both long and short positions.

The ACD may invest in equities, derivatives, forward transactions and collective investment schemes. The ACD may also invest in other securities (including fixed interest securities and money market securities), deposits and cash.

In order to gain short exposure the ACD will invest in derivatives. The ACD may also invest in derivatives to gain long exposure.

### Performance of Net Accumulation Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of Class 1 shares in the Threadneedle Global Extended Alpha Fund has risen from 128.29p to 153.66p.

For comparison, using noon prices, the performance of the Class 1 share class was +19.78% and +20.63% for the Class 2 share class compared to a return of +18.54% for the Morningstar UK UnitTrusts/OEICS – (IMA) Global Growth Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

### Portfolio Activity

Over the course of the reporting period, regional adjustments within the portfolio included increasing the positions in North America and building an overweight position in Japan, while reducing the positions in Europe and the emerging markets.

New positions in North America included companies that benefit from the growth in shale energy production, including chemical manufacturer LyondellBasell. The low cost of US shale energy gives chemical producers a significant cost advantage over their global peers. In Japan, we have responded to recent policy changes dubbed 'Abenomics' by purchasing stocks such as investment bank Nomura, Aozora Bank, as well as media company Sanrio.

At the sector level, the portfolio continues to favour technology and consumer discretionary and is biased against telecommunications and utilities. Changes included reducing the

overweight position in technology and increasing the position in health care.

In a low-growth world, we took the view that health care companies that offer reliable but modest growth prospects, and deliver strong free cash flow generation, are attractive. We bought and added to positions in companies including Pfizer and GlaxoSmithKline.

In the industrials sector, we added to US companies which should benefit from both a recovery in the housing market and the US shale energy revolution. One such holding was United Rentals, an equipment hire firm, which performed strongly as the outlook for construction activity in the US improved.

The outlook for markets is positive, supported by stimulative central bank actions in major developed economies including the US, Japan and the UK. However austerity in the eurozone and deteriorating economic data present a risk that the market seems happy to ignore for now. Against this backdrop, equity valuations remain reasonable and we retain our focus on companies that exhibit a high and sustainable dividend yield and are set to deliver earnings and dividend growth.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	2,029	(91)
Revenue	3	232	190
Expenses	4	(164)	(182)
Finance costs: Derivative expense	6	(21)	(30)
Net revenue/(expenses) before taxation		47	(22)
Taxation	5	(23)	(17)
Net revenue/(expenses) after taxation		24	(39)
<b>Total return before distributions</b>		<b>2,053</b>	<b>(130)</b>
Finance costs: Distributions	6	(63)	(37)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,990</b>	<b>(167)</b>

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		<b>13,066</b>	<b>11,024</b>
<b>Other assets</b>			
Debtors	7	335	279
Cash and bank balances		583	57
Total other assets		918	336
Total assets		13,984	11,360
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(311)	(105)
Bank overdrafts		(171)	(13)
Total other liabilities		(482)	(118)
Total liabilities		(482)	(118)
<b>Net assets attributable to shareholders</b>		<b>13,502</b>	<b>11,242</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	<b>11,242</b>	<b>9,446</b>
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	3,426	5,101
Amounts payable on the cancellation of shares	(3,222)	(3,193)
	204	1,908
Dilution adjustment	5	18
Stamp duty reserve tax	(2)	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	1,990	(167)
Retained distribution on accumulation shares	63	37
<b>Closing net assets attributable to shareholders</b>	<b>13,502</b>	<b>11,242</b>

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

#### Net Accumulation

There is no distribution for the accounting period 1 May 2012 to 30 April 2013, as expenses exceed revenue (2012: Nil).

### Class 2 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 30/04/13	1.1963	0.1196	1.0767	–	1.0767	0.6288
<b>Group 2</b>						
01/05/12 to 30/04/13	0.6287	0.0629	0.5658	0.5109	1.0767	0.6288
<b>Total distributions in the period</b>					<b>1.0767</b>	<b>0.6288</b>

Group 2: shares purchased during a distribution period

\*In pound Sterling and against UK peer group. Please refer to pages 117-122 for comparative tables.

# Threadneedle Global Extended Alpha Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2013	2012
	£000	£000
Non-derivative securities	1,738	(156)
Derivative contracts	260	80
Other gains/(losses)	39	(9)
Transaction costs	(8)	(6)
Net capital gains	2,029	91

### 3 REVENUE

	2013	2012
	£000	£000
UK dividends	34	6
Overseas dividends	196	182
Stocklending commission	2	2
Total revenue	232	190

### 4 EXPENSES

	2013	2012
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(101)	(85)
**Performance Fee	(38)	(70)
Registration fees	(6)	(5)
	(145)	(160)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(3)	(2)
Safe custody fees	-	(1)
	(3)	(3)
Other expenses:		
Regulatory fee	(6)	(8)
Audit fee	(10)	(11)
	(16)	(19)
*Total expenses	(164)	(182)

\*Including irrecoverable VAT where applicable.

\*\*The ACD is entitled to receive a performance fee in the event of the NAV per Share of the fund outperforming the MSCI All Countries World Index (with revenue reinvested, calculated at market close). The performance fee rate of 20% is multiplied by the Excess Return. Performance fees are calculated on a calendar basis and may vary substantially from year to year depending on how a fund has performed against its benchmark. As the accounting period falls during the calculation period of the performance fee, the performance fees are accrued at that point in time, but may not represent the actual amount that will be paid. Therefore, previously accrued amounts may be required to be reversed. The performance fee by its nature is a capital charge, and is therefore allocated to capital when calculating the distribution.

A performance fee of £4,700 (2012: £43,080) was paid during the reporting period in respect of the calendar year ended 31 December 2012 representing 0.05% of the NAV at that date.

### 5 TAXATION

	2013	2012
	£000	£000
<b>a) Analysis of charge in period</b>		
Overseas taxes	(23)	(17)
Total current tax (note 5b)	(23)	(17)
Total tax charge for the period	(23)	(17)

#### b) Factors affecting taxation charge for period

Net revenue/(expense) before taxation	47	(22)
Net revenue/(expense) before taxation multiplied by the standard rate of corporation tax of 20%	(9)	4
Effects of:		
Revenue not subject to taxation	43	36
Overseas taxes	(23)	(17)
Excess expenses	(34)	(40)
Current tax charge for the period (note 5a)	(23)	(17)

The fund has not recognised a deferred tax asset of £124,048 (2012: £89,802) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions

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

	2013	2012
	£000	£000
Final	63	37
Add: Revenue deducted on cancellation of shares	5	6
Deduct: Revenue received on creation of shares	(5)	(6)
Net distribution for the period	63	37
Derivative expenses	21	30
Total finance costs	84	67
Net revenue/(expenses) after taxation	24	(39)
Shortfall transfer from capital to revenue	1	6
Performance fee charged to capital	38	70
Net distribution for the period	63	37

Details of the distribution per share and any share class with a shortfall are set out in the table on page 68.

### 7 DEBTORS

	2013	2012
	£000	£000
Amounts receivable for the issue of shares	290	2
Sales awaiting settlement	-	239
Accrued revenue	36	34
Foreign withholding tax recoverable	9	4
Total debtors	335	279

### 8 CREDITORS

	2013	2012
	£000	£000
Purchases awaiting settlement	(211)	(35)
Accrued expenses	(8)	(14)
Amounts payable to ACD	(12)	(10)
Accrued performance fee	(80)	(46)
Total creditors	(311)	(105)

# Threadneedle Global Extended Alpha Fund

## Notes to the financial statements

(continued)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management, registration services and performance fees are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11. All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

Global Extended Alpha Fund currently has two share classes; Class 1 and Class 2 shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 122. The distribution per share class is given in the distribution table on page 68. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the Global Extended Alpha Fund has entered into stocklending arrangements. The fund has earned £2,000 (2012: £2,000) of which Nil (2012: £1,000) was outstanding at year end. The value of stock on loan at the end of the accounting period was £0.34m (2012: £0.46m), whilst the value of collateral held for these arrangements was £0.36m (2012: £0.48m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, Supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	365	100	484	100
	365	100	484	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
<b>Currency 2013</b>			
Australian Dollar	–	199	199
Brazilian Real	21	–	21
Canadian Dollar	2	502	504
Euro	6	1,244	1,250
Hong Kong Dollar	–	195	195
Indian Rupee	–	64	64
Japanese Yen	16	2,017	2,033
Norwegian Krone	–	113	113
Singapore Dollar	1	–	1
Swiss Franc	7	795	802
US Dollar	355	6,643	6,998
<b>Currency 2012</b>			
Australian Dollar	14	404	418
Brazilian Real	21	158	179
Canadian Dollar	1	262	263
Euro	2	983	985
Hong Kong Dollar	–	212	212
Indian Rupee	–	46	46
Japanese Yen	16	770	786
Norwegian Krone	–	161	161
Singapore Dollar	2	84	86
South Africa Rand	–	155	155
Swiss Franc	4	631	635
US Dollar	222	6,438	6,660

# Threadneedle Global Extended Alpha Fund

## Notes to the financial statements

(continued)

### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Australian Dollar	-	-	199	199
Brazilian Real	21	-	-	21
Canadian Dollar	-	-	504	504
Euro	-	-	1,250	1,250
Hong Kong Dollar	-	-	195	195
Indian Rupee	-	-	64	64
Japanese Yen	211	-	2,033	2,244
Norwegian Krone	-	-	113	113
Singapore Dollar	1	-	-	1
Swiss Franc	-	-	802	802
UK Sterling	-	-	1,593	1,593
US Dollar	348	-	6,650	6,998

Currency 2012	£000	£000	£000	£000
Australian Dollar	-	-	429	429
Brazilian Real	21	-	158	179
Canadian Dollar	-	-	263	263
Euro	1	-	984	985
Hong Kong Dollar	-	-	212	212
Indian Rupee	-	-	46	46
Japanese Yen	-	-	786	786
Norwegian Krone	-	-	161	161
Singapore Dollar	-	-	86	86
South Africa Rand	-	-	155	155
Swiss Franc	-	-	635	635
UK Sterling	34	-	727	761
US Dollar	-	-	6,662	6,662

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Japanese Yen	-	-	(211)	(211)
UK Sterling	(171)	-	(100)	(271)

  

Currency 2012	£000	£000	£000	£000
Australian Dollar	(11)	-	-	(11)
UK Sterling	-	-	(105)	(105)
US Dollar	(2)	-	-	(2)

As part of the fund strategy, the fund manager is allowed to short sell up to 30% of the NAV of the fund and thereby gain some leverage. To achieve this, the fund has entered into a Total Return Swap throughout this accounting period, whereby the Total Return of a basket of securities, including capital appreciation or depreciation, has been received in exchange for a series of periodic cash flows calculated by reference to financing costs, stock loan fees and interest in respect of short positions. The Swap is subject to a monthly reset process, thereby crystallising returns and risk exposure each month. The use of short selling strategies increases the risk profile of the fund, and may result in a higher degree of volatility than a fund that does not employ short exposure. Any such positions entered into are regularly reviewed by the fund manager.

### 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.

At 30 April 2013, the fund had outstanding open portfolio swaps of £107,000 (2012: £42,000).

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 fund holds no derivatives that could impact the fund 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

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	13,140	12,724
Commissions	10	10
Taxes	8	4
Total purchase costs	18	14
<b>Gross purchases total</b>	<b>13,158</b>	<b>12,738</b>
Analysis of total sale costs		
Gross sales before transaction costs	13,086	10,525
Commissions	(11)	(9)
Taxes	-	(1)
Fees	(1)	(1)
Total sale costs	(12)	(11)
<b>Total sales net of transaction costs</b>	<b>13,074</b>	<b>10,514</b>

# Threadneedle Global Equity Income Fund

## Investment Report

### Investment Objective

The investment objective of the Global Equity Income Fund is to achieve a high and growing income over the long term combined with prospects for capital growth.

### Investment Policy

The ACD's investment policy is to invest no less than two-thirds of the gross assets of the Fund in global equities. Income will be in the form of dividend distribution.

If the ACD considers it desirable it may further invest up to one third of the total assets of the Fund in derivatives, forward transactions and other securities (including fixed interest securities and money market securities) deposits and cash.

### Performance of Net Income Class 1 Shares\*

Over the twelve months to 30 April 2013, the published share price of Class 1 shares in the Threadneedle Global Equity Income Fund has risen from 95.71p to 114.73p.

For comparison, using noon prices, the performance of the Class 1 share class was +25.88% and +26.60% for the Class 2 share class compared to a return of +22.59% for the Morningstar UK Unit Trusts/OEICS – (IMA) Global

Equity Income Peer Group (on a bid to bid basis, with income reinvested for a UK basic rate taxpayer).

For information purposes, using global close prices, the total return of the MSCI ACWorld Free Index was +20.70%.

### Portfolio Activity

Over the course of the reporting period, regional adjustments within the portfolio included decreasing the underweight position in North America and Japan, while reducing the overweight position in Europe and Latin America.

New positions in North America included companies that benefit from the growth in shale energy production including chemical manufacturer LyondellBasell. The low cost of US shale energy gives chemical producers a significant cost advantage over their global peers. In Japan, traditionally a market with few opportunities for income investors, new holdings have included REITs such as Activia Properties, and Aozora Bank.

At the sector level, the portfolio continues to be overweight telecommunications and utilities, and underweight technology and consumer discretionary. Changes included reducing the overweight position in telecommunications and increasing the position in financials.

New positions in financials included companies benefitting from the theme of bank deleveraging, such as private equity firms including Apollo Global Management and Blackstone Group. These well-capitalised firms are well positioned to lend or invest in situations where traditional lenders such as banks are withdrawing from the market. Additionally, they are earning strong performance fee income as a result of the shrewd investments made during the financial crisis of 2008 and 2009.

We have reduced exposure to the materials sector, selling the likes of Kumba Iron Ore, the South African miner. Given the weakening growth being recorded by China and falling commodity prices, we are finding better opportunities in other sectors of the market.

The outlook for markets is positive, supported by stimulatory central bank actions in major developed economies including the US, Japan and the UK. However austerity in the eurozone and deteriorating economic data present a risk that the market seems happy to ignore for now. Against this backdrop, equity valuations remain reasonable and we retain our focus on companies that exhibit a high and sustainable dividend yield and are set to deliver earnings and dividend growth.

## STATEMENT OF TOTAL RETURN

for the accounting period 1 May 2012 to 30 April 2013

	Notes	2013 £000	2012 £000
Income			
Net capital gains/(losses)	2	44,785	(3,838)
Revenue	3	9,819	4,323
Expenses	4	(2,693)	(1,121)
Net revenue before taxation		7,126	3,202
Taxation	5	(831)	(321)
Net revenue after taxation		6,295	2,881
<b>Total return before distributions</b>		51,080	(957)
Finance costs: Distributions	6	(8,765)	(3,879)
<b>Change in net assets attributable to shareholders from investment activities</b>		42,315	(4,836)

## BALANCE SHEET

as at 30 April 2013

	Notes	2013 £000	2012 £000
<b>Assets</b>			
<b>Investment assets</b>		328,472	90,145
<b>Other assets</b>			
Debtors	7	8,247	2,376
Cash and bank balances		6,946	2,191
Total other assets		15,193	4,567
Total assets		343,665	94,712
<b>Liabilities</b>			
<b>Other liabilities</b>			
Creditors	8	(3,799)	(1,611)
Bank overdrafts		-	(783)
Distribution payable on income shares		(3,190)	(1,011)
Total other liabilities		(6,989)	(3,405)
Total liabilities		(6,989)	(3,405)
<b>Net assets attributable to shareholders</b>		336,676	91,307

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 1 May 2012 to 30 April 2013

	2013 £000	2012 £000
<b>Opening net assets attributable to shareholders</b>	91,307	52,239
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	216,153	52,803
Amounts payable on the cancellation of shares	(16,722)	(10,203)
	199,431	42,600
Dilution adjustment	483	44
Stamp duty reserve tax	(27)	(17)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	42,315	(4,836)
Retained distribution on accumulation shares	3,167	1,277
<b>Closing net assets attributable to shareholders</b>	336,676	91,307

## DISTRIBUTION TABLE

for the accounting period 1 May 2012 to 30 April 2013

Dividend distribution in pence per share

### Class 1 Shares

#### Net Income

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
<b>Group 1</b>						
01/05/12 to 31/07/12	1,2574	0,1257	1,1317	-	1,1317	-
01/08/12 to 31/10/12	1,1973	0,1197	1,0776	-	1,0776	3,1753
01/11/12 to 31/01/13	1,1153	0,1115	1,0038	-	1,0038	0,8334
01/02/13 to 30/04/13	1,7341	0,1734	1,5607	-	1,5607	1,5611
<b>Group 2</b>						
01/05/12 to 31/07/12	0,4563	0,0456	0,4107	0,7210	1,1317	-
01/08/12 to 31/10/12	0,2449	0,0245	0,2204	0,8572	1,0776	3,1753
01/11/12 to 31/01/13	0,4796	0,0480	0,4316	0,5722	1,0038	0,8334
01/02/13 to 30/04/13	0,5511	0,0551	0,4960	1,0647	1,5607	1,5611
<b>Total distributions in the period</b>					<b>4,7738</b>	<b>5,5698</b>

\*In pound Sterling and against UK peer group.  
Please refer to pages 117-122 for comparative tables.

# Threadneedle Global Equity Income Fund

## DISTRIBUTION TABLE

(continued)

### Class 1 Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 31/07/12	1.5908	0.1591	1.4317	-	1.4317	-
01/08/12 to 31/10/12	1.5348	0.1535	1.3813	-	1.3813	3.7783
01/11/12 to 31/01/13	1.4452	0.1445	1.3007	-	1.3007	1.0282
01/02/13 to 30/04/13	2.2659	0.2266	2.0393	-	2.0393	1.9491
<b>Group 2</b>						
01/05/12 to 31/07/12	0.5637	0.0564	0.5073	0.9244	1.4317	-
01/08/12 to 31/10/12	0.3467	0.0347	0.3120	1.0693	1.3813	3.7783
01/11/12 to 31/01/13	0.6213	0.0621	0.5592	0.7415	1.3007	1.0282
01/02/13 to 30/04/13	1.0302	0.1030	0.9272	1.1121	2.0393	1.9491
<b>Total distributions in the period</b>					<b>6.1530</b>	<b>6.7556</b>

### Class 2 Shares

#### Net Income

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013	Distribution Paid 2011/2012
<b>Group 1</b>						
01/05/12 to 31/07/12	1.3041	0.1304	1.1737	-	1.1737	-
01/08/12 to 31/10/12	1.2477	0.1248	1.1229	-	1.1229	3.2676
01/11/12 to 31/01/13	1.1627	0.1163	1.0464	-	1.0464	0.8666
01/02/13 to 30/04/13	1.8022	0.1802	1.6220	-	1.6220	1.6308
<b>Group 2</b>						
01/05/12 to 31/07/12	1.0220	0.1022	0.9198	0.2539	1.1737	-
01/08/12 to 31/10/12	0.3199	0.0320	0.2879	0.8350	1.1229	3.2676
01/11/12 to 31/01/13	0.1773	0.0177	0.1596	0.8868	1.0464	0.8666
01/02/13 to 30/04/13	0.6321	0.0632	0.5689	1.0531	1.6220	1.6308
<b>Total distributions in the period</b>					<b>4.9650</b>	<b>5.7650</b>

### Class Z Shares

#### Net Accumulation

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Net Revenue Accumulated 2012/2013	Net Revenue Accumulated 2011/2012
<b>Group 1</b>						
01/05/12 to 31/07/12	1.6559	0.1656	1.4903	-	1.4903	-
01/08/12 to 31/10/12	1.6021	0.1602	1.4419	-	1.4419	3.8999
01/11/12 to 31/01/13	1.5118	0.1512	1.3606	-	1.3606	1.0734
01/02/13 to 30/04/13	2.3657	0.2366	2.1291	-	2.1291	2.0077
<b>Group 2</b>						
01/05/12 to 31/07/12	0.6686	0.0669	0.6017	0.8886	1.4903	-
01/08/12 to 31/10/12	0.4921	0.0492	0.4429	0.9990	1.4419	3.8999
01/11/12 to 31/01/13	0.9073	0.0907	0.8166	0.5440	1.3606	1.0734
01/02/13 to 30/04/13	0.9549	0.0955	0.8594	1.2697	2.1291	2.0077
<b>Total distributions in the period</b>					<b>6.4219</b>	<b>6.9810</b>

### Class Z Shares

#### Net Income \*

Distribution Period	Gross Revenue	Tax Credit	Net Revenue	Equalisation	Distribution Paid/Payable 2012/2013
<b>Group 1</b>					
03/10/12 to 31/10/12	0.2610	0.0261	0.2349	-	0.2349
01/11/12 to 31/01/13	1.1621	0.1162	1.0459	-	1.0459
01/02/13 to 30/04/13	1.8073	0.1807	1.6266	-	1.6266
<b>Group 2</b>					
03/10/12 to 31/10/12	0.2584	0.0258	0.2326	0.0023	0.2349
01/11/12 to 31/01/13	0.2431	0.0243	0.2188	0.8271	1.0459
01/02/13 to 30/04/13	0.9151	0.0915	0.8236	0.8030	1.6266
<b>Total distributions in the period</b>					<b>2.9074</b>

Group 2: shares purchased during a distribution period

\*Class Z – Net Income shares commenced on 3 October 2012

# Threadneedle Global Equity Income Fund

## Notes to the financial statements

for the accounting period 1 May 2012 to 30 April 2013

### 1 ACCOUNTING POLICIES

The accounting policies for the fund are the same as those disclosed in the aggregated financial statements on pages 5 and 6.

### 2 NET CAPITAL GAINS/(LOSSES)

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

	2013 £000	2012 £000
Non-derivative securities	44,677	(3,795)
Other gains/(losses)	119	(27)
Transaction costs	(11)	(16)
Net capital gains/(losses)	<u>44,785</u>	<u>(3,838)</u>

### 3 REVENUE

	2013 £000	2012 £000
UK dividends	1,449	672
Overseas dividends	8,344	3,508
Interest on debt securities	(9)	100
Bank interest	10	7
Stocklending commission	25	36
Total revenue	<u>9,819</u>	<u>4,323</u>

### 4 EXPENSES

	2013 £000	2012 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,470)	(998)
Registration fees	(165)	(71)
	<u>(2,635)</u>	<u>(1,069)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(17)	(13)
Safe custody fees	(18)	(9)
Revenue collection expenses	(5)	(1)
	<u>(40)</u>	<u>(23)</u>
Other expenses:		
Regulatory fee	(7)	(18)
Audit fee	(11)	(11)
	<u>(18)</u>	<u>(29)</u>
*Total expenses	<u>(2,693)</u>	<u>(1,121)</u>

\*Including irrecoverable VAT where applicable.

### 5 TAXATION

	2013 £000	2012 £000
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#### a) Analysis of charge in period

Overseas taxes	(831)	(321)
Total current tax (note 5b)	(831)	(321)
Total tax charge for the period	<u>(831)</u>	<u>(321)</u>

#### b) Factors affecting taxation charge for period

Net revenue before taxation	7,126	3,202
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,425)	(640)
Effects of:		
Revenue not subject to taxation	1,907	803
Overseas taxes	(831)	(321)
Overseas taxes expensed	8	3
Excess expenses	(482)	(166)
Revenue taxable in other periods	(8)	–
Current tax charge for period (note 5a)	<u>(831)</u>	<u>(321)</u>

The fund has not recognised a deferred tax asset of £780,341 (2012 £298,488) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

### 6 FINANCE COSTS

#### Distributions

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

	2013 £000	2012 £000
Interim	5,737	2,891
Final	4,646	1,511
	<u>10,383</u>	<u>4,402</u>
Add: Revenue deducted on cancellation of shares	99	146
Deduct: Revenue received on creation of shares	(1,717)	(669)
Net distribution for the period	<u>8,765</u>	<u>3,879</u>
Total finance costs	<u>8,765</u>	<u>3,879</u>
Net revenue after taxation	6,295	2,881
Annual management charge to capital	2,470	998
Net distribution for the period	<u>8,765</u>	<u>3,879</u>

Details of the distribution per share are set out in the table on pages 72 and 73.

### 7 DEBTORS

	2013 £000	2012 £000
Amounts receivable for the issue of shares	6,962	1,142
Sales awaiting settlement	–	785
Accrued revenue	1,133	398
Foreign withholding tax recoverable	152	51
Total debtors	<u>8,247</u>	<u>2,376</u>

# Threadneedle Global Equity Income Fund

## Notes to the financial statements

(continued)

### 8 CREDITORS

	2013 £000	2012 £000
Amounts payable for the cancellation of shares	(9)	(3)
Purchases awaiting settlement	(3,350)	(1,454)
Accrued expenses	(15)	(12)
Amounts payable to ACD	(401)	(119)
Corporation tax payable	(24)	(23)
Total creditors	(3,799)	(1,611)

### 9 RELATED PARTY TRANSACTIONS

The related parties are set out in detail in Note 8 of the aggregated financial statements on page 6.

The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 7 and 8.

Amounts payable to Threadneedle Investment Services Limited in respect of fund management and registration services are disclosed in Note 4 and amounts outstanding at the year end in Note 8. In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 11.

All transactions have been entered into in the ordinary course of business on normal commercial terms.

### 10 SHAREHOLDER FUNDS

Global Equity Income Fund currently has three share classes; Class 1, Class 2 and Class Z shares. The charges on each share class are as follows:

#### Annual management charge

Class 1 shares	1.50%
Class 2 shares	1.00%
Class Z shares	0.75%

#### Registration fees

Class 1 shares	0.110%
Class 2 shares	0.035%
Class Z shares	0.110%

The net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative table on page 122. The distribution per share class is given in the distribution table on pages 72 and 73. All classes have the same rights on winding up.

### 11 STOCKLENDING

During the period under review the Global Equity Income Fund has entered into stocklending arrangements. The fund has earned £35,000 (2012: £49,000) of which £3,000 (2012: £5,000) was outstanding at year end. They have paid fees of £5,000 (2012: £6,000) of which £1,000 (2012: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £5,000 (2012: £7,000) of which £1,000 (2012: £1,000) was outstanding at year end to J.P. Morgan as the security lending agent to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £16.42m (2012: £4.15m), whilst the value of collateral held for these arrangements was £17.32m (2012: £4.43m). The collateral was held as either securities transferred in CREST by a DBV (Delivery by Value) or Gilt DBV, or in the form of overseas government bonds, supranational bonds or certificates of deposit.

The nature and value of collateral held is analysed by asset class in the table below.

#### Analysis of Collateral Held

	2013		2012	
	Value £000	% of Total	Value £000	% of Total
Bonds	17,316	100	4,433	100
	17,316	100	4,433	100

### 12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The analysis and tables provided below refer to the narrative disclosure on derivatives and other financial instruments risks on pages 7 and 8.

#### Currency exposures

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

#### Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
<b>Currency 2013</b>			
Australian Dollar	32	29,216	29,248
Brazilian Real	–	2,170	2,170
Canadian Dollar	11	6,672	6,683
Euro	13	36,269	36,282
Hong Kong Dollar	–	11,934	11,934
Indonesian Rupiah	–	5,392	5,392
Japanese Yen	162	12,385	12,547
Malaysian Ringgit	–	3,575	3,575
Norwegian Krone	17	4,855	4,872
Singapore Dollar	150	12,708	12,858
Swiss Franc	114	13,462	13,576
Taiwan Dollar	186	14,592	14,778
Thai Baht	–	4,177	4,177
US Dollar	267	117,232	117,499
<b>Currency 2012</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Australian Dollar	220	9,013	9,233
Brazilian Real	260	2,070	2,330
Canadian Dollar	4	917	921
Euro	53	11,287	11,340
Hong Kong Dollar	–	3,245	3,245
Japanese Yen	–	1,467	1,467
Malaysian Ringgit	–	1,199	1,199
Norwegian Krone	10	2,152	2,162
Singapore Dollar	69	3,388	3,457
South Africa Rand	–	3,470	3,470
South Korean Won	–	921	921
Swedish Krona	–	970	970
Swiss Franc	37	3,482	3,519
Taiwan Dollar	74	2,193	2,267
US Dollar	69	32,956	33,025

# Threadneedle Global Equity Income Fund

## Notes to the financial statements

(continued)

### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the fund's financial assets and financial liabilities at 30 April 2013 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Australian Dollar	321	-	29,248	29,569
Brazilian Real	-	-	2,170	2,170
Canadian Dollar	-	-	6,683	6,683
Euro	844	-	36,281	37,125
Hong Kong Dollar	352	-	11,934	12,286
Indonesian Rupiah	-	-	5,392	5,392
Japanese Yen	459	-	12,547	13,006
Malaysian Ringgit	-	-	3,575	3,575
Norwegian Krone	-	-	4,872	4,872
Singapore Dollar	330	-	12,857	13,187
Swiss Franc	1	-	13,575	13,576
Taiwan Dollar	186	-	14,592	14,778
Thai Baht	-	-	4,177	4,177
UK Sterling	3,406	-	61,318	64,724
US Dollar	1,047	-	117,498	118,545

Currency 2012	£000	£000	£000	£000
Australian Dollar	135	-	9,098	9,233
Brazilian Real	395	-	2,070	2,465
Canadian Dollar	-	-	921	921
Euro	-	-	12,123	12,123
Hong Kong Dollar	137	-	3,245	3,382
Japanese Yen	229	-	1,467	1,696
Malaysian Ringgit	-	-	1,199	1,199
Norwegian Krone	-	-	2,162	2,162
Singapore Dollar	3	-	3,454	3,457
South Africa Rand	-	-	3,470	3,470
South Korean Won	-	-	921	921
Swedish Krona	-	-	970	970
Swiss Franc	-	-	3,519	3,519
Taiwan Dollar	74	-	2,193	2,267
UK Sterling	447	-	12,686	13,133
US Dollar	771	-	33,023	33,794

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2013	£000	£000	£000	£000
Australian Dollar	-	-	(321)	(321)
Euro	-	-	(843)	(843)
Hong Kong Dollar	-	-	(352)	(352)
Japanese Yen	-	-	(459)	(459)
Singapore Dollar	-	-	(329)	(329)
UK Sterling	-	-	(3,639)	(3,639)
US Dollar	-	-	(1,046)	(1,046)

  

Currency 2012	£000	£000	£000	£000
Brazilian Real	-	-	(135)	(135)
Euro	(783)	-	-	(783)
Hong Kong Dollar	-	-	(137)	(137)
Japanese Yen	-	-	(229)	(229)
UK Sterling	-	-	(1,352)	(1,352)
US Dollar	-	-	(769)	(769)

### 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.

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.

### 13 CONTINGENT LIABILITIES AND COMMITMENTS

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

### 14 PORTFOLIO TRANSACTION COSTS

	2013 £000	2012 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	292,424	76,931
Commissions	263	71
Taxes	188	58
Fees	28	2
Total purchase costs	479	131
<b>Gross purchases total</b>	<b>292,903</b>	<b>77,062</b>
Analysis of total sale costs		
Gross sales before transaction costs	99,159	34,789
Commissions	(121)	(45)
Taxes	(2)	(3)
Fees	(10)	(3)
Total sale costs	(133)	(51)
<b>Total sales net of transaction costs</b>	<b>99,026</b>	<b>34,738</b>

### **Statement of Authorised Corporate Director's (ACD) Responsibilities in relation to the Financial Statements of the Company**

The Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook (COLL), as issued (and amended) by the Financial Conduct Authority (FCA) (formerly Financial Services Authority (FSA)), require the ACD 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 Company and of each sub-fund and its net revenue/(expenses) and the net gains/(losses) on the property of the Company and each sub-fund for the period. In preparing the financial statements the ACD 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 judgements 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 Company will continue in operation for the foreseeable future.

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

### **Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of the Threadneedle Specialist Investment Funds ICVC**

The Depositary is responsible for the safekeeping of all of the property of the Company (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 Depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's (formerly Financial Services Authority's) Collective Investment Schemes Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL Sourcebook and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

J.P. Morgan Trustee and Depositary Company Limited  
Bournemouth

28 June 2013

## **Independent Auditors' Report to the Members of Threadneedle Specialist Investment Funds ICVC**

We have audited the financial statements of the Threadneedle Specialist Investment Funds ICVC ("the Company") for the year ended 30 April 2013 which comprise the aggregated statement of total return, the aggregated statement of change in net assets attributable to shareholders, the aggregated balance sheet and related notes and, for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, 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 director and auditors**

As explained more fully in the Authorised Corporate Director's Responsibilities Statement, the Authorised Corporate Director 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, has been prepared for and only for the Company's members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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.

### **Scope of the audit of the financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds at 30 April 2013 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds 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 Instrument of Incorporation.

### **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 Corporate Director'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 Company have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

London  
28 June 2013

PricewaterhouseCoopers LLP  
Chartered Accountants and  
Statutory Auditors

The financial statements are published at [threadneedle.com](http://threadneedle.com), which is a website maintained by Threadneedle Investment Services Limited. The maintenance and integrity of the Threadneedle Investment services Limited's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Threadneedle UK Mid 250 Fund

## Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BASIC INDUSTRIES 16.57% (21.49%)</b>				<b>GENERAL INDUSTRIALS 21.89% (19.66%)</b>			
	<b>Chemicals 1.11% (2.20%)</b>				<b>Aerospace &amp; defence 6.49% (6.29%)</b>		
55,364	Croda International	1,380	1.11	1,394,259	Cobham	3,458	2.79
	<b>Construction &amp; building materials 14.11% (18.14%)</b>			276,354	Meggitt	1,306	1.05
1,302,174	Balfour Beatty	2,808	2.26	200,469	Ultra Electronics Holdings	3,282	2.65
229,211	Bovis Homes Group	1,759	1.42		<b>Electronic &amp; electrical equipment 6.87% (5.35%)</b>		
1,040,732	Carillion	2,781	2.24	1,603,416	AZ Electronic Materials	4,587	3.70
544,272	Crest Nicholson Holdings	1,704	1.37	299,436	Domino Printing	2,011	1.62
340,528	Persimmon	3,732	3.01	506,368	Invensys	1,926	1.55
385,528	*Persimmon 'C' Shares	289	0.23		<b>Engineering &amp; machinery 8.53% (8.02%)</b>		
1,917,515	SIG	3,089	2.49	187,497	Amec	1,896	1.53
93,371	Travis Perkins	1,352	1.09	1,381,811	Melrose Industries	3,380	2.72
	<b>Forestry &amp; paper 1.35% (1.15%)</b>			898,211	Morgan Advanced Materials	2,337	1.88
721,665	DS Smith	1,676	1.35	135,168	Weir Group	2,979	2.40
	<b>Total basic industries</b>	<b>20,570</b>	<b>16.57</b>		<b>Total general industrials</b>	<b>27,162</b>	<b>21.89</b>
<b>CYCLICAL SERVICES 24.67% (23.52%)</b>				<b>INFORMATION TECHNOLOGY 0.00% (2.04%)</b>			
	<b>General retailers 3.71% (4.36%)</b>				<b>Software &amp; computer services 0.00% (2.04%)</b>		
1,047,627	Debenhams	848	0.68		<b>Total information technology</b>	-	-
283,279	Halfords Group	971	0.78				
678,401	Majestic Wine	2,788	2.25		<b>NON-CYCLICAL SERVICES 0.83% (0.00%)</b>		
	<b>Leisure entertainment &amp; hotels 4.27% (2.48%)</b>				<b>Telecommunication services 0.83% (0.00%)</b>		
599,736	Greene King	4,354	3.51	785,720	Spirent Communications	1,027	0.83
1,445,931	Spirit Pub Company	940	0.76		<b>Total non-cyclical services</b>	<b>1,027</b>	<b>0.83</b>
	<b>Media &amp; photography 2.66% (3.86%)</b>						
692,651	Informa	3,307	2.66		<b>NON-CYCLICAL CONSUMER GOODS 0.00% (0.46%)</b>		
	<b>Support services 9.86% (9.63%)</b>				<b>Pharmaceuticals &amp; biotechnology 0.00% (0.46%)</b>		
460,654	Ashtead Group	2,745	2.21		<b>Total non-cyclical consumer goods</b>	-	-
243,894	Babcock International Group	2,598	2.09				
893,673	Berendsen	6,904	5.56		<b>RESOURCES 7.54% (6.82%)</b>		
	<b>Transport 4.17% (3.19%)</b>				<b>Mining 1.65% (0.91%)</b>		
506,652	FirstGroup	1,074	0.87	752,292	Lonmin	2,046	1.65
115,857	Go Ahead Group	1,783	1.44		<b>Oil &amp; gas 5.89% (5.91%)</b>		
682,647	Northgate	2,306	1.86	348,369	Hunting	2,804	2.26
	<b>Total cyclical services</b>	<b>30,618</b>	<b>24.67</b>	313,439	Ophir Energy	1,255	1.01
				879,840	Premier Oil	3,250	2.62
					<b>Total resources</b>	<b>9,355</b>	<b>7.54</b>
<b>FINANCIALS 21.53% (18.27%)</b>				<b>UTILITIES 3.72% (5.33%)</b>			
	<b>Insurance 4.44% (3.72%)</b>				<b>Electricity 1.40% (1.02%)</b>		
746,047	Amlin	3,163	2.55	282,801	Drax Group	1,739	1.40
275,060	Lancashire Holdings	2,352	1.89		<b>Water 2.32% (4.31%)</b>		
	<b>Real estate 4.11% (4.72%)</b>			421,463	Pennon Group	2,872	2.32
109,986	Derwent London	2,553	2.06		<b>Total utilities</b>	<b>4,611</b>	<b>3.72</b>
421,315	Shaftesbury	2,541	2.05				
	<b>Speciality &amp; other finance 12.98% (9.83%)</b>				<b>Total value of investments</b>	<b>120,064</b>	<b>96.75</b>
1,060,852	Ashmore Group	4,222	3.40		<b>Net other assets (2.41%)</b>	<b>4,037</b>	<b>3.25</b>
286,536	Close Bros Group	2,974	2.40		<b>Net assets</b>	<b>124,101</b>	<b>100.00</b>
588,963	IG Group Holdings	3,177	2.56				
757,001	Intermediate Capital Group	3,193	2.57				
108,792	Provident Financial	1,772	1.43				
318,492	Tullett Prebon	774	0.62				
	<b>Total financials</b>	<b>26,721</b>	<b>21.53</b>				

April 2012 comparatives in brackets.

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

\*Manually priced.

# Threadneedle UK Extended Alpha Fund

## Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BASIC INDUSTRIES 6.61% (8.10%)</b>				<b>Electronic &amp; electrical equipment 1.30% (2.22%)</b>			
	<b>Chemicals 2.42% (2.17%)</b>				<b>AZ Electronic Materials</b>	315	1.30
24,000	Johnson Matthey	584	2.42	110,000			
	<b>Construction &amp; building materials 4.19% (5.13%)</b>				<b>Engineering &amp; machinery 4.53% (6.05%)</b>		
111,709	Crest Nicholson Holdings	350	1.45	44,766	Amec	453	1.88
13,713	CRH	192	0.80	48,558	Fenner	172	0.71
40,000	Persimmon	438	1.82	74,000	Melrose Industries	181	0.75
40,000	*Persimmon 'C' Shares	30	0.12	13,000	Weir Group	287	1.19
	<b>Forestry &amp; paper 0.00% (0.80%)</b>				<b>Total general industrials</b>	<b>3,100</b>	<b>12.85</b>
	<b>Total basic industries</b>	<b>1,594</b>	<b>6.61</b>				
<b>CYCLICAL CONSUMER GOODS 2.63% (1.96%)</b>				<b>INFORMATION TECHNOLOGY 1.40% (2.03%)</b>			
	<b>Automobiles &amp; parts 2.63% (1.96%)</b>				<b>Software &amp; computer services 1.40% (2.03%)</b>		
231,995	GKN	635	2.63	100,000	Sage Group	338	1.40
	<b>Total cyclical consumer goods</b>	<b>635</b>	<b>2.63</b>		<b>Total information technology</b>	<b>338</b>	<b>1.40</b>
<b>CYCLICAL SERVICES 15.82% (13.02%)</b>				<b>NON-CYCLICAL CONSUMER GOODS 19.18% (12.08%)</b>			
	<b>Distributors 2.39% (0.00%)</b>				<b>Food producers &amp; processors 2.26% (1.82%)</b>		
18,000	Wolseley	577	2.39	19,630	Unilever	545	2.26
	<b>General retailers 1.92% (0.70%)</b>				<b>Health 3.33% (1.17%)</b>		
50,000	Inchcape	252	1.05	109,559	Smith & Nephew	803	3.33
51,000	Majestic Wine	210	0.87		<b>Personal care &amp; household products 3.43% (0.00%)</b>		
	<b>Leisure entertainment &amp; hotels 2.42% (0.55%)</b>			17,544	Reckitt Benckiser	828	3.43
15,000	Carnival	350	1.45		<b>Pharmaceuticals &amp; biotechnology 1.82% (2.69%)</b>		
140,000	Rank Group	234	0.97	26,361	GlaxoSmithKline	439	1.82
	<b>Media &amp; photography 5.49% (7.24%)</b>				<b>Tobacco 8.34% (6.40%)</b>		
70,000	Informa	334	1.38	32,000	British American Tobacco	1,139	4.72
50,000	Pearson	578	2.40	38,006	Imperial Tobacco Group	875	3.62
39,000	WPP	413	1.71		<b>Total non-cyclical consumer goods</b>	<b>4,629</b>	<b>19.18</b>
	<b>Support services 3.60% (4.53%)</b>						
42,000	Berendsen	324	1.34				
38,000	Compass Group	322	1.34				
24,838	WS Atkins	223	0.92				
	<b>Total cyclical services</b>	<b>3,817</b>	<b>15.82</b>				
<b>FINANCIALS 7.41% (8.67%)</b>				<b>NON-CYCLICAL SERVICES 3.37% (6.93%)</b>			
	<b>Banks 5.44% (5.69%)</b>				<b>Food &amp; drug retailers 0.00% (1.04%)</b>		
136,000	HSBC Holdings	959	3.98		<b>Telecommunication services 3.37% (5.89%)</b>		
21,577	Standard Chartered	352	1.46	141,000	BT Group	393	1.63
	<b>Insurance 1.05% (0.00%)</b>			214,042	Vodafone Group	419	1.74
60,000	Amlin	254	1.05		<b>Total non-cyclical services</b>	<b>812</b>	<b>3.37</b>
	<b>Life assurance 0.92% (1.93%)</b>						
40,000	St. James's Place	222	0.92				
	<b>Real estate 0.00% (1.05%)</b>						
	<b>Total financials</b>	<b>1,787</b>	<b>7.41</b>				
<b>GENERAL INDUSTRIALS 12.85% (13.44%)</b>				<b>RESOURCES 13.03% (18.25%)</b>			
	<b>Aerospace &amp; defence 7.02% (5.17%)</b>				<b>Mining 3.07% (7.90%)</b>		
100,000	Meggitt	472	1.96	25,000	Rio Tinto	740	3.07
9,520,000	*Rolls Royce 'C' Shares	10	0.04		<b>Oil &amp; gas 9.96% (10.35%)</b>		
80,000	Rolls-Royce Holdings	904	3.75	80,121	BG Group	867	3.59
24,500	Smiths Group	306	1.27	182,603	BP	862	3.57
				77,000	Premier Oil	284	1.18
				50,225	Wood Group	390	1.62
					<b>Total resources</b>	<b>3,143</b>	<b>13.03</b>

## Threadneedle UK Extended Alpha Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>UTILITIES 6.36% (9.72%)</b>			
<b>Gas distribution 4.49% (6.73%)</b>			
140,000	Centrica	517	2.14
70,000	National Grid	568	2.35
<b>Water 1.87% (2.99%)</b>			
66,000	Pennon Group	450	1.87
	<b>Total utilities</b>	<b>1,535</b>	<b>6.36</b>
<b>DERIVATIVES 0.25% (0.18%)</b>			
<b>Portfolio swap 0.25% (0.18%)</b>			
	UBS – Portfolio Swap	61	0.25
	<b>Total portfolio swap</b>	<b>61</b>	<b>0.25</b>
<b>Total value of investments</b>		<b>21,451</b>	<b>88.91</b>
<b>Net other assets (5.62%)</b>		<b>2,677</b>	<b>11.09</b>
<b>Net assets</b>		<b>24,128</b>	<b>100.00</b>

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

April 2012 comparatives in brackets.

\*Manually priced.

# Threadneedle UK Equity Alpha Income Fund

## Portfolio Statement

as at 30 April 2013

		% of				% of	
Holding	Investment	Value £000	Net Asset Value	Holding	Investment	Value £000	Net Asset Value
<b>BASIC INDUSTRIES 6.22% (6.48%)</b>				<b>Engineering &amp; machinery 2.96% (5.12%)</b>			
	<b>Chemicals 2.20% (0.00%)</b>				Melrose Industries	11,007	2.63
378,964	Johnson Matthey	9,216	2.20	4,500,000	Severfield-Rowen	1,376	0.33
	<b>Construction &amp; building materials 1.16% (2.92%)</b>			3,462,689	<b>Total general industrials</b>	<b>53,150</b>	<b>12.71</b>
414,399	Kier Group	4,836	1.16				
	<b>Forestry &amp; paper 2.86% (3.56%)</b>			<b>INFORMATION TECHNOLOGY 0.00% (1.89%)</b>			
5,143,603	DS Smith	11,944	2.86		<b>Software &amp; computer services 0.00% (1.89%)</b>		
	<b>Total basic industries</b>	<b>25,996</b>	<b>6.22</b>		<b>Total information technology</b>	<b>-</b>	<b>-</b>
				<b>NON-CYCLICAL CONSUMER GOODS 17.51% (24.63%)</b>			
<b>CYCLICAL CONSUMER GOODS 2.68% (1.67%)</b>					<b>Food producers &amp; processors 4.75% (5.12%)</b>		
	<b>Automobiles &amp; parts 2.68% (1.67%)</b>			716,231	Unilever	19,875	4.75
4,096,984	GKN	11,213	2.68		<b>Pharmaceuticals &amp; biotechnology 9.35% (11.80%)</b>		
	<b>Total cyclical consumer goods</b>	<b>11,213</b>	<b>2.68</b>	582,412	AstraZeneca	19,557	4.68
				1,172,834	GlaxoSmithKline	19,522	4.67
<b>CYCLICAL SERVICES 20.47% (15.77%)</b>					<b>Tobacco 3.41% (7.71%)</b>		
	<b>Distributors 2.67% (0.00%)</b>			400,000	British American Tobacco	14,242	3.41
348,556	Wolseley	11,164	2.67		<b>Total non-cyclical consumer goods</b>	<b>73,196</b>	<b>17.51</b>
	<b>General retailers 2.81% (3.09%)</b>			<b>NON-CYCLICAL SERVICES 9.00% (8.43%)</b>			
2,862,537	Marks & Spencer Group	11,731	2.81		<b>Food &amp; drug retailers 3.75% (1.93%)</b>		
	<b>Leisure entertainment &amp; hotels 1.24% (1.11%)</b>			6,233,898	Booker Group	7,400	1.77
400,000	Cineworld Group	1,154	0.28	2,848,728	Morrison (Wm) Supermarkets	8,276	1.98
2,414,585	Rank Group	4,035	0.96		<b>Telecommunication services 5.25% (6.50%)</b>		
	<b>Media &amp; photography 7.17% (5.49%)</b>			7,872,807	BT Group	21,934	5.25
8,994,315	ITV	11,297	2.70		<b>Total non-cyclical services</b>	<b>37,610</b>	<b>9.00</b>
2,494,385	Reed Elsevier	18,695	4.47	<b>RESOURCES 5.95% (8.30%)</b>			
	<b>Support services 3.94% (2.76%)</b>				<b>Oil &amp; gas 5.95% (8.30%)</b>		
2,000,000	Electrocomponents	4,834	1.16	532,130	BG Group	5,758	1.37
1,297,373	WS Atkins	11,637	2.78	850,000	Royal Dutch Shell 'B' Shares	19,138	4.58
	<b>Transport 2.64% (3.32%)</b>				<b>Total resources</b>	<b>24,896</b>	<b>5.95</b>
790,706	National Express Group	1,517	0.36	<b>UTILITIES 6.40% (6.57%)</b>			
3,108,041	Stagecoach Group	9,529	2.28		<b>Gas distribution 4.35% (4.14%)</b>		
	<b>Total cyclical services</b>	<b>85,593</b>	<b>20.47</b>	2,241,029	National Grid	18,197	4.35
<b>FINANCIALS 17.85% (12.41%)</b>					<b>Water 2.05% (2.43%)</b>		
	<b>Insurance 4.93% (5.07%)</b>			1,256,151	Pennon Group	8,561	2.05
18,446,654	RSA Insurance Group	20,623	4.93		<b>Total utilities</b>	<b>26,758</b>	<b>6.40</b>
	<b>Investment companies 3.42% (0.00%)</b>			<b>Total value of investments</b>			
4,306,502	3i Group	14,293	3.42			<b>413,039</b>	<b>98.79</b>
	<b>Life assurance 6.32% (6.71%)</b>			<b>Net other assets (0.44%)</b>			
1,682,271	Chesnara	4,016	0.96			<b>5,051</b>	<b>1.21</b>
13,282,846	Legal & General	22,408	5.36	<b>Net assets</b>			
	<b>Speciality &amp; other finance 3.18% (0.63%)</b>					<b>418,090</b>	<b>100.00</b>
475,000	Close Bros Group	4,931	1.18	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
8,500,000	F&C Asset Management	8,356	2.00	<i>April 2012 comparatives in brackets.</i>			
	<b>Total financials</b>	<b>74,627</b>	<b>17.85</b>				
<b>GENERAL INDUSTRIALS 12.71% (13.41%)</b>							
	<b>Aerospace &amp; defence 9.75% (8.29%)</b>						
5,569,606	BAE Systems	20,853	4.99				
3,517,259	Cobham	8,723	2.08				
895,974	Smiths Group	11,191	2.68				

# Threadneedle UK Absolute Alpha Fund

## Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>BASIC INDUSTRIES 3.72% (5.04%)</b>				<b>INFORMATION TECHNOLOGY 0.63% (1.34%)</b>			
	<b>Chemicals 1.01% (1.10%)</b>				<b>Information technology hardware 0.63% (0.00%)</b>		
36,000	Johnson Matthey	876	1.01	110,000	CSR	544	0.63
	<b>Construction &amp; building materials 2.71% (3.32%)</b>				<b>Software &amp; computer services 0.00% (1.34%)</b>		
372,364	Crest Nicholson Holdings	1,166	1.35		<b>Total information technology</b>	<b>544</b>	<b>0.63</b>
100,000	Persimmon	1,096	1.27				
100,000**	Persimmon 'C' Shares	75	0.09				
	<b>Forestry &amp; paper 0.00% (0.62%)</b>						
	<b>Total basic industries</b>	<b>3,213</b>	<b>3.72</b>				
<b>CYCLICAL SERVICES 10.85% (9.57%)</b>				<b>NON-CYCLICAL CONSUMER GOODS 8.80% (4.62%)</b>			
	<b>General retailers 1.28% (0.00%)</b>				<b>Food producers &amp; processors 1.02% (1.03%)</b>		
220,000	Inchcape	1,107	1.28	32,000	Unilever	888	1.02
	<b>Leisure entertainment &amp; hotels 2.32% (1.35%)</b>			220,000	Smith & Nephew	1,613	1.86
62,000	InterContinental Hotels Group	1,175	1.36		<b>Personal care &amp; household products 1.36% (0.00%)</b>		
500,000	Rank Group	836	0.96	25,000	Reckitt Benckiser	1,180	1.36
	<b>Media &amp; photography 4.48% (4.19%)</b>				<b>Pharmaceuticals &amp; biotechnology 2.63% (1.61%)</b>		
1,000,000	ITV	1,256	1.45	85,000	GlaxoSmithKline	1,415	1.63
85,000	Pearson	984	1.14	42,500	Shire	864	1.00
110,000	Reed Elsevier	824	0.95		<b>Tobacco 1.93% (1.22%)</b>		
77,000	WPP	816	0.94	47,000	British American Tobacco	1,673	1.93
	<b>Support services 1.96% (2.68%)</b>				<b>Total non-cyclical consumer goods</b>	<b>7,633</b>	<b>8.80</b>
100,000	Compass Group	848	0.98				
95,000	WS Atkins	852	0.98				
	<b>Transport 0.81% (1.35%)</b>						
230,000	Stagecoach Group	705	0.81				
	<b>Total cyclical services</b>	<b>9,403</b>	<b>10.85</b>				
<b>FINANCIALS 8.32% (5.49%)</b>				<b>NON-CYCLICAL SERVICES 2.57% (5.78%)</b>			
	<b>Banks 2.56% (2.51%)</b>				<b>Food &amp; drug retailers 0.00% (2.55%)</b>		
314,000	HSBC Holdings	2,215	2.56		<b>Telecommunication services 2.57% (3.23%)</b>		
	<b>Insurance 1.39% (0.00%)</b>			330,000	BT Group	919	1.06
285,000	Amlin	1,208	1.39	670,000	Vodafone Group	1,312	1.51
	<b>Investment companies 0.82% (0.00%)</b>				<b>Total non-cyclical services</b>	<b>2,231</b>	<b>2.57</b>
709,978	Sherborne Investors (Guernsey) 'B' Shares	710	0.82				
	<b>Life assurance 3.55% (2.98%)</b>						
1,000,000	Legal & General	1,687	1.95				
250,000	St. James's Place	1,386	1.60				
	<b>Total financials</b>	<b>7,206</b>	<b>8.32</b>				
<b>GENERAL INDUSTRIALS 4.19% (8.73%)</b>				<b>RESOURCES 4.60% (7.69%)</b>			
	<b>Aerospace &amp; defence 1.16% (1.95%)</b>				<b>Mining 1.47% (1.41%)</b>		
10,472,000**	Rolls-Royce 'C' Shares	10	0.01	43,000	Rio Tinto	1,273	1.47
88,000	Rolls-Royce Holdings	994	1.15		<b>Oil &amp; gas 3.13% (6.28%)</b>		
	<b>Electronic &amp; electrical equipment 0.96% (1.02%)</b>			76,000	BG Group	822	0.95
290,000	AZ Electronic Materials	830	0.96	45,000	Hunting	362	0.42
	<b>Engineering &amp; machinery 2.07% (5.76%)</b>			185,000	Premier Oil	683	0.79
85,000	Amec	859	0.99	108,563	Wood Group	843	0.97
157,442	Fenner	559	0.65		<b>Total resources</b>	<b>3,983</b>	<b>4.60</b>
17,000	Weir Group	375	0.43				
	<b>Total general industrials</b>	<b>3,627</b>	<b>4.19</b>				
<b>UTILITIES 3.31% (5.16%)</b>							
	<b>Gas distribution 2.25% (3.59%)</b>				<b>Gas distribution 2.25% (3.59%)</b>		
	<b>Electronic &amp; electrical equipment 0.96% (1.02%)</b>			300,000	Centrica	1,108	1.28
	<b>Engineering &amp; machinery 2.07% (5.76%)</b>			103,893	National Grid	844	0.97
	<b>Life assurance 3.55% (2.98%)</b>				<b>Water 1.06% (1.57%)</b>		
	<b>Support services 1.96% (2.68%)</b>			135,000	Pennon Group	920	1.06
	<b>Transport 0.81% (1.35%)</b>				<b>Total utilities</b>	<b>2,872</b>	<b>3.31</b>

## Threadneedle UK Absolute Alpha Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>DERIVATIVES 0.30% (0.33%)</b>			
<b>Forward foreign exchange contracts -0.14% (-0.01%)</b>			
	Sell GBP 11,298,034		
	Buy EUR 13,244,515 J.P.Morgan	(119)	(0.14)
	Sell GBP 265,626		
	Buy EUR 311,752 J.P.Morgan	(2)	-
<b>Futures and options 0.04% (0.04%)</b>			
(140)	*UBS FTSE 100 Future Expiring June 2013	34	0.04
<b>Portfolio swaps 0.40% (0.30%)</b>			
	UBS – Portfolio Swap	344	0.40
	<b>Total derivatives</b>	<b>257</b>	<b>0.30</b>
<b>Total value of investments</b>		<b>40,969</b>	<b>47.29</b>
<b>Net other assets (46.25%)</b>		<b>45,668</b>	<b>52.71</b>
<b>Net assets</b>		<b>86,637</b>	<b>100.00</b>

### ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
UBS	Cash	180

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

April 2012 comparatives in brackets.

\*The underlying exposure of holding this future is £8,973,300.

\*\*Manually priced.

# Threadneedle Absolute Return Bond Fund

## Portfolio Statement

as at 30 April 2013

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 1.47% (3.17%)</b>					<b>GERMANY 4.06% (2.81%)</b>				
		<b>Aaa 0.00% (2.12%)</b>					<b>AAA 1.98% (2.81%)</b>		
		<b>AA – 1.47% (1.05%)</b>			GBP	150,000	*KfW 0.60688% 09/03/2015	150	0.04
GBP	5,250,000	*Commonwealth Bank of Australia 1.20688% 04/09/2015	5,297	1.43	AUD	9,700,000	Landwirtschaft Rentenbank 6.5% 12/04/2017	7,186	1.94
GBP	150,000	*Wespac Banking 1.15688% 03/06/2014	151	0.04			<b>Aaae 2.08% (0.00%)</b>		
		<b>Total Australia</b>	<b>5,448</b>	<b>1.47</b>	EUR	8,000,000	*Bundesobligation 0.78614% 15/04/2018	7,693	2.08
<b>BELGIUM 2.36% (0.00%)</b>					<b>Total Germany</b>				
		<b>Not rated 2.36% (0.00%)</b>						<b>15,029</b>	<b>4.06</b>
EUR	10,090,000	Belgium Kingdom 2.25% 22/06/2023	8,744	2.36	<b>INDONESIA 1.00% (0.00%)</b>				
		<b>Total Belgium</b>	<b>8,744</b>	<b>2.36</b>	USD	3,200,000	Perusahaan Penerbit SBSN 4% 21/11/2018	2,190	0.59
<b>CAYMAN ISLANDS 0.00% (0.05%)</b>					USD	2,295,000	Republic of Indonesia 3.375% 15/04/2023	1,510	0.41
		<b>BBB 0.00% (0.05%)</b>					<b>Total Indonesia</b>	<b>3,700</b>	<b>1.00</b>
		<b>Total Cayman Islands</b>	<b>-</b>	<b>-</b>	<b>ITALY 0.61% (0.00%)</b>				
<b>CHILE 0.25% (0.00%)</b>							<b>BBB+ 0.61% (0.00%)</b>		
		<b>A 0.25% (0.00%)</b>			USD	3,480,000	*Intesa Sanpaolo 2.6881% 24/02/2014	2,252	0.61
USD	1,323,000	Codelco 3.75% 04/11/2020	910	0.25			<b>Total Italy</b>	<b>2,252</b>	<b>0.61</b>
		<b>Total Chile</b>	<b>910</b>	<b>0.25</b>	<b>LATVIA 0.60% (0.00%)</b>				
<b>CROATIA 0.34% (0.00%)</b>							<b>BBB 0.60% (0.00%)</b>		
		<b>BB+ 0.34% (0.00%)</b>			USD	3,445,000	Republic of Latvia 2.75% 12/01/2020	2,218	0.60
USD	1,830,000	Croatia 5.5% 04/04/2023	1,253	0.34			<b>Total Latvia</b>	<b>2,218</b>	<b>0.60</b>
		<b>Total Croatia</b>	<b>1,253</b>	<b>0.34</b>	<b>LUXEMBOURG 2.96% (5.41%)</b>				
<b>DENMARK 2.06% (0.00%)</b>							<b>AAA 1.83% (4.24%)</b>		
		<b>A- 2.06% (0.00%)</b>			AUD	9,750,000	European Investment Bank 5% 22/08/2022	6,749	1.83
GBP	7,157,000	Danske Bank 4% 09/12/2015	7,614	2.06			<b>BBB 1.13% (0.88%)</b>		
		<b>Total Denmark</b>	<b>7,614</b>	<b>2.06</b>	GBP	4,100,000	Gaz Capital 6.58% 31/10/2013	4,183	1.13
<b>FINLAND 2.78% (3.15%)</b>							<b>BB- 0.00% (0.29%)</b>		
		<b>AAA 2.78% (3.15%)</b>					<b>Total Luxembourg</b>	<b>10,932</b>	<b>2.96</b>
GBP	10,150,000	Municipality Finance 1.5% 15/12/2014	10,281	2.78	<b>MEXICO 1.86% (2.59%)</b>				
		<b>Total Finland</b>	<b>10,281</b>	<b>2.78</b>			<b>A- 0.00% (2.59%)</b>		
<b>FRANCE 2.20% (10.14%)</b>							<b>BBB 0.73% (0.00%)</b>		
		<b>AAA 0.00% (3.96%)</b>			USD	3,170,000	United Mexican States 6.05% 11/01/2040	2,681	0.73
		<b>Aa1 2.20% (0.00%)</b>					<b>Baa1e 1.13% (0.00%)</b>		
GBP	5,000,000	*Caisse d'Amortissement De La Dette Sociale 1.81% 16/02/2015	5,104	1.38	EUR	4,871,000	United Mexican States 2.75% 22/04/2023	4,192	1.13
EUR	3,350,000	Government of France 3.25% 25/05/2045	3,017	0.82			<b>Total Mexico</b>	<b>6,873</b>	<b>1.86</b>
		<b>AA+ 0.00% (4.10%)</b>							
		<b>BBB 0.00% (2.08%)</b>							
		<b>Total France</b>	<b>8,121</b>	<b>2.20</b>					

## Threadneedle Absolute Return Bond Fund

### Portfolio Statement

(continued)

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value		
<b>NETHERLANDS 7.03% (11.43%)</b>					<b>SLOVENIA 1.66% (0.00%)</b>						
<b>AAA 0.00% (3.72%)</b>					<b>A 1.03% (0.00%)</b>						
GBP	4,200,000	AA- 1.21% (0.00%) Rabobank Nederland 4% 10/09/2015	4,480	1.21	USD	6,001,000	Republika Slovenija 5.5% 26/10/2022	3,809	1.03		
GBP	5,969,000	<b>A 1.65% (3.62%)</b> BMW Finance 5.25% 21/11/2013	6,113	1.65	EUR	2,745,000	<b>A- 0.63% (0.00%)</b> Republic of Slovenia 4.375% 02/04/2014	2,336	0.63		
GBP	3,550,000	<b>A- 4.09% (3.69%)</b> Daimler International Finance 1.75% 21/05/2014	3,578	0.97	<b>Total Slovenia</b>						
GBP	11,279,000	Volkswagen Financial Services 2.5% 07/10/2013	11,352	3.07				<b>6,145</b>	<b>1.66</b>		
GBP	200,000	Volkswagen International Finance 2.125% 19/12/2014	204	0.05	<b>SOUTH KOREA 1.36% (0.00%)</b>						
GBP	275,000	<b>BBB+ 0.08% (0.40%)</b> Deutsche Telekom International Finance 4.875% 23/09/2014	289	0.08	USD	2,955,000	<b>A+ 1.36% (0.00%)</b> Export-Import Bank of Korea 5.125% 16/03/2015	2,040	0.55		
<b>Total Netherlands</b>				<b>7.03</b>	<b>Total South Korea</b>					<b>5,044</b>	<b>1.36</b>
				<b>26,016</b>	<b>SWEDEN 4.21% (3.39%)</b>						
<b>NEW ZEALAND 0.00% (1.32%)</b>					<b>AAA 0.00% (1.92%)</b>						
<b>A+ 0.00% (1.32%)</b>					<b>Aa1 0.03% (0.00%)</b>						
<b>Total New Zealand</b>					<b>Swedish Export Credit 1.5%</b> 15/12/2014					101	0.03
				<b>-</b>	<b>AA- 1.90% (1.47%)</b>						
<b>NORWAY 2.25% (0.00%)</b>					<b>Aa1 0.03% (0.00%)</b>						
<b>Aaa 0.61% (0.00%)</b>					GBP	100,000	Swedish Export Credit 1.5% 15/12/2014	101	0.03		
AUD	3,400,000	Kommunalbanken 4.5% 17/04/2023	2,264	0.61	GBP	7,000,000	<b>AA- 1.90% (1.47%)</b> *Svenska Handelsbanken 1.50438% 20/01/2014	7,046	1.90		
USD	4,175,000	<b>BB+ 1.64% (0.00%)</b> Eksportfinans 2% 15/09/2015	2,605	0.71	GBP	7,913,000	<b>A+ 2.28% (0.00%)</b> Skandinaviska Enskilda Banken 6.625% 09/07/2014	8,424	2.28		
USD	5,350,000	Eksportfinans 3% 17/11/2014	3,444	0.93	<b>Total Sweden</b>					<b>15,571</b>	<b>4.21</b>
<b>Total Norway</b>				<b>2.25</b>	<b>UNITED KINGDOM 35.39% (35.45%)</b>						
<b>REPUBLIC OF IRELAND 8.29% (1.35%)</b>					<b>AAA 4.24% (15.94%)</b>						
<b>AA+ 2.12% (1.35%)</b>					GBP	13,000,000	*Abbey National Treasury Service 2.11% 16/02/2015	13,263	3.58		
EUR	9,040,000	Irish Treasury 3.9% 20/03/2023	7,827	2.12	GBP	2,000,000	*Abbey National Treasury Service 2.20688% 05/04/2017	2,072	0.56		
GBP	5,620,000	<b>BBB+ 5.76% (0.00%)</b> Bank of Ireland 5.75% 22/10/2013	5,709	1.54	GBP	250,000	*Arkle Master Issuer 2.26% 17/11/2015	256	0.07		
EUR	16,400,000	Irish Treasury 5.5% 18/10/2017	15,618	4.22	GBP	112,637	*Brass 1.95688% 16/12/2048	115	0.03		
EUR	1,800,000	<b>BBB 0.41% (0.00%)</b> RZD Capital 3.3744% 20/0/2021	1,513	0.41	<b>Aaa 2.99% (2.30%)</b>						
<b>Total Republic of Ireland</b>				<b>8.29</b>	GBP	4,350,000	*Clydesdale Bank 2.20688% 08/06/2015	4,465	1.21		
<b>RUSSIAN FEDERATION 3.05% (0.91%)</b>					GBP	6,450,000	*Coventry Building Society 2.11% 10/02/2015	6,590	1.78		
<b>BBB+ 1.09% (0.00%)</b>					<b>AAA 0.53% (0.00%)</b>						
RUB	179,900,000	Russia Government Bond 7.6% 14/04/2021	4,041	1.09	GBP	1,012,705	*E-Carat 1.3% 18/06/2020	1,020	0.28		
USD	8,940,000	<b>BBB 1.96% (0.91%)</b> *Russian Federation 7.5% 31/03/2030	7,257	1.96	GBP	563,820	*Fosse Master Issuer 2.02438% 18/10/2054	567	0.15		
<b>Total Russian Federation</b>				<b>3.05</b>	GBP	250,000	*Permanent Master Issuer 2009-1 A2 2.20563% 15/07/2042	255	0.07		
					GBP	103,402	*Silk Road Finance 1.90688% 21/12/2052	105	0.03		
					<b>AA+ 1.57% (0.00%)</b>						
					GBP	3,458,000	UK Treasury 1.25% 22/11/2027	5,821	1.57		

# Threadneedle Absolute Return Bond Fund

## Portfolio Statement

(continued)

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 35.39% (35.45%) (continued)</b>					<b>B+ 0.15% (0.00%)</b>				
<b>Aa3 0.00% (1.70%)</b>					USD	850,000	Dominican Republic 5.875% 18/04/2024	554	0.15
<b>A+ 5.38% (2.40%)</b>					<b>Total United States of America 29,671 8.02</b>				
GBP	8,400,000	*Barclays Bank 2.50688% 01/09/2016	8,604	2.32	<b>VENEZUELA 1.73% (0.00%)</b>				
AUD	7,250,000	Barclays Bank Australia 6.75% 24/02/2014	4,965	1.34	USD	9,715,000	Republic of Venezuela 10.75% 19/09/2013	6,384	1.73
GBP	3,075,000	Prudential 1.25% 16/11/2015	3,092	0.84	<b>Total Venezuela 6,384 1.73</b>				
GBP	3,000,000	Standard Chartered 6.5% 28/04/2014	3,161	0.85	<b>DERIVATIVES 0.35% (1.80%)</b>				
GBP	100,000	Unilever 4% 19/12/2014	105	0.03	<b>Credit default swaps 0.02% (1.25%)</b>				
<b>A 10.10% (4.03%)</b>					USD	15,000,000	Barclays EUR Markit CDX.NA.HY 20/12/2017 Spread 500	664	0.18
GBP	6,382,000	Abbey National Treasury Service 5.5% 18/06/2014	6,676	1.80	USD(55,000,000)	HSBC USD Japan-55 (20 Year Issue) 20/12/2016	(642)	(0.17)	
GBP	5,540,000	BP Capital Markets 4% 29/12/2014	5,809	1.57	USD (3,300,000)	HSBC USD Japan-55 (20 Year Issue) 20/12/2016 Spread 100	(33)	(0.01)	
GBP	2,100,000	Compass Group 7% 08/12/2014	2,296	0.62	USD	610,000	HSBC USD United Mexican States 20/09/2017 Spread 100	4	-
GBP	9,721,000	Lloyds TSB Bank 6.375% 15/04/2014	10,206	2.76	USD	11,650,000	HSBC USD United Mexican States 20/09/2017 Spread 100	89	0.02
GBP	11,666,000	Royal Bank of Scotland 6.375% 29/04/2014	12,270	3.32	<b>Forward foreign exchange contracts 1.09% (0.27%)</b>				
GBP	100,000	Santander 6.5% 09/09/2015	110	0.03	Sell RUB 197,465,646				
<b>A- 8.73% (6.72%)</b>					Buy USD 6,294,930 HSBC (29) (0.01)				
GBP	3,305,000	Experian Finance 5.625% 12/12/2013	3,394	0.92	Sell USD 17,862,499				
GBP	11,429,000	Heathrow Funding 5.85% 27/11/2013	11,733	3.17	Buy INR 979,936,709 HSBC 195 0.05				
GBP	100,000	Hutchison Ports 6.75% 07/12/2015	113	0.03	Sell USD 11,860,519				
GBP	7,250,000	SSE 5.75% 05/02/2014	7,505	2.03	Buy NGN 1,881,671,303 Citibank (17) -				
GBP	9,100,000	Vodafone Group 4.625% 08/09/2014	9,544	2.58	Sell USD 23,829,666				
<b>BBB+ 1.85% (1.43%)</b>					Buy BRL 47,504,439 Citibank (157) (0.04)				
GBP	5,063,000	National Grid 5.5% 24/07/2013	5,114	1.38	Sell USD 23,910,576				
GBP	1,561,000	National Grid 6.125% 15/04/2014	1,636	0.44	Buy INR 1,309,821,347 HSBC 238 0.06				
GBP	100,000	Tesco 5% 24/02/2014	103	0.03	Sell CAD 24,424,605				
<b>Baa1 0.00% (0.33%)</b>					Buy USD 24,039,919 Royal Bank of Canada (63) (0.02)				
<b>BBB 0.00% (0.18%)</b>					Sell EUR 18,381,141				
<b>Not rated 0.00% (0.42%)</b>					Buy USD 24,078,724 Citibank 32 0.01				
<b>Total United Kingdom 130,965 35.39</b>					Sell AUD 151,125,090				
<b>UNITED STATES OF AMERICA 8.02% (1.47%)</b>					Buy USD 158,649,759 Citibank 1,622 0.44				
<b>AA+ 1.86% (1.47%)</b>					Sell EUR 61,750,299				
GBP	6,700,000	General Electric 5.25% 10/12/2013	6,883	1.86	Buy USD 80,826,201 Goldman Sachs 66 0.02				
<b>AA 0.78% (0.00%)</b>					Sell CHF 123,335,282				
GBP	2,660,000	Roche Holdings 5.5% 04/03/2015	2,892	0.78	Buy USD 132,460,769 Citibank 461 0.13				
<b>A- 2.76% (0.00%)</b>					Sell MXN 219,050,009				
GBP	150,000	*J.P. Morgan Chase 1.05625% 30/05/2017	143	0.04	Buy USD 17,976,100 RBS 33 0.01				
GBP	3,500,000	American Express Credit 5.375% 01/10/2014	3,711	1.00	Sell ZAR 107,321,132				
USD	3,300,000	Morgan Stanley 4.75% 22/03/2017	2,360	0.64	Buy USD 11,950,146 RBS 3 -				
USD	5,700,000	Morgan Stanley 6% 28/04/2015	4,006	1.08	Sell USD 1,013,993				
<b>BBB 2.47% (0.00%)</b>					Buy JPY 100,724,356 RBS 12 -				
USD	6,265,000	Pemex Project Funding Master Trust 5.75% 01/03/2018	4,742	1.28	Sell SEK 543,457,662				
GBP	4,220,000	Pemex Project Funding Master Trust 7.5% 18/12/2013	4,380	1.19	Buy USD 85,191,800 Goldman Sachs 1,413 0.38				
					Sell USD 95,482,800				
					Buy NOK 549,232,343				
					Goldman Sachs (837) (0.23)				
					Sell USD 188,000,000				
					Buy GBP 122,900,558 UBS 1,534 0.42				
					Sell USD 120,251,169				
					Buy DKK 685,304,557				
					Goldman Sachs (69) (0.02)				

## Threadneedle Absolute Return Bond Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>DERIVATIVES 0.35% (1.80%) (continued)</b>					Sell USD 6,244,306		
	Sell USD 23,993,031			Buy AUD 6,113,232 RBS	46	0.01	
	Buy PLN 75,614,158 RBS	(127)	(0.03)	Sell EUR 1,911,199			
	Sell USD 24,093,966			Buy USD 2,493,683 UBS	(3)	–	
	Buy CAD 24,331,195 RBS	(32)	(0.01)	Sell USD 2,146,737			
	Sell JPY 2,384,293,589			Buy GBP 1,406,977 Citigroup	21	0.01	
	Buy USD 23,982,176 Goldman Sachs	(292)	(0.08)	Sell USD 1,346,540			
	Sell USD 23,961,809			Buy CAD 1,384,403 Citigroup	14	–	
	Buy MXN 290,381,186 HSBC	(129)	(0.03)	Sell USD 7,432,291			
	Sell NOK 137,239,778			Buy CHF 6,947,208 Citigroup	(7)	–	
	Buy SEK 152,438,260 HSBC	(163)	(0.04)	Sell DKK 36,999,619			
	Sell AUD 3,700,000			Buy USD 6,476,305 Citigroup	(7)	–	
	Buy GBP 2,512,733 Citigroup	45	0.01	Sell USD 1,020,972			
	Sell USD 3,500,000			Buy HUF 234,606,861 UBS	–	–	
	Buy GBP 2,285,462 Citigroup	26	0.01	Sell USD 985,458			
	Sell PLN 75,444,716			Buy JPY 97,239,666 HSBC	7	–	
	Buy USD 23,871,533 Goldman Sachs	83	0.02	Sell NOK 2,864,026			
	Sell JPY 1,158,550,199			Buy USD 488,401 Royal Bank of Canada	(2)	–	
	Buy USD 11,845,402 Royal Bank of Canada	(18)	–	Sell USD 1,333,251			
	Sell EUR 9,149,589			Buy SEK 8,735,856 UBS	1	–	
	Buy JPY 1,177,679,278 Royal Bank of Canada	70	0.02	Sell USD 239,569			
	Sell EUR 9,148,514			Buy ZAR 2,228,716 UBS	5	–	
	Buy JPY 1,176,239,054 RBS	61	0.02	Sell USD 729,291			
	Sell USD 23,966,688			Buy KRW 817,680,657 HSBC	7	–	
	Buy EUR 18,248,293 Royal Bank of Canada	(72)	(0.02)	Sell INR 143,171,002			
	Sell JPY 2,344,172,050			Buy USD 2,628,920 HSBC	(16)	–	
	Buy EUR 18,250,509 RBS	(106)	(0.03)	Sell BRL 1,713,940			
	Sell JPY 2,345,724,219			Buy USD 845,764 Citigroup	(3)	–	
	Buy EUR 18,251,084 RBS	(116)	(0.03)	Sell NGN 68,818,746			
	Sell NOK 138,065,670			Buy USD 430,655 Citigroup	(4)	–	
	Buy EUR 18,249,836 RBS	117	0.03	Sell EUR 9,500,000			
	Sell NOK 69,129,885			Buy GBP 8,098,456 Citigroup	81	0.02	
	Buy EUR 9,125,131 Royal Bank of Canada	48	0.01	Sell EUR 17,446,023			
	Sell MXN 147,088,909			Buy SEK 150,470,969 HSBC	113	0.03	
	Buy USD 12,024,261 Citigroup	(8)	–	Sell EUR 17,527,854			
	Sell JPY 2,330,816,839			Buy USD 22,762,950 Royal Bank of Canada	(97)	(0.03)	
	Buy EUR 18,246,513 RBS	(21)	(0.01)	Sell USD 22,787,331			
	Sell CAD 24,701,676			Buy HKD 176,918,378 HSBC	6	–	
	Buy USD 24,051,914 Citigroup	(232)	(0.06)	Sell EUR 15,686,669			
	Sell JPY 2,350,484,276			Buy CHF 19,333,945 Royal Bank of Canada	94	0.03	
	Buy EUR 18,251,199 RBS	(148)	(0.04)	Sell NZD 40,323,273			
	Sell AUD 500,000			Buy AUD 33,328,793 Royal Bank of Canada	(28)	(0.01)	
	Buy GBP 337,422 RBS	4	–	Sell EUR 8,776,040			
	Sell EUR 500,000			Buy SEK 75,488,929 Goldman Sachs	37	0.01	
	Buy GBP 428,055 Lloyds	6	–	Sell CHF 21,768,013			
	Sell HUF 5,443,173,944			Buy EUR 17,719,772 RBS	(57)	(0.02)	
	Buy EUR 18,237,887 RBS	94	0.03	Sell NZD 27,071,250			
	Sell CHF 15,940,916			Buy AUD 22,402,928 Goldman Sachs	(1)	–	
	Buy EUR 13,113,264 Lloyds	74	0.02	Sell EUR 8,869,097			
	Sell EUR 36,680,446			Buy JPY 1,134,800,057 HSBC	23	0.01	
	Buy JPY 4,705,646,347 RBS	176	0.05	Sell EUR 8,869,414			
	Sell EUR 18,340,113			Buy JPY 1,136,443,309 Credit Suisse	33	0.01	
	Buy JPY 2,351,776,552 Citibank	81	0.02	Sell EUR 8,869,414			
	Sell NOK 69,553,890			Buy JPY 1,137,206,078 Royal Bank of Canada	38	0.01	
	Buy EUR 9,143,314 Credit Suisse	16	–				
	Sell KRW 13,543,728,350						
	Buy USD 11,993,030 HSBC	(176)	(0.05)				
	Sell USD 487,152						
	Buy MXN 6,009,746 HSBC	3	–				

# Threadneedle Absolute Return Bond Fund

## Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>DERIVATIVES 0.35% (1.80%) (continued)</b>									
		<b>Futures and Options -0.40% (0.28%)</b>			EUR	(590,000)	Citigroup EUR Euribor-Reuters/ 0.02355 07/01/2043	(25)	(0.01)
EUR	(3,500)	UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013 Strike 99.375	(185)	(0.05)	EUR	(5,700,000)	Citigroup EUR Euribor-Reuters/ 0.02459 15/01/2043	(360)	(0.10)
EUR	1,750	UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013 Strike 99.5	129	0.03	GBP	(4,750,000)	Citigroup GBP Libor-BBA/0.01916 17/12/2022	(78)	(0.02)
EUR	(491)	UBS Euro Bobl Future Expiring June 2013	(341)	(0.09)	GBP	(250,000)	Citigroup GBP Libor-BBA/0.01916 17/12/2022	(4)	-
EUR	94	UBS Euro-BUND Future Expiring June 2013	57	0.02	GBP	(5,625,000)	RBS GBP Libor-BBA/0.02895 10/04/2043	18	-
EUR	(215)	UBS French Long Term Government Bond Future Expiring June 2013	(861)	(0.23)	JPY(165,000,000)		Citigroup JPY Libor-BBA/0.0075125 28/01/2023	(3)	-
EUR	930	UBS 3 Month Euribor Future Expiring December 2014	234	0.06	JPY(3,000,000,000)		Citigroup JPY Libor-BBA/0.0075125 28/01/2023	(46)	(0.01)
EUR	(1,536)	UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013 Strike 99.375	(16)	-	JPY(1,600,000,000)		RBS JPY Libor-BBA/0.017175 22/01/2033	(394)	(0.11)
EUR	1,536	UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013 Strike 99.5	16	-	JPY (88,000,000)		RBS JPY Libor-BBA/0.017175 22/01/2033	(21)	(0.01)
USD	(1,194)	UBS 3 Month Euro Future Expiring December 2014	(196)	(0.05)	SEK 112,000,000		Barclays SEK Stibor-Side/0.0241 12/02/2023	407	0.11
GBP	787	UBS 3 Month Sterling Future Expiring December 2013	9	-	SEK 110,945,000		Citigroup SEK Stibor-Side/0.02421 06/02/2023	357	0.10
GBP	(787)	UBS 3 Month Sterling Future Expiring June 2014	(19)	-	SEK 108,080,000		Barclays SEK Stibor-Side/0.02421 06/02/2023	366	0.10
AUD	(304)	UBS Australia 10 Year Bond Future Expiring June 2013	(398)	(0.11)	SEK 18,570,000		Barclays SEK Stibor-Side/0.02421 06/02/2023	63	0.02
AUD	1,349	UBS Australia 3 Year Bond Future Expiring June 2013	669	0.18	USD 6,900,000		Citigroup USD Libor-BBA/0.02849 07/01/2043	47	0.01
USD	(531)	UBS IMM Eurodollar Put Option Expiring December 2014 Strike 97.75	(21)	(0.01)	USD 360,000		Citigroup USD Libor-BBA/0.02849 07/01/2043	2	-
USD	531	UBS IMM Eurodollar Put Option Expiring December 2014 Strike 98.25	17	-			<b>Total derivatives</b>	<b>1,315</b>	<b>0.35</b>
GBP	(127)	UBS Long Gilt Future Expiring June 2013	(167)	(0.04)			<b>Total value of investments</b>	<b>354,764</b>	<b>95.89</b>
JPY	(28)	UBS TSE 10 Year JGB Future Expiring June 2013	75	0.02			<b>Net other assets (15.56%)</b>	<b>15,208</b>	<b>4.11</b>
USD	(260)	UBS US 10 Year Note Future Expiring June 2013	(190)	(0.05)			<b>Net assets</b>	<b>369,972</b>	<b>100.00</b>
USD	(680)	UBS US 10 Year Note Put Option Expiring June 2013 Strike 131	(21)	(0.01)					
USD	340	UBS US 10 Year Note Put Option Expiring June 2013 Strike 132	21	0.01					
USD	(563)	UBS US 5 Year Treasury Note Future Expiring June 2013	(384)	(0.10)					
USD	54	UBS US Ultra Bond Future Expiring June 2013	82	0.02					
		<b>Interest rate swap -0.36% (0.00%)</b>							
CAD	27,050,000	Citigroup CADBA-Cdor/0.01637 27/02/2018	47	0.01					
EUR	(12,810,000)	Citigroup EUR Euribor-Reuters/ 0.01845 12/02/2023	(415)	(0.11)					
EUR	(13,325,000)	Barclays EUR Euribor-Reuters/ 0.01875 06/02/2023	(464)	(0.13)					
EUR	(2,180,000)	Barclays EUR Euribor-Reuters/ 0.01875 06/02/2023	(76)	(0.02)					
EUR	(12,765,000)	Barclays EUR Euribor-Reuters/ 0.0189 18/02/2023	(456)	(0.12)					
EUR	(5,700,000)	Citigroup EUR Euribor-Reuters/ 0.02355 07/01/2043	(244)	(0.07)					

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

April 2012 comparatives in brackets.

\*Variable rate bonds.

### ANALYSIS OF INVESTMENTS BY ASSET CLASS

Fixed interest	281,044	79.20
Floating rate notes	72,405	20.40
Derivatives	1,315	0.40
<b>Total value of investments</b>	<b>354,764</b>	<b>100.00</b>

# Threadneedle Absolute Return Bond Fund

## Portfolio Statement

(continued)

### ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

	Value £000
AAA	42,019
Aaa	11,055
Aaae	9,957
AA+	20,531
Aa1	8,222
AA	2,892
AA-	16,974
A+	33,395
A	48,199
A-	67,593
BBB+	34,762
Baa1e	4,192
BBB	26,974
BB+	11,002
B+	6,938
Not rated	8,744
Total bonds	353,449
Derivatives	1,315
<b>Total value of investments</b>	<b>354,764</b>

### ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
Barclays	Cash	240
Citibank	Cash	250
HSBC	Cash	3,510
RBS	Cash	1,020
SEB	Cash	1,140
UBS	Cash	1,260
<b>Total collateral</b>		<b>7,420</b>

### ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS

	Value £000
UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013 Strike 99.375	(148)
UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013 Strike 99.5	148
UBS Euro Bobl Future Expiring June 2013	(52,549)
UBS Euro-BUND Future Expiring June 2013	11,641
UBS French Long Term Government Bond Future Expiring June 2013	(25,352)
UBS 3 Month Euribor Future Expiring December 2014	195,527
UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013 Strike 99.375	(16)
UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013 Strike 99.5	24
UBS 3 Month Euro Future Expiring December 2014	(191,856)
UBS 3 Month Sterling Future Expiring December 2013	97,918
UBS 3 Month Sterling Future Expiring June 2014	(97,918)
UBS Australia 10 Year Bond Future Expiring June 2013	(19,673)
UBS Australia 3 Year Bond Future Expiring June 2013	87,780
UBS IMM Eurodollar Put Option Expiring December 2014 Strike 97.75	(15)
UBS IMM Eurodollar Put Option Expiring December 2014 Strike 98.25	26
UBS Long Gilt Future Expiring June 2013	(15,267)
UBS TSE 10 Year JGB Future Expiring June 2013	(26,768)
UBS US 10 Year Note Future Expiring June 2013	(22,422)
UBS US 10 Year Note Put Option Expiring June 2013 Strike 131	(17)
UBS US 10 Year Note Put Option Expiring June 2013 Strike 132	22
UBS US 5 Year Treasury Note Future Expiring June 2013	(45,323)
UBS US Ultra Bond Future Expiring June 2013	5,754
<b>Total exposure</b>	<b>(98,484)</b>

# Threadneedle Target Return Fund

## Portfolio Statement

as at 30 April 2013

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRIA 1.23% (0.00%)</b>									
	EUR	2,200,000							
		A 1.23% (0.00%) Raiffeisen Bank International 2.875% 06/03/2015	1,924	1.23					
		<b>Total Austria</b>	<b>1,924</b>	<b>1.23</b>					
<b>BELGIUM 2.37% (0.00%)</b>									
	EUR	4,300,000							
		Not rated 2.37% (0.00%) Belgium Kingdom 2.25% 22/06/2023	3,727	2.37					
		<b>Total Belgium</b>	<b>3,727</b>	<b>2.37</b>					
<b>CAYMAN ISLANDS 0.00% (1.05%)</b>									
		A- 0.00% (1.00%)  BBB 0.00% (0.05%)							
		<b>Total Cayman Islands</b>	-	-					
<b>CHILE 0.22% (0.00%)</b>									
	USD	511,000							
		A 0.22% (0.00%) Codelco 3.75% 04/11/2020	351	0.22					
		<b>Total Chile</b>	<b>351</b>	<b>0.22</b>					
<b>CROATIA 0.32% (0.00%)</b>									
	USD	730,000							
		BB+ 0.32% (0.00%) Croatia 5.5% 04/04/2023	500	0.32					
		<b>Total Croatia</b>	<b>500</b>	<b>0.32</b>					
<b>DENMARK 3.37% (2.02%)</b>									
	EUR	6,000,000							
		A 0.00% (2.02%)  A- 3.37% (0.00%) Danske Bank 4.75% 04/06/2014	5,282	3.37					
		<b>Total Denmark</b>	<b>5,282</b>	<b>3.37</b>					
<b>FRANCE 1.25% (18.44%)</b>									
	EUR	1,450,000							
		AAA 0.00% (3.67%)  Aaa 0.00% (7.92%)  AA+ 0.00% (3.23%)  Aa1 0.83% (0.00%) Government of France 3.25% 25/05/2045	1,306	0.83					
	EUR	750,000							
		A 0.42% (1.61%) Societe Generale 3.75% 21/08/2014  A- 0.00% (2.01%)	658	0.42					
		<b>Total France</b>	<b>1,964</b>	<b>1.25</b>					
<b>GERMANY 5.60% (10.60%)</b>									
	AUD	3,900,000							
		AAA 1.84% (2.69%) Landwirtschaft Rentenbank 6.5% 12/04/2017  Aaa 0.00% (3.68%)  Aaaa 2.14% (0.00%) *Bundesobligation 0.78614% 15/04/2018	2,889	1.84					
	EUR	3,500,000							
			3,366	2.14					
		<b>Total Germany</b>	<b>8,791</b>	<b>5.60</b>					
<b>INDONESIA 0.98% (0.00%)</b>									
	USD	1,300,000							
		BB+ 0.98% (0.00%) Perusahaan Penerbit SBSN 4% 21/11/2018	890	0.57					
	USD	990,000							
		Republic of Indonesia 3.375% 15/04/2023	651	0.41					
		<b>Total Indonesia</b>	<b>1,541</b>	<b>0.98</b>					
<b>ITALY 0.59% (0.00%)</b>									
	USD	1,420,000							
		BBB+ 0.59% (0.00%) *Intesa Sanpaolo 2.6881% 24/02/2014	919	0.59					
		<b>Total Italy</b>	<b>919</b>	<b>0.59</b>					
<b>LATVIA 0.58% (0.00%)</b>									
	USD	1,420,000							
		BBB 0.58% (0.00%) Republic of Latvia 2.75% 12/01/2020	914	0.58					
		<b>Total Latvia</b>	<b>914</b>	<b>0.58</b>					
<b>LUXEMBOURG 1.76% (3.08%)</b>									
	AUD	4,000,000							
		AAA 1.76% (1.03%) European Investment Bank 5% 22/08/2022  BB- 0.00% (2.05%)	2,769	1.76					
		<b>Total Luxembourg</b>	<b>2,769</b>	<b>1.76</b>					
<b>MEXICO 2.36% (2.54%)</b>									
	USD	1,330,000							
		BBB 0.72% (0.00%) United Mexican States 6.05% 11/01/2040	1,125	0.72					
	EUR	3,003,000							
		Baa1e 1.64% (0.00%) United Mexican States 2.75% 22/04/2023	2,584	1.64					
		<b>Total Mexico</b>	<b>3,709</b>	<b>2.36</b>					
<b>NETHERLANDS 13.88% (12.34%)</b>									
	EUR	5,000,000							
		AAA 0.00% (0.52%)  AA 0.00% (3.24%)  A+ 2.70% (1.16%) *Ing Bank 0.7% 28/11/2014	4,234	2.70					
	EUR	4,970,000							
		A 4.46% (2.72%) BMW Finance 8.875% 19/09/2013	4,328	2.76					
	EUR	3,000,000							
		Fortis Bank Nederland 4% 03/02/2015	2,670	1.70					
	EUR	2,868,000							
		A- 2.95% (2.70%) E.On International Finance 5.125% 07/05/2013	2,420	1.54					
	EUR	2,500,000							
		KBC IFIMA 4.5% 17/09/2014	2,215	1.41					

## Threadneedle Target Return Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value											
<b>NETHERLANDS 13.88% (12.34%) (continued)</b>				<b>SLOVENIA 1.60% (0.00%)</b>										
<b>BBB+ 3.77% (2.00%)</b>				<b>A 0.97% (0.00%)</b>										
EUR	5,965,000	Deutsche Telekom International Finance 4.5% 25/10/2013	5,129	3.27	USD	2,399,000	Republika Slovenija 5.5% 26/10/2022	1,523	0.97					
EUR	900,000	RWE Finance 5.75% 20/11/2013	782	0.50	<b>A- 0.63% (0.00%)</b>									
<b>Total Netherlands</b>				<b>21,778</b>	<b>13.88</b>	EUR	1,155,000	Republic of Slovenija 4.375% 02/04/2014	983	0.63				
<b>NORWAY 4.33% (4.58%)</b>				<b>Total Slovenia</b>		<b>2,506</b>		<b>1.60</b>						
<b>AAA 0.00% (4.58%)</b>				<b>SOUTH KOREA 1.38% (0.00%)</b>										
AUD	1,500,000	Kommunalbanken 4.5% 17/04/2023	999	0.64	<b>A+ 1.38% (0.00%)</b>									
<b>A2 1.99% (0.00%)</b>				USD 1,245,000 Export-Import Bank of Korea 5.125% 16/03/2015						860	0.55			
EUR	3,525,000	Sparebank 1 SR Bank 3.625% 24/03/2015	3,121	1.99	USD 1,877,000 Export-Import Bank of Korea 5.875% 14/01/2015						1,302	0.83		
<b>BB+ 1.70% (0.00%)</b>				<b>Total South Korea</b>						<b>2,162</b>		<b>1.38</b>		
USD	1,825,000	Eksportfinans 2% 15/09/2015	1,139	0.73	<b>SWEDEN 2.72% (3.61%)</b>									
USD	2,375,000	Eksportfinans 3% 17/11/2014	1,529	0.97	<b>AAA 0.00% (1.93%)</b>									
<b>Total Norway</b>				<b>6,788</b>	<b>4.33</b>	<b>A- 2.72% (1.68%)</b>								
<b>POLAND 1.45% (0.00%)</b>				EUR 4,900,000 Vattenfall 5.75% 05/12/2013						4,263	2.72			
<b>A- 1.45% (0.00%)</b>				<b>Total Sweden</b>						<b>4,263</b>		<b>2.72</b>		
EUR	2,500,000	Republic of Poland 3.625% 01/02/2016	2,273	1.45	<b>SWITZERLAND 2.83% (3.36%)</b>									
<b>Total Poland</b>				<b>2,273</b>	<b>1.45</b>	<b>A+ 2.83% (1.70%)</b>								
<b>REPUBLIC OF IRELAND 10.89% (3.17%)</b>				EUR 5,000,000 *Credit Suisse London 5% 18/07/2014						4,441	2.83			
<b>AA+ 4.09% (3.17%)</b>				<b>A 0.00% (1.66%)</b>										
EUR	3,260,000	GE Capital European Funding 2.875% 28/10/2014	2,839	1.81	<b>Total Switzerland</b>						<b>4,441</b>		<b>2.83</b>	
EUR	4,135,000	Irish Treasury 3.9% 20/03/2023	3,580	2.28	<b>UNITED KINGDOM 16.42% (14.97%)</b>									
<b>BBB+ 6.38% (0.00%)</b>				EUR 3,000,000 Northern Rock Asset Management 3.625% 20/04/2015						2,684	1.71			
GBP	2,280,000	Bank of Ireland 5.75% 22/10/2013	2,316	1.47	<b>AA+ 1.60% (0.00%)</b>									
EUR	1,000,000	Bank of Ireland 5.875% 03/05/2013	843	0.54	GBP 1,496,000 UK Treasury 1.25% 22/11/2027						2,518	1.60		
EUR	7,200,000	Irish Treasury 5.5% 18/10/2017	6,857	4.37	<b>Aaa 0.00% (3.79%)</b>									
<b>BBB 0.42% (0.00%)</b>				EUR 700,000 HSBC Bank 4.55% 29/08/2014						620	0.40			
EUR	785,000	RZD Capital 3.3744% 20/05/2021	660	0.42	<b>AA- 0.40% (0.00%)</b>									
<b>Total Republic of Ireland</b>				<b>17,095</b>	<b>10.89</b>	EUR 2,500,000 Barclays Bank 3.5% 18/03/2015						2,217	1.41	
<b>RUSSIAN FEDERATION 3.07% (0.98%)</b>				AUD 3,500,000 Barclays Bank Australia 6.75% 24/02/2014						2,397	1.53			
<b>BBB+ 1.14% (0.00%)</b>				EUR 5,000,000 Nationwide Building Society 3.75% 20/01/2015						4,423	2.82			
RUB	80,100,000	Russia Government Bond 7.6% 14/04/2021	1,799	1.14	<b>A 5.60% (0.00%)</b>									
<b>BBB 1.93% (0.98%)</b>				EUR 5,000,000 Abbey National Treasury Service 4.125% 03/03/2014						4,340	2.77			
USD	3,725,000	*Russian Federation 7.5% 31/03/2030	3,024	1.93	EUR 5,000,000 Lloyds TSB Bank 4.5% 15/09/2014						4,444	2.83		
<b>Total Russian Federation</b>				<b>4,823</b>	<b>3.07</b>	<b>A- 1.35% (6.93%)</b>								
				EUR 2,470,000 Anglian Water Services Financing 4.625% 07/10/2013						2,121	1.35			
				<b>BBB+ 0.00% (0.99%)</b>										
				<b>Total United Kingdom</b>						<b>25,764</b>	<b>16.42</b>			

# Threadneedle Target Return Fund

## Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED STATES OF AMERICA 15.04% (5.51%)</b>									
<b>AA- 1.08% (0.00%)</b>									
EUR	1,875,000	Swiss Re Treasury 7% 19/05/2014	1,687	1.08					
<b>A 2.69% (1.59%)</b>									
EUR	5,000,000	*HSBC Finance 0.446% 28/10/2013	4,219	2.69					
<b>A- 8.71% (3.76%)</b>									
EUR	5,250,000	Goldman Sachs Group 3.95% 28/02/2014	4,549	2.90					
EUR	3,000,000	Merrill Lynch & Co 4.45% 31/01/2014	2,604	1.66					
EUR	2,000,000	Merrill Lynch & Co 4.625% 02/10/2013	1,716	1.09					
EUR	2,000,000	Merrill Lynch & Co 4.875% 30/05/2014	1,761	1.12					
USD	1,600,000	Morgan Stanley 4.75% 22/03/2017	1,144	0.73					
USD	2,700,000	Morgan Stanley 6% 28/04/2015	1,897	1.21					
<b>Baa1 0.00% (0.16%)</b>									
<b>BBB 2.41% (0.00%)</b>									
USD	2,560,000	Pemex Project Funding Master Trust 5.75% 01/03/2018	1,938	1.23					
GBP	1,780,000	Pemex Project Funding Master Trust 7.5% 18/12/2013	1,848	1.18					
<b>B+ 0.15% (0.00%)</b>									
USD	370,000	Dominican Republic 5.875% 18/04/2024	241	0.15					
<b>Total United States of America</b>			<b>23,604</b>	<b>15.04</b>					
<b>VENEZUELA 1.65% (0.00%)</b>									
<b>B+ 1.65% (0.00%)</b>									
USD	3,935,000	Republic of Venezuela 10.75% 19/09/2013	2,586	1.65					
<b>Total Venezuela</b>			<b>2,586</b>	<b>1.65</b>					
<b>DERIVATIVES -0.20% (1.44%)</b>									
<b>Credit default swaps 0.00% (1.21%)</b>									
USD	6,400,000	Barclays EUR Markit CDX.NA.HY 20/12/2017 Spread 500	283	0.18					
USD	(26,700,000)	HSBC USD Japan-55 (20 Year Issue) 20/12/2016	(311)	(0.20)					
USD	4,940,000	HSBC USD United Mexican States 20/09/2017 Spread 100	37	0.02					
<b>Forward foreign exchange contracts 0.53% (-0.08%)</b>									
		Sell USD 7,691,209							
		Buy INR 421,939,733 HSBC	84	0.05					
		Sell USD 5,101,362							
		Buy NGN 809,331,031 Citigroup	(8)	(0.01)					
		Sell USD 10,252,648							
		Buy BRL 20,438,654 Citigroup	(68)	(0.04)					
		Sell RUB 88,153,254							
		Buy USD 2,810,203 HSBC	(13)	(0.01)					
		Sell USD 10,280,693							
		Buy INR 563,176,380 HSBC	102	0.07					
		Sell CAD 10,501,708							
		Buy USD 10,336,306 RBC	(27)	(0.02)					
		Sell EUR 7,903,223							
		Buy USD 10,352,977 Citigroup	14	0.01					
		Sell AUD 64,865,018							
		Buy USD 68,094,712 Citigroup	696	0.44					
		Sell USD 57,880,729							
		Buy EUR 44,220,219 Goldman Sachs	(48)	(0.03)					
		Sell CHF 53,029,692							
		Buy USD 56,953,320 Citigroup	198	0.13					
		Sell MXN 94,183,549							
		Buy USD 7,729,070 RBS	14	0.01					
		Sell ZAR 46,144,189							
		Buy USD 5,138,129 RBS	1	-					
		Sell USD 433,395							
		Buy JPY 43,050,996 RBS	5	-					
		Sell SEK 233,675,624							
		Buy USD 36,630,723 Goldman Sachs	608	0.39					
		Sell USD 41,054,137							
		Buy NOK 236,149,962 Goldman Sachs	(360)	(0.23)					
		Sell GBP 8,048,855							
		Buy USD 12,315,456 RBC	(98)	(0.06)					
		Sell USD 51,703,636							
		Buy DKK 294,656,072 Goldman Sachs	(30)	(0.02)					
		Sell USD 10,316,132							
		Buy PLN 32,511,342 RBS	(55)	(0.03)					
		Sell USD 10,340,398							
		Buy CAD 10,442,209 RBS	(14)	(0.01)					
		Sell JPY 1,023,267,117							
		Buy USD 10,292,429 Goldman Sachs	(125)	(0.08)					
		Sell USD 10,283,685							
		Buy MXN 124,622,833 HSBC	(55)	(0.03)					
		Sell NOK 58,875,736							
		Buy SEK 65,395,871 HSBC	(70)	(0.04)					
		Sell GBP 300,000							
		Buy EUR 351,688 BNP	(3)	-					
		Sell AUD 1,500,000							
		Buy EUR 1,194,319 SEB	7	0.01					
		Sell USD 1,500,000							
		Buy EUR 1,148,176 BNP	1	-					
		Sell PLN 32,438,488							
		Buy USD 10,263,892 Goldman Sachs	36	0.02					
		Sell JPY 499,561,142							
		Buy USD 5,107,679 RBC	(8)	(0.01)					
		Sell GBP 500,000							
		Buy EUR 584,917 RBS	(6)	-					
		Sell EUR 3,942,824							
		Buy JPY 507,496,230 RBC	30	0.02					
		Sell EUR 3,942,373							
		Buy JPY 506,877,158 RBS	26	0.02					
		Sell USD 10,360,518							
		Buy EUR 7,888,523 RBC	(31)	(0.02)					
		Sell JPY 1,013,359,276							
		Buy EUR 7,889,490 RBS	(46)	(0.03)					
		Sell JPY 1,014,030,264							
		Buy EUR 7,889,739 RBS	(50)	(0.03)					
		Sell NOK 59,684,240							
		Buy EUR 7,889,200 RBS	50	0.03					
		Sell NOK 29,884,109							
		Buy EUR 3,944,696 RBC	21	0.01					
		Sell MXN 63,584,885							
		Buy USD 5,197,953 Citigroup	(3)	-					
		Sell JPY 1,007,587,176							
		Buy EUR 7,887,772 RBS	(9)	(0.01)					
		Sell CAD 10,678,270							
		Buy USD 10,397,385 Citigroup	(100)	(0.06)					
		Sell JPY 1,016,087,982							
		Buy EUR 7,889,788 RBS	(64)	(0.04)					
		Sell AUD 200,000							
		Buy EUR 157,726 UBS	-	-					
		Sell HUF 2,353,321,165							
		Buy EUR 7,885,033 RBS	41	0.03					

## Threadneedle Target Return Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value	
<b>DERIVATIVES -0.20% (1.44%) (continued)</b>				<b>Futures and Options -0.39% (0.31%)</b>				
	Sell CHF 6,967,001			EUR	376	UBS 3 Month Euribor Future Expiring December 2014	95	0.06
	Buy EUR 5,731,172 Lloyds	32	0.02	EUR	(618)	UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013	(7)	-
	Sell EUR 15,810,128			EUR	618	UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013	7	-
	Buy JPY 2,028,243,369 RBS	76	0.05	USD	(482)	UBS 3 Month Euro Future Expiring December 2014	(79)	(0.05)
	Sell EUR 7,905,017			GBP	326	UBS 3 Month Sterling Future Expiring December 2013	4	-
	Buy JPY 1,013,670,567 Citigroup	35	0.02	GBP	(326)	UBS 3 Month Sterling Future Expiring June 2014	(8)	(0.01)
	Sell NOK 30,096,486			AUD	(128)	UBS Australia 10 Year Bond Future Expiring June 2013	(167)	(0.11)
	Buy EUR 3,956,380 CBS	7	-	AUD	595	UBS Australia 3 Year Bond Future Expiring June 2013	294	0.19
	Sell KRW 5,812,556,529			EUR	(1,500)	UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013	(79)	(0.05)
	Buy USD 5,147,044 HSBC	(75)	(0.05)	EUR	750	UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013	55	0.04
	Sell EUR 7,914,607			EUR	(202)	UBS Euro Bobl Future Expiring June 2013	(140)	(0.09)
	Buy SEK 68,263,039 HSBC	51	0.03	EUR	43	UBS Euro-BUND Future Expiring June 2013	26	0.02
	Sell USD 251,564			EUR	(87)	UBS French Long Term Government Bond Future Expiring June 2013	(352)	(0.22)
	Buy MXN 3,086,039 Citigroup	1	-	USD	(254)	UBS IMM Eurodollar Put Option Expiring December 2014 Strike 97.75	(10)	(0.01)
	Sell USD 444,789			USD	254	UBS IMM Eurodollar Put Option Expiring December 2014 Strike 98.25	8	0.01
	Buy JPY 44,238,862 Lloyds	6	-	GBP	(55)	UBS Long Gilt Future Expiring June 2013	(72)	(0.05)
	Sell USD 621,674			JPY	(12)	UBS TSE 10 Year JGB Future Expiring June 2013	31	0.02
	Buy CAD 638,375 UBS	6	-	USD	(114)	UBS US 10 Year Note Future Expiring June 2013	(85)	(0.05)
	Sell USD 339,819			USD	(300)	UBS US 10 Year Note Put Option Expiring June 2013 Strike 131	(9)	(0.01)
	Buy GBP 222,738 Morgan Stanley	3	-	USD	150	UBS US 10 Year Note Put Option Expiring June 2013 Strike 132	9	0.01
	Sell SEK 2,341,067			USD	(232)	UBS US 5 Year Treasury Note Future Expiring June 2013	(166)	(0.11)
	Buy USD 353,810 Barclays	(2)	-	USD	24	UBS US Ultra Bond Future Expiring June 2013	36	0.02
	Sell USD 380,667			<b>Interest rate swap -0.34% (0.00%)</b>				
	Buy HUF 88,065,900 RBS	2	-	EUR	(4,720,000)	Barclays EUR Euribor-Reuters/0.01875 06/02/2023	(165)	(0.10)
	Sell USD 649,721			EUR	(6,541,000)	Barclays EUR Euribor-Reuters/0.0189 18/02/2023	(234)	(0.15)
	Buy EUR 500,301 BNP	3	-	SEK	57,400,000	Barclays SEK Stibor-Side/0.0241 12/02/2023	208	0.13
	Sell DKK 13,542,927			SEK	37,385,000	Barclays SEK Stibor-Side/0.02421 06/02/2023	127	0.08
	Buy EUR 1,816,705 RBS	-	-	CAD	12,875,000	Citigroup CADBA-Cdor/0.01637 27/02/2018	22	0.01
	Sell EUR 1,706,277			EUR	(6,410,000)	Citigroup EUR Euribor-Reuters/0.01845 12/02/2023	(207)	(0.13)
	Buy CHF 2,099,752 UBS	8	0.01	EUR	(2,110,000)	Citigroup EUR Euribor-Reuters/0.02355 07/01/2043	(90)	(0.06)
	Sell USD 2,224,006							
	Buy AUD 2,168,245 Citigroup	10	0.01					
	Sell BRL 525,305							
	Buy USD 259,282 Citigroup	(1)	-					
	Sell USD 287,147							
	Buy KRW 321,346,399 HSBC	2	-					
	Sell INR 50,034,539							
	Buy USD 920,938 HSBC	(4)	-					
	Sell EUR 7,539,600							
	Buy USD 9,791,475 RBC	(42)	(0.03)					
	Sell USD 9,802,297							
	Buy HKD 76,103,978 HSBC	2	-					
	Sell EUR 29,657							
	Buy CHF 36,549 J.P. Morgan	-	-					
	Sell EUR 511,024							
	Buy USD 665,333 J.P. Morgan	(2)	-					
	Sell EUR 7,539,493							
	Buy CHF 9,292,485 RBC	45	0.03					
	Sell NZD 17,275,225							
	Buy AUD 14,278,662 RBC	(12)	(0.01)					
	Sell EUR 3,757,294							
	Buy SEK 32,319,140 Goldman Sachs	16	0.01					
	Sell CHF 9,215,093							
	Buy EUR 7,501,343 RBS	(24)	(0.02)					
	Sell NZD 11,460,122							
	Buy AUD 9,483,872 Goldman Sachs	-	-					
	Sell EUR 3,748,133							
	Buy JPY 479,573,212 HSBC	10	0.01					
	Sell EUR 3,748,267							
	Buy JPY 480,267,660 CBS	14	0.01					
	Sell EUR 3,748,367							
	Buy JPY 480,590,011 RBC	16	0.01					

# Threadneedle Target Return Fund

## Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value		Value £000
<b>DERIVATIVES –0.20% (1.44%) (continued)</b>				<b>ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS</b>	
EUR (2,700,000)	Citigroup EUR Euribor-Reuters/0.02459 15/01/2043	(171)	(0.11)		
GBP (2,050,000)	Citigroup GBP Libor-BBA/0.01916 17/12/2022	(34)	(0.02)	UBS 3 Month Euribor Future Expiring December 2014	79,052
JPY (1,335,000,000)	Citigroup JPY Libor-BBA/0.0075125 28/01/2023	(21)	(0.01)	UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013 Strike 99.375	(7)
SEK 55,500,000	Citigroup SEK Stibor-Side/0.02421 06/02/2023	179	0.11	UBS 3 Month Euribor Mid-Curve Put Option Expiring June 2013 Strike 99.5	10
USD 2,940,000	Citigroup USD Libor-BBA/0.02849 07/01/2043	20	0.01	UBS 3 Month Euro Future Expiring December 2014	(77,450)
GBP (2,425,000)	RBS GBP Libor-BBA/0.02895 10/04/2043	8	0.01	UBS 3 Month Sterling Future Expiring December 2013	40,561
JPY (712,000,000)	RBS JPY Libor-BBA/0.017175 22/01/2033	(175)	(0.11)	UBS 3 Month Sterling Future Expiring June 2014	(40,561)
	<b>Total derivatives</b>	<b>(307)</b>	<b>(0.20)</b>	UBS Australia 10 Year Bond Future Expiring June 2013	(8,283)
<b>Total value of investments</b>		<b>150,167</b>	<b>95.69</b>	UBS Australia 3 Year Bond Future Expiring June 2013	38,717
<b>Net other assets (12.31%)</b>		<b>6,770</b>	<b>4.31</b>	UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013 Strike 99.375	(63)
<b>Net assets</b>		<b>156,937</b>	<b>100.00</b>	UBS Euribor 2 Year Note Mid Curve Put Option Expiring June 2013 Strike 99.5	63
<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>				<b>ANALYSIS OF INVESTMENTS BY CREDIT RATINGS</b>	
		134,712	89.68	AAA	8,342
		15,762	10.49	Aaae	999
		(307)	(0.17)	Aaa	3,366
<b>Total value of investments</b>		<b>150,167</b>	<b>100.00</b>	AA+	8,937
				Aa1	1,306
				AA-	2,307
				A+	19,874
				A	24,457
				A2	3,121
				A-	35,764
				BBB+	18,645
				Baa1e	2,584
				BBB	9,509
				BB+	4,709
				B+	2,827
				Not rated	3,727
		150,474		Total bonds	150,474
		(307)		Derivatives	(307)
		<b>150,167</b>		<b>Total value of investments</b>	<b>150,167</b>
<b>ANALYSIS OF COLLATERAL RECEIVED</b>					
<b>Counterparty</b>	<b>Type</b>	<b>Value £000</b>			
Barclays	Cash	130			
Citibank	Cash	170			
HSBC	Cash	1,730			
RBS	Cash	570			
UBS	Cash	101			
<b>Total collateral</b>		<b>2,701</b>			

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

April 2012 comparatives in brackets.

\*Variable rate bonds.



## Threadneedle Pan European Accelerando Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED KINGDOM 17.65% (11.68%)</b>			
<b>Automobiles &amp; parts 1.64% (0.00%)</b>			
400,389	GKN	1,096	1.64
<b>Construction &amp; building materials 3.43% (5.00%)</b>			
196,475	Persimmon	2,153	3.21
196,475	*Persimmon 'C' Shares	147	0.22
<b>Distributors 4.41% (0.00%)</b>			
92,198	Wolseley	2,953	4.41
<b>Leisure entertainment &amp; hotels 2.64% (0.00%)</b>			
93,181	InterContinental Hotels Group	1,766	2.64
<b>Life assurance 3.01% (0.00%)</b>			
1,193,877	Legal & General	2,014	3.01
<b>Oil &amp; gas 0.00% (2.74%)</b>			
<b>Support services 0.00% (3.94%)</b>			
<b>Telecommunication services 2.52% (0.00%)</b>			
605,194	BT Group	1,686	2.52
<b>Total United Kingdom</b>		<b>11,815</b>	<b>17.65</b>
<b>Total value of investments</b>		<b>66,289</b>	<b>99.02</b>
<b>Net other assets (2.20%)</b>		<b>654</b>	<b>0.98</b>
<b>Net assets</b>		<b>66,943</b>	<b>100.00</b>

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

April 2012 comparatives in brackets.

\*Manually priced.



## Threadneedle Pan European Equity Dividend Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>SPAIN 6.12% (6.10%)</b>				<b>UNITED KINGDOM 26.67% (22.75%)</b>			
	<b>Banks 3.17% (1.03%)</b>				<b>Food &amp; drug retailers 1.73% (2.96%)</b>		
124,498	Banco Bilbao Vizcaya Argentaria	776	3.17	115,644	Tesco	424	1.73
	<b>Diversified industrials 2.95% (1.04%)</b>				<b>Gas distribution 0.00% (1.94%)</b>		
68,699	Ferrovial	723	2.95		<b>Insurance 4.44% (5.44%)</b>		
	<b>Electricity 0.00% (2.92%)</b>			115,684	Amlin	490	2.00
	<b>Oil &amp; gas 0.00% (1.11%)</b>			534,999	RSA Insurance Group	598	2.44
	<b>Total Spain</b>	<b>1,499</b>	<b>6.12</b>		<b>Media &amp; photography 2.89% (0.00%)</b>		
				61,078	Pearson	707	2.89
<b>SWEDEN 7.65% (3.71%)</b>					<b>Pharmaceuticals &amp; biotechnology 6.93% (4.72%)</b>		
	<b>Banks 2.97% (2.69%)</b>			56,149	GlaxoSmithKline	935	3.82
25,003	Svenska Handelsbanken 'A' Shares	726	2.97	37,423	Shire	761	3.11
	<b>Engineering &amp; machinery 0.00% (1.02%)</b>				<b>Speciality &amp; other finance 0.00% (5.27%)</b>		
	<b>Household goods &amp; textiles 1.72% (0.00%)</b>				<b>Tobacco 6.86% (2.42%)</b>		
23,274	Electrolux	421	1.72	29,543	British American Tobacco	1,052	4.30
	<b>Tobacco 2.96% (0.00%)</b>			27,230	Imperial Tobacco Group	626	2.56
32,672	Swedish Match	724	2.96		<b>Water 3.82% (0.00%)</b>		
	<b>Total Sweden</b>	<b>1,871</b>	<b>7.65</b>	73,490	Pennon Group	501	2.05
				58,429	United Utilities Group	434	1.77
<b>SWITZERLAND 9.81% (13.75%)</b>					<b>Total United Kingdom</b>	<b>6,528</b>	<b>26.67</b>
	<b>Engineering &amp; machinery 0.00% (0.48%)</b>				<b>Total value of investments</b>	<b>24,549</b>	<b>100.30</b>
	<b>Food producers &amp; processors 2.41% (5.63%)</b>				<b>Net other liabilities (1.56%)</b>	<b>(73)</b>	<b>(0.30)</b>
12,916	Nestle	590	2.41		<b>Net assets</b>	<b>24,476</b>	<b>100.00</b>
	<b>Pharmaceuticals &amp; biotechnology 3.86% (3.89%)</b>						
19,891	Novartis	945	3.86				
	<b>Speciality &amp; other finance 1.84% (0.00%)</b>						
38,952	UBS	451	1.84				
	<b>Support services 0.00% (3.07%)</b>						
	<b>Transport 1.70% (0.68%)</b>						
5,699	Kuehne & Nagel International	416	1.70				
	<b>Total Switzerland</b>	<b>2,402</b>	<b>9.81</b>				

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

April 2012 comparatives in brackets.



## Threadneedle American Extended Alpha Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED STATES OF AMERICA 63.56% (70.15%) (continued)</b>				<b>DERIVATIVES -0.50% (0.14%)</b>			
	<b>Media &amp; photography 7.07% (6.78%)</b>				<b>Forward foreign exchange contracts 0.03% (0.01%)</b>		
186,812	Charter Communications	12,248	1.40		Sell USD 97,070,599		
130,545	Discovery Communications 'A' Shares	6,641	0.76		Buy EUR 74,557,225 J.P. Morgan	261	0.03
210,898	Liberty Global 'A' Shares	9,969	1.14		Sell USD 12,681		
248,706	Liberty Media Interactive	17,857	2.04		Buy EUR 9,741 J.P. Morgan	-	-
755,582	News	15,105	1.73		Sell USD 25,442		
	<b>Mining 0.44% (0.06%)</b>				Buy EUR 19,458 J.P. Morgan	-	-
591,049	Cypress Semiconductor	3,830	0.44		Sell EUR 295,202		
	<b>Oil &amp; gas 0.53% (0.48%)</b>				Buy USD 383,981 J.P. Morgan	(1)	-
115,281	Phillips 66	4,596	0.53		Sell EUR 285,680		
	<b>Pharmaceuticals &amp; biotechnology 2.87% (1.84%)</b>				Buy USD 373,692 J.P. Morgan	-	-
454,398	Johnson & Johnson	25,087	2.87		<b>Portfolio swap -0.53% (0.13%)</b>		
	<b>Real estate 0.68% (1.20%)</b>				Merrill Lynch - Portfolio Swap	(4,619)	(0.53)
377,481	CBRE Group	5,933	0.68		<b>Total derivatives</b>	<b>(4,359)</b>	<b>(0.50)</b>
	<b>Software &amp; computer services 8.69% (8.27%)</b>				<b>Total value of investments</b>	<b>634,712</b>	<b>72.58</b>
53,498	Amazon.com	8,620	0.99		<b>Net other assets (17.54%)</b>	<b>239,841</b>	<b>27.42</b>
625,536	EMC	9,077	1.04		<b>Net assets</b>	<b>874,553</b>	<b>100.00</b>
28,943	Google	15,302	1.75				
83,458	IHS Class A	5,222	0.60				
519,509	Informatica	11,398	1.30				
61,780	LinkedIn	7,509	0.86				
17,876	priceline.com	8,067	0.92				
1,122,453	Riverbed Technology	10,759	1.23				
	<b>Speciality &amp; other finance 5.44% (6.47%)</b>						
393,906	Discover Financial Services	11,177	1.28				
50,265	MasterCard Class A	17,471	2.00				
174,637	Visa 'A' Shares	18,914	2.16				
	<b>Support services 3.29% (5.76%)</b>						
464,161	ADT	13,066	1.49				
134,523	Alliance Data Systems	14,623	1.67				
121,247	Marin Software	1,118	0.13				
	<b>Telecommunication services 1.28% (0.82%)</b>						
323,835	Verizon Communications	11,173	1.28				
	<b>Transport 0.00% (1.62%)</b>						
	<b>Total United States of America</b>	<b>555,877</b>	<b>63.56</b>				

### ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
Merrill Lynch	Cash	278
J.P. Morgan	Cash	143

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

April 2012 comparatives in brackets.

# Threadneedle China Opportunities Fund

## Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 0.00% (2.06%)</b>				<b>Household goods &amp; textiles 5.47% (0.00%)</b>			
	Leisure entertainment & hotels 0.00% (0.75%)			425,500	Biostime International Holdings	1,578	2.23
	Mining 0.00% (1.31%)			3,313,000	Goodbaby International Holdings	1,033	1.46
	<b>Total Australia</b>	<b>-</b>	<b>-</b>	2,164,000	TCL Multimedia Technology Holdings	1,258	1.78
<b>BERMUDA 10.41% (6.60%)</b>				<b>Information technology hardware 0.00% (0.85%)</b>			
	Automobiles & parts 0.00% (1.20%)			<b>Leisure entertainment &amp; hotels 4.80% (3.66%)</b>			
	<b>Construction &amp; building materials 1.10% (0.00%)</b>			59,924	China Lodging Group	594	0.84
167,000	Cheung Kong Infrastructure Holdings	778	1.10	2,678,000	Nagacorp	1,372	1.94
	<b>Distributors 0.88% (0.00%)</b>			421,600	Sands China	1,427	2.02
772,000	Digital China Holdings	623	0.88	<b>Media &amp; photography 0.00% (2.79%)</b>			
	<b>General retailers 1.05% (1.51%)</b>			<b>Oil &amp; gas 4.89% (2.67%)</b>			
1,718,000	I.T.	406	0.58	1,198,000	Anton Oilfield Services	617	0.87
1,298,000	Trinity	329	0.47	1,354,000	CIMC Enric Holdings	945	1.34
	<b>Household goods &amp; textiles 3.57% (1.11%)</b>			510,000	ENN Energy Holdings	1,896	2.68
1,301,000	Haier Electronics Group	1,487	2.11	<b>Personal care &amp; household products 1.38% (0.00%)</b>			
1,951,318	Skyworth Digital Holdings	1,032	1.46	1,157,000	Vinda International Holdings	974	1.38
	<b>Oil &amp; gas 1.57% (0.78%)</b>			<b>Real estate 5.99% (5.30%)</b>			
1,750,000	China Gas Holdings	1,110	1.57	2,090,000	Agile Property Holdings	1,735	2.46
	<b>Real estate 0.39% (0.00%)</b>			746,000	China resources Land	1,455	2.06
1,265,000	CC Land Holdings	274	0.39	2,335,000	KWG Property Holding	1,039	1.47
	<b>Telecommunication services 0.24% (0.00%)</b>			<b>Software &amp; computer services 10.12% (10.64%)</b>			
20,700	Vtech Holdings	170	0.24	13,290	Baidu (ADS)	733	1.04
	<b>Transport 1.61% (2.00%)</b>			90,673	Qihoo 360 Technology	1,999	2.83
766,855	Cosco Pacific	653	0.92	175,800	Tencent Holdings	3,889	5.51
128,000	Orient Overseas International	490	0.69	27,366	Vipshop Holdings	524	0.74
	<b>Total Bermuda</b>	<b>7,352</b>	<b>10.41</b>	<b>Total Cayman Islands 31,886 45.13</b>			
<b>CAYMAN ISLANDS 45.13% (40.52%)</b>				<b>CHINA 26.05% (33.39%)</b>			
	<b>Chemicals 0.00% (1.16%)</b>			676,799	Avichina Industry & Technology	209	0.29
	<b>Construction &amp; building materials 3.11% (4.39%)</b>			992,000	Dongfeng Motor Group	952	1.35
2,282,000	China Liansu Group Holdings	835	1.18	602,650	Great Wall Motor	1,687	2.39
1,458,000	China State Construction International Holdings	1,361	1.93	<b>Banks 5.38% (5.12%)</b>			
	<b>Diversified industrials 1.24% (0.00%)</b>			3,516,000	China Construction Bank	1,901	2.69
62,960	Spreadtrum Communications	877	1.24	4,192,000	Industrial & Commercial Bank of China	1,904	2.69
	<b>Electronic &amp; electrical equipment 2.67% (2.97%)</b>			<b>Beverages 0.00% (0.59%)</b>			
598,000	AAC Technologies Holdings	1,885	2.67	<b>Chemicals 0.00% (0.64%)</b>			
	<b>Engineering &amp; machinery 0.00% (0.78%)</b>			<b>Construction &amp; building materials 3.69% (1.23%)</b>			
	<b>General retailers 5.46% (5.31%)</b>			287,500	Anhui Conch Cement	671	0.95
446,000	Belle International Holdings	468	0.66	1,037,000	China Communications Construction 'H' Shares	640	0.91
1,852,000	Daphne International Holdings	1,238	1.75	1,142,000	China National Building	869	1.23
213,000	Golden Eagle Retail Group	241	0.34	655,500	China Railways Construction	426	0.60
1,234,500	Intime Department Store	940	1.33	<b>Electricity 0.00% (0.54%)</b>			
78,581	New Oriental Education & Technology	973	1.38	<b>Electronic &amp; electrical equipment 0.96% (2.10%)</b>			
				383,000	Zhuzhou CSR Times Electric Company	680	0.96

## Threadneedle China Opportunities Fund

### Portfolio Statement

(continued)

		Value	% of			Value	% of
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
<b>CHINA 26.05% (33.39%) (continued)</b>				<b>ITALY 2.34% (0.98%)</b>			
	<b>Engineering &amp; machinery 0.00% (1.80%)</b>				<b>General retailers 2.34% (0.98%)</b>		
	<b>General retailers 2.58% (1.79%)</b>			287,300	Prada	1,650	2.34
1,350,000	Beijing Capital International	602	0.85		<b>Total Italy</b>	<b>1,650</b>	<b>2.34</b>
663,100	J.P. Morgan International Derivatives (Anhui Conch Cement 'A' shares P Note)	1,221	1.73	<b>LUXEMBOURG 1.76% (2.90%)</b>			
	<b>Insurance 2.25% (4.76%)</b>				<b>Investment companies 1.76% (2.11%)</b>		
381,400	J.P. Morgan International Derivatives (Ping An 'A' shares P Note)	1,589	2.25	2,503,500	DB X-Trackers	1,245	1.76
	<b>Mining 0.81% (1.31%)</b>				<b>Personal care &amp; household products 0.00% (0.79%)</b>		
124,300	J.P. Morgan International Derivatives (Shenhua 'A' shares P Note)	267	0.38		<b>Total Luxembourg</b>	<b>1,245</b>	<b>1.76</b>
241,000	Jiangxi Copper	301	0.43	<b>UNITED STATES OF AMERICA 2.02% (0.54%)</b>			
	<b>Oil &amp; gas 0.65% (6.16%)</b>				<b>Engineering &amp; machinery 2.02% (0.54%)</b>		
362,000	China Oilfield Services	460	0.65	180,527	Hollysys Automation Technologies	1,429	2.02
	<b>Speciality &amp; other finance 2.60% (2.55%)</b>				<b>Total United States of America</b>	<b>1,429</b>	<b>2.02</b>
1,254,000	Citic Securities 'H' Shares	1,836	2.60	<b>Total value of investments 69,902 98.94</b>			
	<b>Telecommunication services 0.00% (1.34%)</b>			<b>Net other assets (0.55%) 749 1.06</b>			
	<b>Transport 3.10% (1.02%)</b>			<b>Net assets 70,651 100.00</b>			
4,096,000	China Eastern Airlines	1,059	1.50	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
3,496,000	Guangshen Railway Company	1,134	1.60	<i>April 2012 comparatives in brackets.</i>			
	<b>Total China</b>	<b>18,408</b>	<b>26.05</b>				
<b>HONG KONG 11.23% (12.46%)</b>							
	<b>Diversified industrials 1.83% (0.33%)</b>						
223,700	Wharf Holdings	1,289	1.83				
	<b>Engineering &amp; machinery 2.03% (0.99%)</b>						
2,310,000	Guangdong Investment	1,437	2.03				
	<b>General retailers 0.43% (0.00%)</b>						
335,500	Sun Art Retail Group	301	0.43				
	<b>Information technology hardware 2.16% (2.02%)</b>						
2,592,000	Lenovo Group	1,526	2.16				
	<b>Insurance 0.73% (0.57%)</b>						
179,800	ALA Group	514	0.73				
	<b>Oil &amp; gas 0.00% (6.73%)</b>						
	<b>Real estate 0.99% (1.82%)</b>						
356,000	China Overseas Land	700	0.99				
	<b>Speciality &amp; other finance 3.06% (0.00%)</b>						
4,361,000	China Everbright International	2,165	3.06				
	<b>Total Hong Kong</b>	<b>7,932</b>	<b>11.23</b>				

# Threadneedle Global Emerging Markets Equity Fund

## Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 0.69% (0.00%)</b>				<b>CANADA 0.00% (0.09%)</b>			
	<b>Diversified industrials</b>				<b>Mining 0.00% (0.09%)</b>		
	<b>0.69% (0.00%)</b>				<b>Total Canada</b>	<b>-</b>	<b>-</b>
108,162	Ansell	1,141	0.69				
	<b>Total Australia</b>	<b>1,141</b>	<b>0.69</b>	<b>CAYMAN ISLANDS 4.75% (6.00%)</b>			
<b>BERMUDA 1.17% (1.74%)</b>					<b>Electronic &amp; electrical equipment</b>		
	<b>Banks 1.17% (0.74%)</b>			523,500	AAC Technologies Holdings	1,650	1.01
19,827	Credicorp	1,924	1.17		<b>General retailers 0.38% (3.00%)</b>		
	<b>Telecommunication services</b>			590,000	Belle International Holdings	619	0.38
	<b>0.00% (0.53%)</b>			424,000	ENN Energy Holdings	1,576	0.96
	<b>Transport 0.00% (0.47%)</b>				<b>Personal care &amp; household</b>		
	<b>Total Bermuda</b>	<b>1,924</b>	<b>1.17</b>	200,000	products 0.81% (0.77%)		
<b>BRAZIL 12.49% (11.13%)</b>					Hengan International Group	1,336	0.81
	<b>Banks 1.78% (0.00%)</b>				<b>Software &amp; computer services</b>		
273,416	Itaú Unibanco Banco Multiplo	2,914	1.78	117,900	Tencent Holdings	2,608	1.59
	<b>Beverages 1.58% (1.92%)</b>				<b>Total Cayman Islands</b>	<b>7,789</b>	<b>4.75</b>
11,545	Companhia de Bebidas das Americas ADR	290	0.18	<b>CHILE 0.00% (1.00%)</b>			
91,429	Companhia de Bebidas das Americas	2,303	1.40		<b>General retailers 0.00% (1.00%)</b>		
	<b>Construction &amp; building materials</b>				<b>Total Chile</b>	<b>-</b>	<b>-</b>
	<b>0.72% (0.00%)</b>			<b>CHINA 3.75% (6.24%)</b>			
256,190	Duratex	1,185	0.72		<b>Automobiles &amp; parts 1.21% (1.18%)</b>		
	<b>Food &amp; drug retailers 0.48% (0.00%)</b>			1,088,000	Dongfeng Motor Group	1,044	0.64
22,116	Cia Brasileira De Dis-Sp Prf	789	0.48	334,000	Great Wall Motor	935	0.57
	<b>Food producers &amp; processors</b>				<b>Banks 1.04% (1.48%)</b>		
49,000	M Dias Branco	1,350	0.82	3,763,000	Industrial & Commercial Bank of China	1,709	1.04
	<b>General retailers 0.00% (1.10%)</b>				<b>Electronic &amp; electrical equipment</b>		
	<b>Household goods &amp; textiles</b>			836,000	0.90% (0.38%)		
352,616	Alpargatas	1,502	0.92		Zhuzhou CSR Times Electric Company	1,484	0.90
	<b>Oil &amp; gas 3.09% (1.94%)</b>				<b>Insurance 0.00% (0.91%)</b>		
159,600	Petrobras Petroleo Brasileiro (Pfd)	1,042	0.63		<b>Oil &amp; gas 0.60% (2.29%)</b>		
306,935	Petroleo Brasileiro	4,034	2.46	768,000	China Oilfield Services	976	0.60
	<b>Real estate 0.00% (1.65%)</b>				<b>Total China</b>	<b>6,148</b>	<b>3.75</b>
	<b>Software &amp; computer services</b>			<b>COLOMBIA 0.00% (0.86%)</b>			
	<b>0.53% (0.98%)</b>				<b>Banks 0.00% (0.86%)</b>		
71,900	TOTVS	868	0.53		<b>Total Colombia</b>	<b>-</b>	<b>-</b>
	<b>Speciality &amp; other finance</b>			<b>CZECH REPUBLIC 0.75% (0.55%)</b>			
	<b>0.80% (0.89%)</b>				<b>Banks 0.75% (0.00%)</b>		
306,000	BM&F Bovespa	1,319	0.80	10,067	Komerční Banka	1,228	0.75
	<b>Steel &amp; other metals 0.51% (1.19%)</b>				<b>Telecommunication</b>		
166,798	Gerdau	832	0.51		<b>services 0.00% (0.55%)</b>		
	<b>Support services 1.26% (0.00%)</b>				<b>Total Czech Republic</b>	<b>1,228</b>	<b>0.75</b>
332,700	CCR	2,069	1.26				
	<b>Telecommunication</b>						
	<b>services 0.00% (0.62%)</b>						
	<b>Total Brazil</b>	<b>20,497</b>	<b>12.49</b>				

# Threadneedle Global Emerging Markets Equity Fund

## Portfolio Statement

(continued)

		Value	% of			Value	% of
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
<b>HONG KONG 8.27% (4.28%)</b>				<b>INDONESIA 2.40% (2.24%)</b>			
	<b>Engineering &amp; machinery 0.70% (0.00%)</b>				<b>Automobiles &amp; parts 0.00% (0.56%)</b>		
1,848,000	Guangdong Investment	1,149	0.70		<b>Banks 0.00% (0.70%)</b>		
	<b>General retailers 1.13% (0.00%)</b>				<b>Construction &amp; building materials 1.11% (0.98%)</b>		
2,065,000	Sun Art Retail Group	1,855	1.13	1,492,000	Semen Indonesia (Persero)	1,818	1.11
	<b>Information technology hardware 0.00% (0.62%)</b>			3,337,000	Surya Citra Media	615	0.37
	<b>Insurance 1.25% (0.50%)</b>			3,396,000	Jasa Marga	1,510	0.92
719,600	ALA Group	2,059	1.25		<b>Total Indonesia</b>	<b>3,943</b>	<b>2.40</b>
	<b>Oil &amp; gas 1.37% (1.10%)</b>						
1,872,000	CNOOC	2,248	1.37	<b>ISRAEL 0.99% (0.44%)</b>			
	<b>Real estate 0.81% (0.00%)</b>				<b>Chemicals 0.99% (0.00%)</b>		
676,000	China Overseas Land	1,329	0.81	213,779	Israel Chemicals	1,620	0.99
	<b>Speciality &amp; other finance 0.79% (0.00%)</b>				<b>Pharmaceuticals &amp; biotechnology 0.00% (0.44%)</b>		
2,598,000	China Everbright International	1,290	0.79		<b>Total Israel</b>	<b>1,620</b>	<b>0.99</b>
	<b>Telecommunication services 2.22% (2.06%)</b>			<b>LUXEMBOURG 1.42% (0.50%)</b>			
507,000	China Mobile	3,578	2.18		<b>Oil &amp; gas 0.54% (0.00%)</b>		
1,859	China Mobile ADR	65	0.04	31,113	Tenaris	883	0.54
	<b>Total Hong Kong</b>	<b>13,573</b>	<b>8.27</b>		<b>Personal care &amp; household products 0.88% (0.50%)</b>		
				916,800	Samsonite International	1,449	0.88
<b>INDIA 7.47% (6.04%)</b>					<b>Total Luxembourg</b>	<b>2,332</b>	<b>1.42</b>
	<b>Automobiles &amp; parts 0.77% (0.86%)</b>			<b>MALAYSIA 1.64% (2.69%)</b>			
113,779	Mahindra & Mahindra	1,262	0.77		<b>Aerospace &amp; defence 0.00% (0.44%)</b>		
	<b>Banks 1.60% (1.68%)</b>				<b>Banks 0.63% (0.00%)</b>		
189,309	ICICI Bank	2,630	1.60	631,200	CIMB Group Holdings	1,034	0.63
	<b>Engineering &amp; machinery 0.00% (0.32%)</b>				<b>Leisure entertainment &amp; hotels 0.00% (0.94%)</b>		
	<b>Health 0.61% (0.00%)</b>				<b>Telecommunication services 1.01% (1.31%)</b>		
99,669	Apollo Hospitals Enterprise	992	0.61	1,697,300	Digi.com	1,656	1.01
	<b>Leisure entertainment &amp; hotels 0.00% (1.02%)</b>				<b>Total Malaysia</b>	<b>2,690</b>	<b>1.64</b>
	<b>Software &amp; computer services 1.59% (1.06%)</b>						
54,961	Infosys	1,448	0.88				
43,830	Infosys Technologies	1,172	0.71				
	<b>Speciality &amp; other finance 1.75% (0.00%)</b>						
198,183	Housing Development Finance	2,010	1.23				
95,976	Shriram Transport Finance	858	0.52				
	<b>Tobacco 1.15% (1.10%)</b>						
483,068	ITC	1,894	1.15				
	<b>Total India</b>	<b>12,266</b>	<b>7.47</b>				

# Threadneedle Global Emerging Markets Equity Fund

## Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>MEXICO 7.09% (4.70%)</b>				<b>RUSSIAN FEDERATION 6.73% (6.16%)</b>			
	<b>Banks 1.23% (1.30%)</b>				<b>Banks 0.90% (0.00%)</b>		
422,800	Grupo Financiero Banorte	2,012	1.23	184,081	Sberbank	1,483	0.90
	<b>Beverages 2.10% (2.15%)</b>				<b>Chemicals 0.47% (0.00%)</b>		
263,000	ARCA Continental	1,358	0.83	85,122	PhosAgro	776	0.47
28,629	Fomento Economico Mexicano	2,090	1.27		<b>Food producers &amp; processors 1.44% (1.40%)</b>		
	<b>Chemicals 0.00% (0.54%)</b>			73,657	Magnit	2,368	1.44
	<b>Construction &amp; building materials 0.97% (0.00%)</b>				<b>Mining 1.12% (0.00%)</b>		
2,206,776	Cemex	1,597	0.97	183,323	MMC Norilsk Nickel JSC	1,838	1.12
	<b>General retailers 0.50% (0.48%)</b>				<b>Oil &amp; gas 1.48% (3.14%)</b>		
415,700	Alsea	822	0.50	20,768	NovaTek	1,346	0.82
	<b>Mining 1.10% (0.00%)</b>			2,468,402	Surgutneftegas OJSC	1,086	0.66
796,900	Grupo Mexico	1,805	1.10		<b>Steel &amp; other metals 0.84% (0.57%)</b>		
	<b>Pharmaceuticals &amp; biotechnology 0.44% (0.23%)</b>			175,017	TMK	1,372	0.84
535,400	Genomma Lab Internacional	715	0.44		<b>Telecommunication services 0.48% (1.05%)</b>		
	<b>Reits 0.75% (0.00%)</b>			40,097	MegaFon	782	0.48
806,740	TF Administradora Industrial	1,229	0.75		<b>Total Russian Federation</b>	<b>11,051</b>	<b>6.73</b>
	<b>Total Mexico</b>	<b>11,628</b>	<b>7.09</b>				
<b>NETHERLANDS 0.75% (0.00%)</b>				<b>SINGAPORE 0.00% (0.94%)</b>			
	<b>Food producers &amp; processors 0.75% (0.00%)</b>				<b>Engineering &amp; machinery 0.00% (0.94%)</b>		
112,484	X5 Retail Group – Non Voting Shares	1,235	0.75		<b>Total Singapore</b>	<b>–</b>	<b>–</b>
	<b>Total Netherlands</b>	<b>1,235</b>	<b>0.75</b>				
<b>PANAMA 0.63% (0.00%)</b>				<b>SOUTH AFRICA 4.21% (6.76%)</b>			
	<b>Aerospace &amp; defence 0.63% (0.00%)</b>				<b>Banks 0.00% (0.77%)</b>		
12,877	Copa Holdings Class A	1,030	0.63	60,913	Naspers	2,625	1.60
	<b>Total Panama</b>	<b>1,030</b>	<b>0.63</b>		<b>Electronic &amp; electrical equipment 1.60% (1.40%)</b>		
<b>PERU 0.00% (0.77%)</b>					<b>Food producers &amp; processors 0.69% (0.74%)</b>		
	<b>Mining 0.00% (0.77%)</b>			92,885	Shoprite Holdings	1,131	0.69
	<b>Total Peru</b>	<b>–</b>	<b>–</b>		<b>Health 0.00% (1.31%)</b>		
<b>PHILIPPINES 4.92% (1.50%)</b>					<b>Mining 1.92% (2.54%)</b>		
	<b>Banks 1.53% (0.54%)</b>			373,624	Gold Fields	1,765	1.07
763,654	BDO Unibank	1,098	0.67	154,204	Impala Platinum Holdings	1,391	0.85
720,600	Metropolitan Bank & Trust	1,405	0.86		<b>Total South Africa</b>	<b>6,912</b>	<b>4.21</b>
	<b>Diversified industrials 1.07% (0.96%)</b>			<b>SOUTH KOREA 11.00% (15.36%)</b>			
175,376	Ayala	1,760	1.07		<b>Automobiles &amp; parts 1.43% (3.25%)</b>		
	<b>Food producers &amp; processors 0.76% (0.00%)</b>			20,183	Hyundai Motor	2,353	1.43
666,930	Universal Robina	1,243	0.76		<b>Banks 0.44% (0.92%)</b>		
	<b>General retailers 0.78% (0.00%)</b>			34,700	Hana Financial Holdings	716	0.44
72,080	SM Investments	1,289	0.78		<b>Chemicals 0.00% (0.89%)</b>		
	<b>Telecommunication services 0.78% (0.00%)</b>				<b>Construction &amp; building materials 0.00% (1.16%)</b>		
26,920	Philippine Long Distance	1,286	0.78	6,937	Hyundai Wia	575	0.35
	<b>Total Philippines</b>	<b>8,081</b>	<b>4.92</b>		<b>Distributors 0.35% (0.00%)</b>		

# Threadneedle Global Emerging Markets Equity Fund

## Portfolio Statement

(continued)

	Value	% of		Value	% of		
Holding	Investment	£000	Net Asset Value	Holding	Investment		
<b>SOUTH KOREA</b>	<b>11.00% (15.36%) (continued)</b>			<b>TURKEY</b>	<b>5.32% (1.93%)</b>		
	<b>Engineering &amp; machinery</b>		<b>0.00% (0.73%)</b>		<b>Banks</b>		
	<b>Food producers &amp; processors</b>		<b>1.05% (0.00%)</b>	191,043	Turkiye Halk Bankasi	1,327	0.81
2,534	Orion	1,728	1.05	849,906	Turkiye Garanti Bankasi	2,990	1.82
	<b>General retailers</b>		<b>0.64% (1.16%)</b>		<b>Construction &amp; building materials</b>		<b>0.00% (0.61%)</b>
11,206	Hyundai Department Store	1,051	0.64	440,709	Haci Omer Sabanci Holding	1,740	1.06
	<b>Health</b>		<b>0.74% (0.00%)</b>		<b>Diversified industrials</b>		<b>1.06% (0.00%)</b>
3,359	LG Household & Health Care	1,216	0.74	443,803	Enka Insaat	883	0.54
	<b>Information technology hardware</b>		<b>5.65% (5.77%)</b>		<b>Engineering &amp; machinery</b>		<b>0.54% (0.00%)</b>
10,406	Samsung Electronics	9,268	5.65	213,882	Migros Ticaret	1,782	1.09
	<b>Software &amp; computer services</b>		<b>0.31% (0.00%)</b>		<b>Food &amp; drug retailers</b>		<b>1.09% (0.00%)</b>
2,899	NHN	501	0.31		<b>Total Turkey</b>	<b>8,722</b>	<b>5.32</b>
	<b>Speciality &amp; other finance</b>		<b>0.39% (0.00%)</b>		<b>UNITED KINGDOM</b>	<b>1.15% (1.66%)</b>	
28,390	Shinhan Financial Group	634	0.39	153,389	Mining	1,088	0.66
	<b>Steel &amp; other metals</b>		<b>0.00% (1.00%)</b>	26,650	Polymetal International	796	0.49
	<b>Telecommunication services</b>		<b>0.00% (0.48%)</b>		Rio Tinto		
	<b>Total South Korea</b>	<b>18,042</b>	<b>11.00</b>		<b>Total United Kingdom</b>	<b>1,884</b>	<b>1.15</b>
<b>TAIWAN</b>	<b>6.90% (8.80%)</b>				<b>UNITED STATES OF AMERICA</b>	<b>0.77% (0.99%)</b>	
	<b>Chemicals</b>		<b>0.00% (0.92%)</b>			<b>Software &amp; computer services</b>	<b>0.77% (0.99%)</b>
	<b>Electronic &amp; electrical equipment</b>		<b>0.96% (1.67%)</b>	74,134	Mail.ru Group	1,256	0.77
511,000	Delta Electronics	1,579	0.96		<b>Total United States of America</b>	<b>1,256</b>	<b>0.77</b>
	<b>General retailers</b>		<b>0.57% (0.62%)</b>		<b>Total value of investments</b>	<b>161,425</b>	<b>98.38</b>
237,000	President Chain Store	939	0.57		<b>Net other assets (2.42%)</b>	<b>2,661</b>	<b>1.62</b>
	<b>Information technology hardware</b>		<b>4.12% (4.59%)</b>		<b>Net assets</b>	<b>164,086</b>	<b>100.00</b>
413,289	Taiwan Semiconductor	984	0.60				
475,164	Taiwan Semiconductor ADS	5,772	3.52				
	<b>Speciality &amp; other finance</b>		<b>0.67% (0.00%)</b>				
2,799,623	China Trust Financial Holding	1,095	0.67				
	<b>Telecommunication services</b>		<b>0.58% (1.00%)</b>				
604,000	Far EasTone Telecommunications	949	0.58				
	<b>Total Taiwan</b>	<b>11,318</b>	<b>6.90</b>				
<b>THAILAND</b>	<b>3.12% (4.21%)</b>						
	<b>Banks</b>		<b>2.07% (2.15%)</b>				
339,016	Bangkok Bank	1,678	1.02				
420,278	SIAM Commercial Bank	1,715	1.05				
	<b>Mining</b>		<b>0.00% (0.41%)</b>				
	<b>Oil &amp; gas</b>		<b>0.00% (0.88%)</b>				
	<b>Telecommunication services</b>		<b>1.05% (0.77%)</b>				
672,200	Total Access Communication	1,722	1.05				
	<b>Total Thailand</b>	<b>5,115</b>	<b>3.12</b>				

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

April 2012 comparatives in brackets.

## Threadneedle Emerging Market Local Fund

### Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value	
<b>BRAZIL 7.87% (8.43%)</b>				<b>ISRAEL 1.07% (0.00%)</b>				
	<b>BBB 1.84% (0.00%)</b>				<b>Not Rated 1.07% (0.00%)</b>			
BRL	4,116,000	Federal Republic of Brazil		ILS	6,000,000	State of Israel Fixed Bond		
		12.5% 05/01/2016	1,562	1.46		4.25% 31/03/2023	1,141	1.07
BRL	912,000	Republic of Brazil				<b>Total Israel</b>	<b>1,141</b>	<b>1.07</b>
		12.5% 05/01/2022	401	0.38				
	<b>Baa2 6.03% (8.43%)</b>			<b>LUXEMBOURG 0.38% (0.00%)</b>				
BRL	2,127,000	Federal Republic of Brazil				<b>Baa1 0.38% (0.00%)</b>		
		8.5% 05/01/2024	759	0.71	RUB	19,000,000	Russian Agricultural Bank (RSHB)	
BRL	6,143	Nota do Tesouro Nacional				8.625% 17/02/2017	410	0.38
		10% 01/01/2015	2,020	1.89		<b>Total Luxembourg</b>	<b>410</b>	<b>0.38</b>
BRL	6,698	Nota do Tesouro Nacional						
		10% 01/01/2021	2,212	2.07	<b>MALAYSIA 3.61% (4.82%)</b>			
BRL	4,428	Nota do Tesouro Nacional				<b>A3 3.61% (4.82%)</b>		
		10% 01/01/2023	1,449	1.36	MYR	2,100,000	Malaysian Government	
	<b>Total Brazil</b>		<b>8,403</b>	<b>7.87</b>		3.892% 15/03/2027	460	0.43
					MYR	5,850,000	Malaysian Government	
						4.16% 15/07/2021	1,310	1.23
<b>CHILE 0.57% (0.00%)</b>					MYR	8,700,000	Malaysian Government	
	<b>AA – 0.57% (0.00%)</b>					4.378% 29/11/2019	1,960	1.84
CLP	418,500,000	Republic of Chile			MYR	500,000	Malaysian Government	
		5.5% 05/08/2020	604	0.57		5.734% 30/07/2019	120	0.11
	<b>Total Chile</b>		<b>604</b>	<b>0.57</b>		<b>Total Malaysia</b>	<b>3,850</b>	<b>3.61</b>
<b>COLOMBIA 3.92% (3.82%)</b>				<b>MEXICO 12.41% (10.42%)</b>				
	<b>BBB 1.95% (0.00%)</b>					<b>A– 12.41% (10.42%)</b>		
COP	1,606,000,000	Republic of Colombia		MXN	20,527,200	Mexican Bonos Desarrollo		
		7.75% 14/04/2021	707	0.66		Fixed Rate 10% 05/12/2024	1,617	1.52
COP	3,124,000,000	Republic of Colombia		MXN	14,651,700	Mexican Bonos Desarrollo		
		4.375% 21/03/2023	1,110	1.04		Fixed Rate 10% 20/11/2036	1,263	1.18
COP	501,000,000	Republic of Colombia		MXN	7,218,100	Mexican Bonos Desarrollo		
		9.85% 28/06/2027	272	0.25		Fixed Rate 6.5% 09/06/2022	438	0.41
	<b>Baa3 1.97% (3.82%)</b>			MXN	17,834,300	Mexican Bonos Desarrollo		
COP	5,054,000,000	Empresas P'blicas de Medellin				Fixed Rate 7.25% 15/12/2016	1,044	0.98
		8.375% 01/02/2021	2,098	1.97	MXN	31,603,000	Mexican Bonos Desarrollo	
	<b>Total Colombia</b>		<b>4,187</b>	<b>3.92</b>		Fixed Rate 7.5% 03/06/2027	2,129	1.99
					MXN	14,465,700	Mexican Bonos Desarrollo	
						Fixed Rate 7.75% 14/12/2017	880	0.82
<b>HUNGARY 4.79% (5.51%)</b>					MXN	26,495,200	Mexican Bonos Desarrollo	
	<b>BB+ 0.00% (5.51%)</b>					Fixed Rate 8% 07/12/2023	1,804	1.69
	<b>BB 4.79% (0.00%)</b>			MXN	25,566,600	Mexican Bonos Desarrollo		
HUF	530,360,000	Republic of Hungary				Fixed Rate 8% 11/06/2020	1,655	1.55
		5.5% 12/02/2016	1,533	1.43	MXN	37,688,500	Mexican Bonos Desarrollo	
HUF	69,720,000	Republic of Hungary				Fixed Rate 8.5% 13/12/2018	2,418	2.27
		6.75% 24/11/2017	211	0.20		<b>Total Mexico</b>	<b>13,248</b>	<b>12.41</b>
HUF	1,073,340,000	Republic of Hungary						
		7% 24/06/2022	3,372	3.16	<b>NIGERIA 2.30% (0.00%)</b>			
	<b>Total Hungary</b>		<b>5,116</b>	<b>4.79</b>		<b>Not Rated 2.30% (0.00%)</b>		
					NGN	487,475,000	Republic of Nigeria	
<b>INDONESIA 5.64% (8.32%)</b>						16.39% 27/01/2022	2,460	2.30
	<b>Baa3 5.64% (8.32%)</b>				<b>Total Nigeria</b>	<b>2,460</b>	<b>2.30</b>	
IDR	22,113,000,000	Republic of Indonesia						
		6.375% 15/04/2042	1,442	1.35				
IDR	17,260,000,000	Republic of Indonesia						
		6.625% 15/05/2033	1,169	1.10				
IDR	16,611,000,000	Republic of Indonesia						
		8.25% 15/06/2032	1,323	1.24				
IDR	23,496,000,000	Republic of Indonesia						
		9.5% 15/07/2031	2,083	1.95				
	<b>Total Indonesia</b>		<b>6,017</b>	<b>5.64</b>				

## Threadneedle Emerging Market Local Fund

### Portfolio Statement

(continued)

	Value	% of			Value	% of			Value	% of	
Holding	Investment	£000	Net Asset	Value	Holding	Investment	£000	Net Asset	Value	Value	
<b>PERU 2.11% (2.01%)</b>											
<b>BBB+ 1.73% (2.01%)</b>											
PEN	3,042,000		Republic of Peru 7.84%								
			12/08/2020				932		0.87		
PEN	2,695,000		Republic of Peru 8.2%								
			12/08/2026				914		0.86		
<b>Baa3 0.38% (0.00%)</b>											
PEN	1,319,000		Republic of Peru 6.95%								
			12/08/2031				403		0.38		
<b>Total Peru</b>											
<b>2,249 2.11</b>											
<b>PHILIPPINES 2.13% (0.47%)</b>											
<b>BB+ 2.13% (0.00%)</b>											
PHP	63,000,000		Republic of Philippines								
			3.9% 26/11/2022				1,059		0.99		
PHP	51,000,000		Republic of Philippines								
			4.95% 15/01/2021				900		0.85		
PHP	15,000,000		Republic of Philippines								
			6.25% 14/01/2036				309		0.29		
<b>BB 0.00% (0.47%)</b>											
<b>Total Philippines</b>											
<b>2,268 2.13</b>											
<b>POLAND 8.00% (8.47%)</b>											
<b>A 8.00% (8.47%)</b>											
PLN	1,867,000		Republic of Poland								
			4.75% 25/04/2017				407		0.38		
PLN	1,900,000		Republic of Poland								
			4.75% 25/10/2016				412		0.38		
PLN	2,801,000		Republic of Poland								
			5% 25/04/2016				607		0.57		
PLN	3,797,000		Republic of Poland								
			5.25% 25/10/2017				853		0.80		
PLN	4,806,000		Republic of Poland								
			5.25% 25/10/2020				1,121		1.05		
PLN	3,694,000		Republic of Poland								
			5.5% 25/04/2015				792		0.74		
PLN	4,332,000		Republic of Poland								
			5.5% 25/10/2019				1,012		0.95		
PLN	10,907,000		Republic of Poland								
			5.75% 25/04/2029				2,807		2.63		
PLN	2,189,000		Republic of Poland								
			5.75% 25/10/2021				530		0.50		
<b>Total Poland</b>											
<b>8,541 8.00</b>											
<b>REPUBLIC OF IRELAND 1.83% (0.00%)</b>											
<b>BBB 0.40% (0.00%)</b>											
RUB	19,500,000		RZD Capital 8.3% 02/04/2019								
							425		0.40		
<b>BBB- 0.51% (0.00%)</b>											
RUB	26,400,000		GPB Eurobond Finance								
			7.875% 25/07/2016				549		0.51		
<b>BB+ 0.92% (0.00%)</b>											
RUB	47,000,000		Alfa Bank 8.625% 26/04/2016								
							979		0.92		
<b>Total Republic of Ireland</b>											
<b>1,953 1.83</b>											
<b>ROMANIA 1.81% (0.00%)</b>											
<b>A- 1.81% (0.00%)</b>											
RON	6,040,000		Romania Government Bond								
			5.85% 26/04/2023				1,227		1.15		
RON	3,490,000		Romania Government Bond								
			5.9% 26/07/2017				705		0.66		
<b>Total</b>											
<b>1,932 1.81</b>											
<b>RUSSIAN FEDERATION 7.56% (9.74%)</b>											
<b>BBB+ 7.56% (9.74%)</b>											
RUB	107,000,000		Russia Government Bond								
			6.9% 03/08/2016				2,290		2.14		
RUB	152,938,000		Russia Government Bond								
			7.6% 14/04/2021				3,435		3.22		
RUB	100,046,000		Russia Government Bond								
			8.15% 03/02/2027				2,349		2.20		
<b>Total Russian Federation</b>											
<b>8,074 7.56</b>											
<b>SLOVENIA 0.92% (0.00%)</b>											
<b>A- 0.92% (0.00%)</b>											
EUR	1,200,000		Republika Slovenija								
			4% 22/03/2018				986		0.92		
<b>Total</b>											
<b>986 0.92</b>											
<b>SOUTH AFRICA 6.96% (9.64%)</b>											
<b>A3 0.00% (9.64%)</b>											
<b>Baa1 6.96% (0.00%)</b>											
ZAR	13,418,293		Republic of South Africa								
			10.5% 21/12/2026				1,288		1.21		
ZAR	29,416,717		Republic of South Africa								
			6.25% 31/03/2036				1,816		1.70		
ZAR	34,252,543		Republic of South Africa								
			6.5% 28/02/2041				2,144		2.01		
ZAR	7,146,415		Republic of South Africa								
			6.75% 31/03/2021				538		0.50		
ZAR	17,426,887		Republic of South Africa								
			7% 28/02/2031				1,216		1.14		
ZAR	5,388,921		Republic of South Africa								
			8.75% 28/02/2048				432		0.40		
<b>Total South Africa</b>											
<b>7,434 6.96</b>											
<b>THAILAND 5.92% (5.31%)</b>											
<b>A- 5.92% (5.31%)</b>											
THB	108,000,000		Thailand Government Bond								
			1.25478% 14/07/2021				2,543		2.38		
THB	104,717,000		Thailand Government Bond								
			4.75% 20/12/2024				2,578		2.42		
THB	50,000,000		Thailand Government Bond								
			5.125% 13/03/2018				1,200		1.12		
<b>Total Thailand</b>											
<b>6,321 5.92</b>											

# Threadneedle Emerging Market Local Fund

## Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Net Asset Value
<b>TURKEY 10.81% (9.51%)</b>				<b>ANALYSIS OF INVESTMENTS BY ASSET CLASS</b>	
	<b>BBB- 0.00% (9.51%)</b>			Fixed interest	91,440 92.98
	<b>Not rated 10.81% (0.00%)</b>			Floating rate notes	6,861 6.98
TRY	5,785,570 †† Republic of Turkey 3.42038% 21/07/2021	2,752	2.58	Derivatives	88 0.04
TRY	3,916,180 Republic of Turkey 10% 17/06/2015	1,535	1.44	<b>Total value of investments</b>	<b>98,345 100.00</b>
TRY	3,331,659 Republic of Turkey 10.5% 15/01/2020	1,489	1.39	<b>ANALYSIS OF INVESTMENTS BY CREDIT RATINGS</b>	
TRY	4,230,714 Republic of Turkey 11% 06/08/2014	1,624	1.52	<b>Value £000</b>	
TRY	2,035,984 Republic of Turkey 9% 08/03/2017	817	0.77	AA-	604
TRY	1,802,277 Republic of Turkey 9% 27/01/2016	704	0.66	A	8,541
TRY	5,998,560 Republic of Turkey 9.5% 12/01/2022	2,620	2.45	A-	20,555
	<b>Total Turkey</b>	<b>11,541</b>	<b>10.81</b>	A3	3,850
				BBB+	9,920
				Baa1	7,844
				BBB	4,477
				Baa2	6,440
				BBB-	2,115
				Baa3	8,518
				BB+	3,247
				BB	5,116
				Not rated	17,074
				Total bonds	98,301
				Derivatives	44
				<b>Total value of investments</b>	<b>98,301</b>
<b>URUGUAY 1.47% (0.00%)</b>					
	<b>BBB- 1.47% (0.00%)</b>				
UYU	23,802,311 Oriental Republic of Uruguay 8.21395% 14/09/2018	1,566	1.47		
	<b>Total Uruguay</b>	<b>1,566</b>	<b>1.47</b>		
<b>DERIVATIVES 0.04% (0.01%)</b>					
	<b>Forward foreign exchange contracts 0.04% (0.01%)</b>				
	Sell HUF 939,394,790				
	Buy USD 4,092,676 Citibank	11	0.01		
	Sell USD 5,020,128				
	Buy BRL 10,153,710 Citibank	18	0.02		
	Sell USD 5,054,489				
	Buy BRL 10,153,710 Citibank	(15)	(0.01)		
	Sell USD 4,122,778				
	Buy THB 121,209,672 HSBC	(4)	-		
	Sell USD 5,334,902				
	Buy ZAR 48,514,583 Citibank	29	0.03		
	Sell USD 3,236,688				
	Buy PLN 10,336,833 Citibank	6	0.01		
	Sell USD 8,787,950				
	Buy MYR 26,956,158 HSBC	23	0.02		
	Sell USD 1,606,667				
	Buy CLP 757,623,853 RBS	(7)	(0.01)		
	Sell ZAR 48,535,254				
	Buy USD 5,320,871 J.P. Morgan	(39)	(0.04)		
	Sell PLN 11,402,460				
	Buy USD 3,602,162 Citibank	14	0.01		
	Sell PHP 129,139,459				
	Buy USD 3,134,073 HSBC	3	-		
	Sell EUR 1,111,007				
	Buy USD 1,458,927 J.P. Morgan	4	-		
	Sell CLP 757,623,853				
	Buy USD 1,571,182 HSBC	(16)	(0.02)		
	Sell BRL 10,153,710				
	Buy USD 5,074,318 Citibank	17	0.02		
	<b>Total derivatives</b>	<b>44</b>	<b>0.04</b>		
	<b>Total value of investments</b>	<b>98,345</b>	<b>92.12</b>		
	<b>Net other assets (13.52%)</b>	<b>8,409</b>	<b>7.88</b>		
	<b>Net assets</b>	<b>106,754</b>	<b>100.00</b>		

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

April 2012 comparatives in brackets.

††At 30 April 2013, there were investments totalling £2,751,856 (2.58% of the NAV of the fund) 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 Global Extended Alpha Fund

### Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 1.47% (3.59%)</b>				<b>Media &amp; photography 1.02% (1.02%)</b>			
	<b>Diversified industrials 1.47% (0.00%)</b>			2,258	Kabel Deutschland Holding	138	1.02
18,900	Ansell	199	1.47	<b>Total Germany</b>			
	<b>Mining 0.00% (2.65%)</b>					<b>784</b>	<b>5.81</b>
	<b>Steel &amp; other metals 0.00% (0.94%)</b>			<b>HONG KONG 0.58% (0.72%)</b>			
	<b>Total Australia</b>	<b>199</b>	<b>1.47</b>		<b>Leisure entertainment &amp; hotels 0.58% (0.00%)</b>		
<b>BELGIUM 1.79% (0.98%)</b>				27,000	Galaxy Entertainment Group	78	0.58
	<b>Beverages 1.79% (0.98%)</b>			<b>Real estate 0.00% (0.72%)</b>			
4,053	Anheuser-Busch InBev	242	1.79		<b>Total Hong Kong</b>	<b>78</b>	<b>0.58</b>
	<b>Total Belgium</b>	<b>242</b>	<b>1.79</b>	<b>INDIA 0.47% (0.41%)</b>			
<b>BERMUDA 0.87% (1.17%)</b>					<b>Engineering &amp; machinery 0.00% (0.41%)</b>		
	<b>Real estate 0.87% (1.17%)</b>				<b>Speciality &amp; other finance 0.47% (0.00%)</b>		
42,794	Great Eagle Holdings	117	0.87	306,000	Manappuram Finance	64	0.47
	<b>Total Bermuda</b>	<b>117</b>	<b>0.87</b>		<b>Total India</b>	<b>64</b>	<b>0.47</b>
<b>BRAZIL 0.00% (2.80%)</b>				<b>JAPAN 14.94% (6.85%)</b>			
	<b>Banks 0.00% (1.40%)</b>				<b>Automobiles &amp; parts 3.15% (2.32%)</b>		
	<b>Construction &amp; building materials 0.00% (1.40%)</b>			11,431	Toyota Motor	426	3.15
	<b>Total Brazil</b>	<b>-</b>	<b>-</b>	102,000	Aozora Bank	205	1.52
<b>CANADA 3.72% (2.33%)</b>					<b>Banks 1.52% (0.00%)</b>		
	<b>Chemicals 2.09% (1.22%)</b>				<b>Beverages 0.00% (1.78%)</b>		
10,351	Methanex	282	2.09		<b>Construction &amp; building materials 0.66% (0.00%)</b>		
	<b>Media &amp; photography 0.39% (0.00%)</b>			11,000	Sekisui Chemical	89	0.66
5,200	Aimia	53	0.39		<b>Electronic &amp; electrical equipment 2.01% (1.74%)</b>		
	<b>Mining 1.24% (1.11%)</b>			4,100	Daikin Industries	106	0.78
15,179	First Quantum Minerals	167	1.24	4,243	Makita	166	1.23
	<b>Total Canada</b>	<b>502</b>	<b>3.72</b>		<b>General retailers 1.00% (0.00%)</b>		
<b>CYPRUS 0.84% (1.43%)</b>				14,800	Aeon	135	1.00
	<b>Oil &amp; gas 0.84% (1.43%)</b>				<b>Household goods &amp; textiles 0.70% (0.00%)</b>		
17,962	Prosafe	113	0.84	2,900	Sanrio	94	0.70
	<b>Total Cyprus</b>	<b>113</b>	<b>0.84</b>		<b>Information technology hardware 0.00% (1.01%)</b>		
<b>FRANCE 1.62% (1.44%)</b>					<b>Media &amp; photography 0.73% (0.00%)</b>		
	<b>Automobiles &amp; parts 1.62% (1.44%)</b>			70	Fuji Media Holdings	98	0.73
4,902	Renault	219	1.62		<b>Software &amp; computer services 2.02% (0.00%)</b>		
	<b>Total France</b>	<b>219</b>	<b>1.62</b>	18,600	Konami	273	2.02
<b>GERMANY 5.81% (4.97%)</b>					<b>Speciality &amp; other finance 2.01% (0.00%)</b>		
	<b>Aerospace &amp; defence 1.19% (1.29%)</b>			51,700	Nomura Holdings	271	2.01
2,673	MTU Aero Engines Holding	161	1.19		<b>Tobacco 1.14% (0.00%)</b>		
	<b>Automobiles &amp; parts 0.00% (1.07%)</b>			6,307	Japan Tobacco	154	1.14
	<b>Chemicals 1.25% (1.59%)</b>				<b>Total Japan</b>	<b>2,017</b>	<b>14.94</b>
1,551	Brenntag	168	1.25				
	<b>Electronic &amp; electrical equipment 1.50% (0.00%)</b>						
22,000	Aixtron	202	1.50				
	<b>Health 0.85% (0.00%)</b>						
2,718	Fresenius Medical Care	115	0.85				

## Threadneedle Global Extended Alpha Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>NETHERLANDS 1.23% (2.98%)</b>				<b>Leisure entertainment &amp; hotels 0.00% (1.07%)</b>			
	<b>Chemicals 1.23% (1.63%)</b>				<b>Mining 1.04% (0.00%)</b>		
4,175	LyondellBasell	166	1.23	4,749	Rio Tinto	141	1.04
	<b>Oil &amp; gas 0.00% (1.35%)</b>				<b>Oil &amp; gas 1.99% (4.37%)</b>		
	<b>Total Netherlands</b>	<b>166</b>	<b>1.23</b>	16,181	BG Group	175	1.30
				9,388	Tullow Oil	93	0.69
<b>REPUBLIC OF IRELAND 2.22% (4.02%)</b>				<b>Pharmaceuticals &amp; biotechnology 1.24% (0.00%)</b>			
	<b>Health 2.22% (2.61%)</b>			10,071	GlaxoSmithKline	168	1.24
7,378	Covidien	300	2.22		<b>Telecommunication services 0.16% (0.00%)</b>		
	<b>Support services 0.00% (1.41%)</b>			10,862	Vodafone Group	21	0.16
	<b>Total Republic of Ireland</b>	<b>300</b>	<b>2.22</b>	5,400	Imperial Tobacco Group	124	0.92
<b>SINGAPORE 0.00% (0.75%)</b>				<b>Total United Kingdom 1,616 11.97</b>			
	<b>Real estate 0.00% (0.75%)</b>						
	<b>Total Singapore</b>	<b>-</b>	<b>-</b>	<b>UNITED STATES OF AMERICA 39.76% (43.19%)</b>			
<b>SOUTH AFRICA 0.00% (1.38%)</b>					<b>Banks 0.91% (4.04%)</b>		
	<b>Telecommunication services 0.00% (1.38%)</b>			3,895	J.P. Morgan Chase	123	0.91
	<b>Total South Africa</b>	<b>-</b>	<b>-</b>		<b>Beverages 0.00% (1.90%)</b>		
<b>SWITZERLAND 8.69% (8.89%)</b>					<b>Chemicals 2.17% (4.03%)</b>		
	<b>Electronic &amp; electrical equipment 0.96% (1.72%)</b>			3,578	Airgas	224	1.66
4,695	TE Connectivity	130	0.96	568	CF Industries Holdings	69	0.51
	<b>Food producers &amp; processors 2.14% (2.53%)</b>				<b>Distributors 1.15% (1.03%)</b>		
6,324	Nestle	289	2.14	3,425	Wesco International	155	1.15
	<b>General retailers 1.84% (1.56%)</b>				<b>Diversified industrials 0.68% (1.45%)</b>		
11,935	Tyco International	248	1.84	1,480	Philip Morris International	92	0.68
	<b>Household goods &amp; textiles 0.89% (1.07%)</b>				<b>Engineering &amp; machinery 0.44% (0.00%)</b>		
329	Swatch Group	121	0.89	810	Cummins	59	0.44
	<b>Pharmaceuticals &amp; biotechnology 2.86% (2.01%)</b>				<b>Food producers &amp; processors 0.00% (1.94%)</b>		
8,127	Novartis	386	2.86		<b>General retailers 4.77% (6.82%)</b>		
	<b>Total Switzerland</b>	<b>1,174</b>	<b>8.69</b>	7,493	Ebay	256	1.90
				4,379	McDonald's	289	2.14
<b>UNITED KINGDOM 11.97% (9.79%)</b>				3,846	World Fuel Services	99	0.73
	<b>Banks 1.13% (0.00%)</b>				<b>Health 1.01% (4.03%)</b>		
21,713	HSBC Holdings	153	1.13	852	Sirona Dental Systems	40	0.30
	<b>Construction &amp; building materials 1.03% (0.00%)</b>			1,954	Zimmer Holdings	96	0.71
44,473	Crest Nicholson Holdings	139	1.03		<b>Information technology hardware 3.97% (4.29%)</b>		
	<b>Engineering &amp; machinery 0.00% (1.67%)</b>			6,902	Lam Research	203	1.50
	<b>Food producers &amp; processors 1.27% (0.00%)</b>			8,388	Qualcomm	333	2.47
6,215	Unilever	172	1.27		<b>Insurance 1.65% (1.05%)</b>		
	<b>Insurance 3.19% (2.68%)</b>			8,363	American International Group	223	1.65
11,168	Aon	430	3.19		<b>Leisure entertainment &amp; hotels 0.48% (0.00%)</b>		
				1,800	Las Vegas Sands	65	0.48

# Threadneedle Global Extended Alpha Fund

## Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
<b>UNITED STATES OF AMERICA 39.76% (43.19%) (continued)</b>			
<b>Media &amp; photography 4.00% (2.53%)</b>			
9,053	Comcast Class A	242	1.79
1,100	*Discovery Communications 'C' Shares	50	0.37
3,903	Liberty Global 'A' Shares	184	1.36
1,600	Walt Disney	65	0.48
<b>Oil &amp; gas 1.84% (2.60%)</b>			
6,318	Enterprise Products Partners	249	1.84
<b>Pharmaceuticals &amp; biotechnology 4.34% (0.00%)</b>			
4,985	Mead Johnson Nutrition	256	1.90
16,780	Pfizer	329	2.44
<b>Software &amp; computer services 6.81% (3.59%)</b>			
7,559	EMC	110	0.82
6,574	Facebook	114	0.84
383	Google	202	1.50
3,400	Microsoft	72	0.53
592	priceline.com	267	1.98
2,647	Riverbed Technology	25	0.19
3,509	Solera Holdings	128	0.95
<b>Speciality &amp; other finance 1.94% (0.85%)</b>			
30,839	Och-Ziff Capital Management Gr	199	1.47
1,850	United Rentals	63	0.47
<b>Support services 1.24% (0.00%)</b>			
4,278	Equifax	168	1.24
<b>Transport 2.36% (3.04%)</b>			
3,356	Union Pacific	319	2.36
<b>Total United States of America</b>		<b>5,368</b>	<b>39.76</b>
<b>DERIVATIVES 0.79% (0.37%)</b>			
<b>Portfolio swaps 0.79% (0.37%)</b>			
	Nomura – Portfolio Swap	107	0.79
<b>Total derivatives</b>		<b>107</b>	<b>0.79</b>
<b>Total value of investments</b>		<b>13,066</b>	<b>96.77</b>
<b>Net other assets (1.94%)</b>		<b>436</b>	<b>3.23</b>
<b>Net assets</b>		<b>13,502</b>	<b>100.00</b>

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

April 2012 comparatives in brackets.

\*Manually priced.

# Threadneedle Global Equity Income Fund

## Portfolio Statement

as at 30 April 2013

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>AUSTRALIA 8.68% (9.87%)</b>				<b>CHINA 0.00% (1.31%)</b>			
	<b>Banks 1.09% (1.35%)</b>				<b>Transport 0.00% (1.31%)</b>		
427,351	Suncorp-Metway	3,687	1.09		<b>Total China</b>	-	-
	<b>Beverages 1.19% (1.31%)</b>						
398,471	Coca-Cola Amatil	4,015	1.19				
	<b>Diversified industrials 1.08% (0.92%)</b>						
125,529	Wesfarmers	3,634	1.08				
	<b>Engineering &amp; machinery 1.09% (0.00%)</b>						
1,588,094	Sydney Airport	3,658	1.09				
	<b>Mining 1.01% (5.03%)</b>						
734,227	Ausdrill	743	0.22				
174,041	Orica	2,652	0.79				
	<b>Real estate 1.10% (0.00%)</b>						
1,064,217	Goodman Group	3,702	1.10				
	<b>Support services 1.14% (0.00%)</b>						
581,652	Amcor	3,826	1.14				
	<b>Telecommunication services 0.98% (1.26%)</b>						
991,956	Telstra	3,299	0.98				
	<b>Total Australia</b>	<b>29,216</b>	<b>8.68</b>				
<b>BERMUDA 1.44% (1.45%)</b>				<b>FRANCE 2.83% (3.33%)</b>			
	<b>Oil &amp; gas 1.44% (1.45%)</b>				<b>Automobiles &amp; parts 1.41% (1.15%)</b>		
196,946	Seadrill	4,859	1.44	106,718	Renault	4,760	1.41
	<b>Total Bermuda</b>	<b>4,859</b>	<b>1.44</b>		<b>Insurance 0.00% (0.90%)</b>		
<b>BRAZIL 0.65% (5.29%)</b>					<b>Oil &amp; gas 1.42% (1.28%)</b>		
	<b>Banks 0.00% (1.25%)</b>			149,811	Total	4,774	1.42
	<b>Beverages 0.55% (1.01%)</b>				<b>Total France</b>	<b>9,534</b>	<b>2.83</b>
73,774	Companhia de Bebidas das Americas	1,852	0.55				
	<b>Electricity 0.00% (1.77%)</b>						
27,300	Valid Solucoes	317	0.10				
	<b>Support services 0.10% (1.26%)</b>						
	<b>Total Brazil</b>	<b>2,169</b>	<b>0.65</b>				
<b>CANADA 2.65% (2.39%)</b>				<b>GERMANY 4.03% (4.94%)</b>			
	<b>Media &amp; photography 1.37% (0.00%)</b>				<b>Automobiles &amp; parts 0.00% (2.30%)</b>		
456,000	Aimia	4,606	1.37	87,827	BASF	5,255	1.56
	<b>Oil &amp; gas 1.28% (2.39%)</b>				<b>Chemicals 1.56% (1.18%)</b>		
90,746	Baytex Energy	2,250	0.67		<b>Electronic &amp; electrical equipment 1.15% (0.00%)</b>		
86,104	Crescent Point Energy	2,066	0.61	57,933	Siemens	3,884	1.15
	<b>Total Canada</b>	<b>8,922</b>	<b>2.65</b>		<b>Household goods &amp; textiles 1.32% (0.00%)</b>		
<b>CAYMAN ISLANDS 1.17% (0.00%)</b>				59,406	Hugo Boss	4,430	1.32
	<b>Leisure entertainment &amp; hotels 1.17% (0.00%)</b>				<b>Media &amp; photography 0.00% (1.46%)</b>		
7,684,000	Nagacorp	3,936	1.17		<b>Total Germany</b>	<b>13,569</b>	<b>4.03</b>
	<b>Total Cayman Islands</b>	<b>3,936</b>	<b>1.17</b>				
				<b>HONG KONG 2.38% (2.24%)</b>			
					<b>Banks 1.36% (2.24%)</b>		
				2,056,500	BOC Hong Kong Holdings	4,558	1.36
					<b>Leisure entertainment &amp; hotels 1.02% (0.00%)</b>		
				2,106,000	SJM Holdings	3,440	1.02
					<b>Total Hong Kong</b>	<b>7,998</b>	<b>2.38</b>
				<b>INDONESIA 1.60% (0.00%)</b>			
					<b>Gas distribution 1.60% (0.00%)</b>		
				13,206,500	Perusahaan Gas Negara	5,392	1.60
					<b>Total Indonesia</b>	<b>5,392</b>	<b>1.60</b>
				<b>ITALY 1.20% (0.46%)</b>			
					<b>Gas distribution 1.20% (0.46%)</b>		
				1,282,676	Snam Rete Gas	4,035	1.20
					<b>Total Italy</b>	<b>4,035</b>	<b>1.20</b>

## Threadneedle Global Equity Income Fund

### Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
<b>JAPAN 3.68% (1.61%)</b>				<b>SOUTH KOREA 0.00% (1.01%)</b>			
	<b>Banks 1.38% (0.00%)</b>				<b>Leisure entertainment &amp; hotels 0.00% (1.01%)</b>		
2,305,000	Aozora Bank	4,635	1.38		<b>Total South Korea</b>	-	-
	<b>Real estate 1.34% (1.61%)</b>						
817	Activia Properties	4,502	1.34				
	<b>Speciality &amp; other finance 0.96% (0.00%)</b>			<b>SPAIN 0.00% (0.88%)</b>			
816	Nomura Real estate Residential	3,249	0.96		<b>Electricity 0.00% (0.88%)</b>		
	<b>Total Japan</b>	<b>12,386</b>	<b>3.68</b>		<b>Total Spain</b>	-	-
<b>MALAYSIA 1.06% (1.31%)</b>				<b>SWEDEN 0.00% (1.06%)</b>			
	<b>Telecommunication services 1.06% (1.31%)</b>				<b>Construction &amp; building materials 0.00% (1.06%)</b>		
3,663,400	Digi.com	3,575	1.06		<b>Total Sweden</b>	-	-
	<b>Total Malaysia</b>	<b>3,575</b>	<b>1.06</b>	<b>SWITZERLAND 4.00% (3.81%)</b>			
<b>NETHERLANDS 2.78% (0.72%)</b>					<b>Food producers &amp; processors 0.66% (1.11%)</b>		
	<b>Chemicals 1.47% (0.00%)</b>			48,596	Nestle	2,218	0.66
124,447	LyondellBasell	4,936	1.47		<b>Pharmaceuticals &amp; biotechnology 3.34% (2.70%)</b>		
	<b>Telecommunication services 1.31% (0.72%)</b>			118,743	Novartis	5,640	1.68
193,695	Ziggo	4,407	1.31	34,929	Roche Holding	5,604	1.66
	<b>Total Netherlands</b>	<b>9,343</b>	<b>2.78</b>		<b>Total Switzerland</b>	<b>13,462</b>	<b>4.00</b>
<b>NORWAY 0.00% (1.09%)</b>				<b>TAIWAN 4.33% (3.34%)</b>			
	<b>Telecommunication services 0.00% (1.09%)</b>				<b>Electronic &amp; electrical equipment 2.30% (1.15%)</b>		
	<b>Total Norway</b>	-	-	1,721,000	Delta Electronics	5,319	1.58
				931,150	Radiant Opto-Electronics	2,431	0.72
<b>SINGAPORE 4.85% (4.59%)</b>					<b>Information technology hardware 1.22% (1.26%)</b>		
	<b>Engineering &amp; machinery 1.33% (1.58%)</b>			5,374,000	Siliconware Precision Industries	4,108	1.22
803,000	Keppel	4,494	1.33		<b>Telecommunication services 0.81% (0.93%)</b>		
	<b>Investment companies 1.08% (0.88%)</b>			1,741,000	Far EastTone Telecommunications	2,734	0.81
6,782,000	Hutchison Port Holdings Trust	3,634	1.08		<b>Total Taiwan</b>	<b>14,592</b>	<b>4.33</b>
	<b>Real estate 1.21% (1.33%)</b>			<b>THAILAND 1.24% (0.00%)</b>			
4,436,000	CapitaCommercial Trust	3,968	1.18		<b>Telecommunication services 1.24% (0.00%)</b>		
149,000	Keppel REIT	117	0.03	1,362,250	Total Access Communication	3,491	1.04
	<b>Telecommunication services 1.23% (0.80%)</b>			267,850	Total Access Communication	686	0.20
1,669,000	Starhub	4,129	1.23		<b>Total Thailand</b>	<b>4,177</b>	<b>1.24</b>
	<b>Total Singapore</b>	<b>16,342</b>	<b>4.85</b>	<b>SOUTH AFRICA 0.00% (3.80%)</b>			
<b>SOUTH AFRICA 0.00% (3.80%)</b>					<b>General retailers 0.00% (1.35%)</b>		
	<b>Mining 0.00% (1.24%)</b>				<b>Telecommunication services 0.00% (1.21%)</b>		
	<b>Total South Africa</b>	-	-				

# Threadneedle Global Equity Income Fund

## Portfolio Statement

(continued)

		Value	% of			Value	% of
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
<b>UNITED KINGDOM 15.99% (12.50%)</b>				<b>Mining 0.00% (2.10%)</b>			
	<b>Aerospace &amp; defence 1.37% (1.44%)</b>				<b>Oil &amp; gas 5.07% (4.96%)</b>		
1,230,491	BAE Systems	4,607	1.37	30,737	BP Prudhoe Bay Royalty Trust	1,615	0.48
	<b>Banks 1.73% (1.41%)</b>			135,940	Enterprise Products Partners	5,358	1.59
824,060	HSBC Holdings	5,812	1.73	139,366	HollyFrontier	4,518	1.34
	<b>Food &amp; drug retailers 1.40% (0.00%)</b>			124,416	Linn Energy	3,089	0.92
1,284,630	Tesco	4,707	1.40	155,627	PVR Partners	2,502	0.74
	<b>Gas distribution 1.61% (0.97%)</b>				<b>Personal care &amp; household products 0.00% (1.31%)</b>		
668,048	National Grid	5,425	1.61		<b>Pharmaceuticals &amp; biotechnology 3.71% (5.33%)</b>		
	<b>Insurance 0.58% (1.38%)</b>			134,282	Abbvie	3,919	1.16
1,751,614	RSA Insurance Group	1,958	0.58	159,834	Merck & Co	4,932	1.46
	<b>Media &amp; photography 1.13% (0.00%)</b>			187,333	Pfizer	3,676	1.09
800,705	Informa	3,823	1.13		<b>Real estate 2.04% (2.68%)</b>		
	<b>Mining 1.16% (0.00%)</b>			512,342	Newcastle Investment Corp	3,770	1.12
132,202	Rio Tinto	3,913	1.16	211,099	Redwood Trust	3,099	0.92
	<b>Oil &amp; gas 0.00% (1.26%)</b>				<b>Software &amp; computer services 1.11% (0.00%)</b>		
	<b>Pharmaceuticals &amp; biotechnology 2.95% (1.71%)</b>			217,023	CA	3,729	1.11
130,143	AstraZeneca	4,370	1.30		<b>Speciality &amp; other finance 4.53% (1.75%)</b>		
333,744	GlaxoSmithKline	5,555	1.65	553,895	Blackstone Group	7,315	2.17
	<b>Speciality &amp; other finance 1.37% (1.31%)</b>			95,067	CME Group	3,732	1.11
1,090,842	Intermediate Capital Group	4,601	1.37	653,187	Och-Ziff Capital Management Gr	4,212	1.25
	<b>Telecommunication services 1.26% (1.74%)</b>				<b>Steel &amp; other metals 0.00% (0.60%)</b>		
2,162,794	Vodafone Group	4,235	1.26	156,276	TAL International Group	4,164	1.24
	<b>Tobacco 1.43% (1.28%)</b>				<b>Telecommunication services 1.28% (1.70%)</b>		
209,772	Imperial Tobacco Group	4,827	1.43	179,208	AT&T	4,311	1.28
	<b>Total United Kingdom</b>	<b>53,833</b>	<b>15.99</b>		<b>Tobacco 1.41% (2.09%)</b>		
				100,622	Altria Group	2,377	0.71
				76,902	Reynolds American	2,357	0.70
					<b>Total United States of America</b>	<b>101,553</b>	<b>30.16</b>
<b>UNITED STATES OF AMERICA 30.16% (28.43%)</b>				<b>Total value of investments</b>			
	<b>Chemicals 1.00% (0.97%)</b>					<b>328,472</b>	<b>97.56</b>
153,642	Dow Chemical	3,358	1.00		<b>Net other assets (1.27%)</b>	<b>8,204</b>	<b>2.44</b>
	<b>Diversified industrials 1.15% (1.27%)</b>				<b>Net assets</b>	<b>336,676</b>	<b>100.00</b>
62,795	Philip Morris International	3,888	1.15				
	<b>Electricity 1.28% (1.13%)</b>						
138,855	Southern	4,313	1.28				
	<b>Food producers &amp; processors 1.78% (0.00%)</b>						
179,710	Kraft Foods Group	5,980	1.78				
	<b>Gas distribution 1.24% (1.21%)</b>						
166,068	Kinder Morgan Energy Partners	4,168	1.24				
	<b>Household goods &amp; textiles 0.89% (1.33%)</b>						
107,823	Lorillard	2,989	0.89				
	<b>Investment companies 1.23% (0.00%)</b>						
246,050	Apollo Global Management	4,125	1.23				
	<b>Leisure entertainment &amp; hotels 1.20% (0.00%)</b>						
112,890	Las Vegas Sands	4,057	1.20				

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

April 2012 comparatives in brackets.

## Comparative Tables

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
<b>UK Mid 250 Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	0.9548	105.42	61.01
Class 1 – Net accumulation shares	35,311	129.91p	27,180,841	Class 2 – Net accumulation shares	1.5567	108.31	62.84
Class 2 – Net accumulation shares	50,139	135.74p	36,937,951	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net accumulation shares	1.1391	102.15	65.48
Class 1 – Net accumulation shares	38,552	130.11p	29,630,912	Class 2 – Net accumulation shares	1.6557	105.80	67.58
Class 2 – Net accumulation shares	54,448	136.73p	39,820,496	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	1.1272	125.51	94.55
Class 1 – Net accumulation shares	45,204	162.07p	27,891,329	Class 2 – Net accumulation shares	1.7325	130.89	98.11
Class 2 – Net accumulation shares	73,502	171.30p	42,907,768	<b>2011</b>			
Class Z – Net accumulation shares	5,395	117.85p	4,577,876	Class 1 – Net accumulation shares	0.8100	134.34	105.73
				Class 2 – Net accumulation shares	1.5269	140.52	110.67
				<b>2012</b>			
				Class 1 – Net accumulation shares	1.8563	146.54	115.56
				Class 2 – Net accumulation shares	2.6844	154.58	121.23
				<sup>†</sup> Class Z – Net accumulation shares	–	106.28	99.85
				<b>2013</b>			
				<sup>†</sup> Class 1 – Net accumulation shares	2.4475	165.08	148.67
				<sup>†</sup> Class 2 – Net accumulation shares	3.4392	174.35	156.85
				<sup>†</sup> Class Z – Net accumulation shares	2.3060	119.91	107.84
				<sup>†</sup> To 30 April 2013			
				<sup>†</sup> Class Z – Net accumulation shares commenced on 7 September 2012			
<b>UK Extended Alpha Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Limited issue net accumulation shares	3.9985	247.52	147.36
Class 1 – Limited issue net accumulation shares	3,653	246.45p	1,482,382	Class 2 – Limited issue net accumulation shares	5.4312	251.52	151.57
Class 2 – Limited issue net accumulation shares	15,854	256.74p	6,175,316	<sup>†</sup> Class X – Limited issue net accumulation shares	0.9841	105.37	63.66
Class X – Limited issue net accumulation shares	4	110.11p	3,000	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Limited issue net accumulation shares	4.7402	219.24	146.81
Class 1 – Limited issue net accumulation shares	3,823	254.56p	1,501,583	Class 2 – Limited issue net accumulation shares	5.9383	226.44	151.21
Class 2 – Limited issue net accumulation shares	15,746	266.83p	5,901,093	Class X – Limited issue net accumulation shares	4.5937	96.29	64.13
Class X – Limited issue net accumulation shares	3	113.86p	3,000	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Limited issue net accumulation shares	3.4027	239.66	194.69
Class 1 – Limited issue net accumulation shares	4,103	298.41p	1,374,810	Class 2 – Limited issue net accumulation shares	4.6995	249.28	201.95
Class 2 – Limited issue net accumulation shares	19,628	314.50p	6,241,047	Class X – Limited issue net accumulation shares	2.6615	106.49	85.87
Class X – Limited issue net accumulation shares	397	135.14p	293,704	<b>2011</b>			
				Class 1 – Limited issue net accumulation shares	2.1920	251.67	200.97
				Class 2 – Limited issue net accumulation shares	3.5805	262.38	209.85
				Class X – Limited issue net accumulation shares	2.0687	113.09	90.12
				<b>2012</b>			
				Class 1 – Limited issue net accumulation shares	5.1460	269.59	232.01
				Class 2 – Limited issue net accumulation shares	6.7661	283.69	243.39
				Class X – Limited issue net accumulation shares	3.7034	121.57	103.84
				<b>2013</b>			
				<sup>†</sup> Class 1 – Limited issue net accumulation shares	5.4076	300.08	271.61
				<sup>†</sup> Class 2 – Limited issue net accumulation shares	7.2526	316.15	285.84
				<sup>†</sup> Class X – Limited issue net accumulation shares	3.9727	135.95	122.89
				<sup>†</sup> To 30 April 2013			
				<sup>†</sup> Class X – Limited issue net accumulation shares commenced 14 January 2008			
<b>UK Equity Alpha Income Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net income shares	2.7332	55.71	35.37
Class 1 – Net income shares	43,156	48.78p	88,476,184	Class 2 – Net income shares	2.8438	56.18	35.83
Class 2 – Net income shares	191,063	50.03p	381,907,693	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net income shares	2.2872	44.17	34.02
Class 1 – Net income shares	66,321	47.10p	140,809,329	Class 2 – Net income shares	2.3200	44.96	34.52
Class 2 – Net income shares	190,750	48.56p	392,847,110	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net income shares	2.3747	47.11	39.01
Class 1 – Net income shares	126,519	55.97p	226,067,255	Class 2 – Net income shares	2.4875	48.24	39.85
Class 2 – Net income shares	288,984	57.99p	498,347,290	<b>2011</b>			
Class Z – Net income shares	2,587	114.09p	2,267,500	Class 1 – Net income shares	2.0731	49.91	41.57
				Class 2 – Net income shares	2.1625	51.20	42.71
				<b>2012</b>			
				Class 1 – Net income shares	2.3975	51.60	44.23
				Class 2 – Net income shares	2.5094	53.38	45.62
				<sup>†</sup> Class Z – Net income shares	0.5498	104.92	97.78
				<b>2013</b>			
				<sup>†</sup> Class 1 – Net income shares	1.1267	57.44	51.86
				<sup>†</sup> Class 2 – Net income shares	1.1866	59.53	53.65
				<sup>†</sup> Class Z – Net income shares	2.2976	117.08	105.46
				<sup>†</sup> To 30 April 2013			
				<sup>†</sup> Class Z – Net income shares commenced 7 September 2012			

## Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
<b>UK Absolute Alpha Fund</b>				<b>2010</b>			
<b>for the year ended 30 April 2011</b>				*Class 1 – Net accumulation shares	–	105.08	99.51
Class 1 – Net accumulation shares	6,067	107.27p	5,656,132	*Class 2 – Net accumulation shares	–	105.25	99.52
Class 2 – Net accumulation shares	8,327	107.82p	7,722,598	<sup>1</sup> Class 2 – EUR Hedged net accumulation shares	–	102.36	95.77
Class 2 – EUR Hedged net accumulation shares	1,078	108.30p	995,686	<b>2011</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net accumulation shares	–	109.03	102.92
Class 1 – Net accumulation shares	16,572	109.65p	15,113,075	Class 2 – Net accumulation shares	0.1599	109.61	103.59
Class 2 – Net accumulation shares	46,858	110.42p	42,435,330	Class 2 – EUR Hedged net accumulation shares	0.1800	110.97	99.21
Class 2 – EUR Hedged net accumulation shares	1,016	102.09p	995,686	<b>2012</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	–	112.23	106.74
Class 1 – Net accumulation shares	23,066	116.07p	19,872,817	Class 2 – Net accumulation shares	0.1994	113.21	107.56
Class 2 – Net accumulation shares	45,601	117.46p	38,821,417	Class 2 – EUR Hedged net accumulation shares	0.1734	108.28	97.70
Class 2 – EUR Hedged net accumulation shares	11,457	111.84p	10,244,373	<sup>2</sup> Class 2 – Net accumulation shares	–	100.99	98.47
Class Z – Net accumulation shares	6,513	104.35p	6,241,519	<b>2013</b>			
				†Class 1 – Net accumulation shares	–	116.54	112.41
				†Class 2 – Net accumulation shares	–	117.89	113.62
				†Class 2 – EUR Hedged net accumulation shares	0.0818	115.40	104.39
				†Class Z – Net accumulation shares	0.2398	104.74	101.35
				<i>*Fund launched 10 September 2010</i>			
				<i>†To 30 April 2013</i>			
				<i><sup>1</sup>Class 2 – EUR Hedged net accumulation shares commenced 15 October 2010</i>			
				<i><sup>2</sup>Class Z – Net accumulation shares commenced 7 September 2012</i>			
<b>Absolute Return Bond Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	0.7002	61.60	54.78
Class 1 – Net accumulation shares	203,439	62.22p	326,954,904	Class 1 – Gross accumulation shares	0.3369	62.90	55.57
§Class 1 – Gross accumulation shares	53,465	63.70p	83,937,976	Class 2 – Net accumulation shares	0.6170	62.68	55.45
Class 2 – Net accumulation shares	133,927	64.12p	208,883,324	Class 2 – Gross accumulation shares	2.7458	64.28	56.40
§Class 2 – Gross accumulation shares	165,489	66.12p	250,285,673	<b>2009</b>			
§Class X – Gross accumulation shares	3	99.07p	3,001	Class 1 – Net accumulation shares	0.4388	63.78	60.93
<b>for the year ended 30 April 2012</b>				Class 1 – Gross accumulation shares	1.5541	65.27	62.23
Class 1 – Net accumulation shares	220,075	62.37p	352,880,549	Class 2 – Net accumulation shares	0.4187	65.21	62.01
§Class 1 – Gross accumulation shares	57,184	63.84p	89,571,614	Class 2 – Gross accumulation shares	0.3940	67.09	63.60
Class 2 – Net accumulation shares	66,815	64.64p	103,369,850	<b>2010</b>			
§Class 2 – Gross accumulation shares	135,431	66.72p	202,973,675	Class 1 – Net accumulation shares	0.2443	63.59	62.58
§Class X – Gross accumulation shares	3	100.65p	3,001	Class 1 – Gross accumulation shares	0.4216	65.09	64.06
<b>for the year ended 30 April 2013</b>				Class 2 – Net accumulation shares	0.5126	65.16	64.23
Class 1 – Net accumulation shares	160,129	62.80p	255,000,895	Class 2 – Gross accumulation shares	0.5361	67.10	66.17
§Class 1 – Gross accumulation shares	72,435	64.34p	112,579,804	<b>2011</b>			
Class 2 – Net accumulation shares	42,875	65.45p	65,509,138	Class 1 – Net accumulation shares	0.0026	64.11	60.81
§Class 2 – Gross accumulation shares	94,530	67.70p	139,628,503	Class 1 – Gross accumulation shares	0.0032	65.63	62.25
§Class X – Gross accumulation shares	3	102.84p	3,001	Class 2 – Net accumulation shares	0.4311	66.29	62.75
				Class 2 – Gross accumulation shares	0.4218	68.39	64.73
				<sup>1</sup> Class X – Gross accumulation shares	0.3058	102.88	97.14
				<b>2012</b>			
				Class 1 – Net accumulation shares	–	64.19	62.31
				Class 1 – Gross accumulation shares	–	65.75	63.78
				Class 2 – Net accumulation shares	0.3035	66.73	64.50
				Class 2 – Gross accumulation shares	0.3464	68.97	66.56
				Class X – Gross accumulation shares	1.1822	104.41	100.26
				<b>2013</b>			
				†Class 1 – Net accumulation shares	0.2190	64.13	62.07
				†Class 1 – Gross accumulation shares	0.1804	65.71	63.61
				†Class 2 – Net accumulation shares	0.6242	66.76	64.66
				†Class 2 – Gross accumulation shares	1.0171	69.05	66.89
				†Class X – Gross accumulation shares	1.7854	104.73	101.54
				<i>†To 30 April 2013</i>			
				<i><sup>1</sup>Class X – Gross accumulation shares commenced 17 February 2011</i>			

## Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
<b>Target Return Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	1.4007	112.82	77.38
Class 1 – Net accumulation shares	6,369	103.66p	6,144,144	Class 1 – Gross accumulation shares	0.3675	114.42	78.04
§Class 1 – Gross accumulation shares	103,969	105.42p	98,619,035	Class 2 – Gross accumulation shares	0.6694	116.60	79.00
§Class 1 – USD Hedged gross accumulation shares	4,632	59.08p	7,841,059	<b>2009</b>			
§Class 2 – Gross income shares	724	104.76p	691,006	Class 1 – Net accumulation shares	1.1474	111.83	99.41
§Class 2 – Gross accumulation shares	148,303	109.15p	135,870,364	Class 1 – Gross accumulation shares	1.9362	113.67	100.97
§Class X – Gross accumulation shares	35,310	104.90p	33,661,870	¹Class 1 – USD Hedged gross accumulation shares	0.0654	72.68	59.02
<b>for the year ended 30 April 2012</b>				Class 2 – Gross accumulation shares	1.7373	116.48	103.24
Class 1 – Net accumulation shares	4,078	95.62p	4,264,673	<b>2010</b>			
§Class 1 – Gross accumulation shares	96,271	97.25p	98,990,119	Class 1 – Net accumulation shares	0.9435	108.57	95.70
§Class 1 – CHF Hedged gross accumulation shares	13	98.97p	13,418	Class 1 – Gross accumulation shares	0.4981	110.40	97.32
§Class 1 – USD Hedged gross accumulation shares	950	60.82p	1,561,701	Class 1 – USD Hedged gross accumulation shares	0.2833	70.69	61.33
§Class 2 – Gross income shares	155	96.84p	159,892	²Class 2 – Gross income shares	–	106.25	99.35
§Class 2 – Gross accumulation shares	127,075	101.37p	125,358,665	Class 2 – Gross accumulation shares	1.0933	113.44	100.20
§Class X – Gross accumulation shares	24,874	98.03p	25,373,432	<b>2011</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	0.1015	104.61	98.00
Class 1 – Net accumulation shares	2,054	99.04p	2,073,866	Class 1 – Gross accumulation shares	0.1285	106.42	99.66
§Class 1 – Gross accumulation shares	32,210	100.72p	31,979,440	Class 1 – USD Hedged gross accumulation shares	0.0782	65.33	58.53
§Class 1 – CHF Hedged gross accumulation shares	25	100.30p	24,927	Class 2 – Gross income shares	0.4861	105.84	99.07
§Class 1 – USD Hedged gross accumulation shares	426	63.85p	667,334	Class 2 – Gross accumulation shares	2.0033	110.19	102.98
§Class 2 – Gross income shares	124	100.05p	123,675	³Class X – Gross accumulation shares	0.8909	105.91	99.71
§Class 2 – Gross accumulation shares	104,399	105.73p	98,739,468	<b>2012</b>			
§Class X – Gross accumulation shares	17,695	102.95p	17,188,828	Class 1 – Net accumulation shares	–	99.89	92.60
Class Z – Net accumulation shares	3	103.24p	3,050	Class 1 – Gross accumulation shares	–	101.60	94.15
<i>§Only available to eligible investors</i>				⁴Class 1 – CHF Hedged gross accumulation shares	–	100.22	95.75
				Class 1 – USD Hedged gross accumulation shares	–	65.39	60.82
				Class 2 – Gross income shares	0.3661	101.32	93.95
				Class 2 – Gross accumulation shares	0.2385	105.78	98.34
				Class X – Gross accumulation shares	1.0676	102.23	95.28
				⁵Class Z – Net accumulation shares	0.0062	101.68	99.33
				<b>2013</b>			
				†Class 1 – Net accumulation shares	0.0554	104.26	96.28
				†Class 1 – Gross accumulation shares	–	106.01	97.90
				†Class 1 – CHF Hedged gross accumulation shares	0.2977	104.80	98.78
				†Class 1 – USD Hedged gross accumulation shares	–	66.86	61.34
				†Class 2 – Gross income shares	0.8470	106.06	97.85
				†Class 2 – Gross accumulation shares	0.8918	111.14	102.55
				†Class X – Gross accumulation shares	1.1669	108.08	99.64
				†Class Z – Net accumulation shares	0.6419	108.67	100.29
				<i>†To 30 April 2013</i>			
				<i>¹Class 1 – USD Hedged gross accumulation shares commenced 11 March 2009</i>			
				<i>²Class 2 – Gross income shares commenced 20 September 2010</i>			
				<i>³Class X – Gross accumulation shares commenced 7 February 2011</i>			
				<i>⁴Class 1 – CHF Hedged gross accumulation shares commenced 25 April 2012</i>			
				<i>⁵Class Z – Net accumulation shares commenced 3 October 2012</i>			
<b>Pan European Accelerando Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	0.3355	138.04	82.18
Class 1 – Net accumulation shares	27,545	157.76p	17,460,498	Class 2 – Net accumulation shares	1.1168	140.96	84.39
Class 2 – Net accumulation shares	34,965	163.28p	21,414,393	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net accumulation shares	1.6839	126.41	82.08
Class 1 – Net accumulation shares	17,728	141.15p	12,560,097	Class 2 – Net accumulation shares	2.4080	130.05	84.44
Class 2 – Net accumulation shares	29,015	146.68p	19,781,328	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	0.5219	149.58	112.22
Class 1 – Net accumulation shares	17,372	168.01p	10,339,440	Class 2 – Net accumulation shares	1.2154	154.47	115.67
Class 2 – Net accumulation shares	49,566	175.24p	28,284,909	<b>2011</b>			
Class Z – Net accumulation shares	5	117.85p	4,786	Class 1 – Net accumulation shares	0.1005	161.38	121.08
				Class 2 – Net accumulation shares	0.9180	167.04	125.64
				<b>2012</b>			
				Class 1 – Net accumulation shares	0.6265	151.80	127.10
				Class 2 – Net accumulation shares	1.5020	158.08	131.97
				¹Class Z – Net accumulation shares	–	106.22	98.33
				<b>2013</b>			
				†Class 1 – Net accumulation shares	1.2777	173.60	152.01
				†Class 2 – Net accumulation shares	2.2073	180.98	158.33
				†Class Z – Net accumulation shares	1.3418	121.67	106.48
				<i>†To 30 April 2013</i>			
				<i>¹Class Z – Net accumulation shares commenced 12 October 2012</i>			

## Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
<b>Pan European Equity Dividend Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net income shares	3.0647	78.25	48.20
Class 1 – Net income shares	11,374	70.40p	16,156,206	Class 1 – Net accumulation shares	3.1564	81.89	52.03
Class 1 – Net accumulation shares	356	86.21p	413,036	Class 2 – Net income shares	3.1446	78.98	48.87
Class 2 – Net income shares	307	72.30p	424,641	Class 2 – Net accumulation shares	3.3464	82.84	52.91
Class 2 – Net accumulation shares	4	89.61p	4,253	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net income shares	2.4294	64.21	43.70
Class 1 – Net income shares	11,114	62.33p	17,830,138	Class 1 – Net accumulation shares	2.6856	73.54	48.11
Class 1 – Net accumulation shares	1,617	80.32p	2,013,387	Class 2 – Net income shares	2.5143	65.41	44.38
Class 2 – Net income shares	326	64.34p	506,717	Class 2 – Net accumulation shares	2.8587	75.35	49.03
Class 2 – Net accumulation shares	56	84.00p	65,751	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net income shares	2.8927	67.62	55.65
Class 1 – Net income shares	16,259	75.55p	21,521,480	Class 1 – Net accumulation shares	3.3666	81.36	65.54
Class 1 – Net accumulation shares	4,324	101.33p	4,267,312	Class 2 – Net income shares	3.0140	69.33	56.92
Class 2 – Net income shares	1,308	78.38p	1,668,515	Class 2 – Net accumulation shares	3.5878	84.38	69.06
Class 2 – Net accumulation shares	2,549	106.59p	2,391,248	<b>2011</b>			
Class Z – Net income shares	36	115.18p	31,187	Class 1 – Net income shares	2.8636	71.67	57.07
				Class 1 – Net accumulation shares	3.4444	87.31	70.04
				Class 2 – Net income shares	2.9925	73.63	58.78
				Class 2 – Net accumulation shares	3.6777	90.86	72.96
				<b>2012</b>			
				Class 1 – Net income shares	2.7557	69.29	57.80
				Class 1 – Net accumulation shares	3.5008	90.95	74.45
				Class 2 – Net income shares	2.8957	71.77	59.69
				Class 2 – Net accumulation shares	3.6552	95.48	77.90
				<sup>1</sup> Class Z – Net income shares	0.0869	105.36	97.45
				<b>2013</b>			
				<sup>†</sup> Class 1 – Net income shares	1.6670	78.33	69.36
				<sup>†</sup> Class 1 – Net accumulation shares	2.1862	102.79	91.02
				<sup>†</sup> Class 2 – Net income shares	1.7565	81.23	71.85
				<sup>†</sup> Class 2 – Net accumulation shares	2.3259	108.04	95.56
				<sup>†</sup> Class Z – Net income shares	2.5176	119.27	105.46
				<sup>††</sup> To 30 April 2013			
				<sup>1</sup> Class Z – Net income shares commenced 12 October 2012			
<b>American Extended Alpha Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	–	104.36	79.50
Class 1 – Net accumulation shares	39,350	136.60p	28,807,500	Class 2 – Net accumulation shares	–	104.98	80.04
Class 1 – EUR Hedged net accumulation shares	386	152.20p	253,913	<b>2009</b>			
Class 2 – Net accumulation shares	79,138	140.09p	56,492,471	Class 1 – Net accumulation shares	–	118.17	81.41
<b>for the year ended 30 April 2012</b>				<sup>1</sup> Class 1 – EUR Hedged net accumulation shares	–	130.31	90.81
Class 1 – Net accumulation shares	179,944	152.74p	117,811,299	Class 2 – Net accumulation shares	–	119.82	82.02
Class 1 – EUR Hedged net accumulation shares	21,799	151.77p	14,363,140	<b>2010</b>			
Class 2 – Net accumulation shares	88,455	157.26p	56,247,458	Class 1 – Net accumulation shares	–	133.08	107.41
<b>for the year ended 30 April 2013</b>				Class 1 – EUR Hedged net accumulation shares	–	135.42	103.62
Class 1 – Net accumulation shares	593,069	177.57p	333,990,978	Class 2 – Net accumulation shares	0.2515	136.09	109.55
Class 1 – EUR Hedged net accumulation shares	62,898	174.77p	35,989,078	<b>2011</b>			
Class 2 – Net accumulation shares	218,586	184.12p	118,719,465	Class 1 – Net accumulation shares	–	145.38	115.24
				Class 1 – EUR Hedged net accumulation shares	–	156.31	122.41
				Class 2 – Net accumulation shares	0.5436	148.95	118.68
				<b>2012</b>			
				Class 1 – Net accumulation shares	–	162.29	140.22
				Class 1 – EUR Hedged net accumulation shares	–	159.22	135.10
				Class 2 – Net accumulation shares	0.3948	167.53	144.08
				<b>2013</b>			
				<sup>†</sup> Class 1 – Net accumulation shares	–	184.76	159.63
				<sup>†</sup> Class 1 – EUR Hedged net accumulation shares	–	180.99	159.21
				<sup>†</sup> Class 2 – Net accumulation shares	–	191.37	165.09
				<sup>††</sup> To 30 April 2013			
				<sup>1</sup> Class 1 – EUR Hedged net accumulation shares commenced 2 April 2009			
<b>China Opportunities Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	–	181.94	67.63
Class 1 – Net accumulation shares	26,495	191.51p	13,834,686	Class 2 – Net accumulation shares	–	182.56	68.15
Class 2 – Net accumulation shares	60,066	195.83p	30,671,992	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net accumulation shares	0.7271	161.70	90.94
Class 1 – Net accumulation shares	21,967	159.09p	13,807,832	Class 2 – Net accumulation shares	0.9256	163.94	91.74
Class 2 – Net accumulation shares	41,233	163.60p	25,204,124	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	0.0351	197.25	142.48
Class 1 – Net accumulation shares	20,639	176.76p	11,676,258	Class 2 – Net accumulation shares	0.6495	201.12	144.52
Class 2 – Net accumulation shares	49,784	182.82p	27,231,434	<b>2011</b>			
Class Z – Net accumulation shares	228	116.19p	196,220	Class 1 – Net accumulation shares	–	199.85	129.54
				Class 2 – Net accumulation shares	0.5500	203.96	132.77
				<b>2012</b>			
				Class 1 – Net accumulation shares	–	167.14	139.99
				Class 2 – Net accumulation shares	1.0835	172.53	144.15
				<sup>1</sup> Class Z – Net accumulation shares	–	109.58	99.21
				<b>2013</b>			
				<sup>†</sup> Class 1 – Net accumulation shares	1.2740	188.07	169.86
				<sup>†</sup> Class 2 – Net accumulation shares	1.5914	194.35	175.61
				<sup>†</sup> Class Z – Net accumulation shares	–	123.49	111.60
				<sup>††</sup> To 30 April 2013			
				<sup>1</sup> Class Z – Net accumulation shares commenced 5 October 2012			

## Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
<b>Global Emerging Markets Equity Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net accumulation shares	–	78.08	36.90
Class 1 – Net accumulation shares	36,088	90.97p	39,671,219	Class 2 – Net accumulation shares	0.1975	79.25	37.55
Class 2 – Net accumulation shares	95,020	93.90p	101,191,297	Class X – Net accumulation shares	212.3685	63.71	30.31
Class X – Net accumulation shares	2	77.82p	3,000	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net accumulation shares	0.2621	76.03	41.71
Class 1 – Net accumulation shares	29,565	80.12p	36,901,215	Class 2 – Net accumulation shares	0.3717	77.89	42.53
Class 2 – Net accumulation shares	113,340	83.18p	136,255,354	Class X – Net accumulation shares	1.1835	63.68	34.46
Class X – Net accumulation shares	2	69.66p	3,000	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	0.1207	94.29	70.36
Class 1 – Net accumulation shares	39,719	90.06p	44,102,122	Class 2 – Net accumulation shares	0.4797	97.15	72.13
Class 2 – Net accumulation shares	122,444	94.04p	130,198,010	Class X – Net accumulation shares	1.0488	80.25	59.03
Class X – Net accumulation shares	1,884	79.57p	2,367,680	<b>2011</b>			
Class Z – Net accumulation shares	39	110.61p	35,860	Class 1 – Net accumulation shares	0.1728	95.68	68.61
				Class 2 – Net accumulation shares	0.6801	98.59	71.00
				Class X – Net accumulation shares	1.3004	81.45	59.11
				<b>2012</b>			
				Class 1 – Net accumulation shares	0.3015	84.84	73.04
				Class 2 – Net accumulation shares	0.6520	88.42	75.86
				Class X – Net accumulation shares	1.3413	74.56	63.57
				Class Z – Net accumulation shares	–	103.94	97.94
				<b>2013</b>			
				†Class 1 – Net accumulation shares	0.1761	94.68	85.87
				†Class 2 – Net accumulation shares	0.7381	98.79	89.51
				†Class X – Net accumulation shares	0.4345	83.47	75.49
				†Class Z – Net accumulation shares	0.1329	116.17	105.22
				†To 30 April 2013			
				†Class Z – Net accumulation shares commenced 5 October 2012			
<b>Emerging Market Local Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				*Class 1 – Net income shares	3.2841	121.41	96.46
Class 1 – Net income shares	3,215	124.35p	2,585,108	†Class 1 – Gross accumulation shares	0.4456	117.74	91.13
Class 1 – Gross accumulation shares	12,761	138.92p	9,186,410	*Class 2 – Gross accumulation shares	3.8286	127.35	97.11
Class 2 – Gross accumulation shares	45,676	153.21p	29,812,968	‡Class X – Gross accumulation shares	41,624.2474	146.37	97.14
Class X – Gross accumulation shares	5	179.20p	3,000	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net income shares	6.1015	126.71	109.22
Class 1 – Net income shares	3,587	117.57p	3,051,299	Class 1 – Gross accumulation shares	6.4165	125.82	106.14
Class 1 – Gross accumulation shares	5,618	140.04p	4,011,564	Class 2 – Gross accumulation shares	7.8230	136.98	114.94
Class 2 – Gross accumulation shares	57,942	155.44p	37,276,393	Class X – Gross accumulation shares	7.3653	158.40	132.26
Class X – Gross accumulation shares	6	183.06p	3,000	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net income shares	5.0044	137.07	118.66
Class 1 – Net income shares	6,113	125.61p	4,866,717	Class 1 – Gross accumulation shares	7.6998	144.54	122.56
Class 1 – Gross accumulation shares	26,642	157.91p	16,872,047	Class 2 – Gross accumulation shares	8.3268	158.74	133.78
Class 2 – Gross accumulation shares	73,513	176.72p	41,599,256	Class X – Gross accumulation shares	10.2442	184.98	155.01
Class X – Gross accumulation shares	430	209.66p	204,994	<b>2011</b>			
Class Z – Net income shares	50	107.72p	46,817	Class 1 – Net income shares	6.5298	131.25	115.35
Class Z – Gross accumulation shares	6	110.76p	5,590	Class 1 – Gross accumulation shares	8.9360	145.93	132.18
				Class 2 – Gross accumulation shares	10.0468	161.19	146.03
				Class X – Gross accumulation shares	11.6636	188.82	171.09
				<b>2012</b>			
				Class 1 – Net income shares	5.7145	125.63	114.11
				Class 1 – Gross accumulation shares	8.3588	148.76	135.69
				Class 2 – Gross accumulation shares	9.3880	166.02	150.22
				Class X – Gross accumulation shares	11.5386	196.47	176.95
				‡Class Z – Net income shares	0.2504	103.57	99.95
				‡Class Z – Gross accumulation shares	0.3135	104.03	100.00
				<b>2013</b>			
				†Class 1 – Net income shares	2.5734	130.56	120.38
				†Class 1 – Gross accumulation shares	3.9288	160.65	147.93
				†Class 2 – Gross accumulation shares	4.4497	179.59	165.11
				†Class X – Gross accumulation shares	5.2690	212.86	195.41
				†Class Z – Net income shares	2.1880	111.76	102.92
				†Class Z – Gross accumulation shares	2.7398	112.55	103.46
				*Fund launched 14 January 2008			
				†To 30 April 2013			
				†Class 1 – Gross accumulation shares commenced 18 August 2008			
				‡Class X – Gross accumulation shares commenced 28 January 2008			
				‡Class Z – Net income shares commenced 5 October 2012			
				‡Class Z – Gross accumulation shares commenced 5 October 2012			

## Comparative Tables

(continued)

	Net asset value of share class £000	Net asset value per share	Shares in issue	Calendar Year	Net income per share p	Highest share price p	Lowest share price p
<b>Global Extended Alpha Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				*Class 1 – Net accumulation shares	–	100.65	70.91
Class 1 – Net accumulation shares	1,609	128.21p	1,254,989	*Class 2 – Net accumulation shares	–	100.77	71.06
Class 2 – Net accumulation shares	7,837	130.85p	5,989,075	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net accumulation shares	0.0639	103.45	70.73
Class 1 – Net accumulation shares	3,549	128.24p	2,767,396	Class 2 – Net accumulation shares	0.6209	104.71	71.12
Class 2 – Net accumulation shares	7,693	132.10p	5,823,429	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net accumulation shares	–	123.59	98.38
Class 1 – Net accumulation shares	4,181	153.55p	2,723,165	Class 2 – Net accumulation shares	–	126.12	99.65
Class 2 – Net accumulation shares	9,321	159.30p	5,851,266	<b>2011</b>			
				Class 1 – Net accumulation shares	–	134.03	107.67
				Class 2 – Net accumulation shares	–	136.57	110.41
				<b>2012</b>			
				Class 1 – Net accumulation shares	–	134.45	116.56
				Class 2 – Net accumulation shares	0.6288	138.34	120.14
				<b>2013</b>			
				†Class 1 – Net accumulation shares	–	155.91	132.80
				†Class 2 – Net accumulation shares	1.0767	161.46	137.36
				*Fund launched 9 July 2008			
				†To 30 April 2013			
<b>Global Equity Income Fund</b>				<b>2008</b>			
<b>for the year ended 30 April 2011</b>				Class 1 – Net income shares	3.9531	101.44	66.31
Class 1 – Net income shares	40,650	102.41p	39,692,646	Class 1 – Net accumulation shares	4.0302	102.36	68.36
Class 1 – Net accumulation shares	5,323	122.09p	4,359,851	Class 2 – Net income shares	4.0239	101.72	66.68
Class 2 – Net income shares	4,430	104.05p	4,257,294	Class 2 – Net accumulation shares	4.1036	102.67	68.77
Class 2 – Net accumulation shares	7,836	124.48p	1,474,630	<b>2009</b>			
<b>for the year ended 30 April 2012</b>				Class 1 – Net income shares	3.6700	88.88	62.76
Class 1 – Net income shares	54,187	94.07p	57,600,374	Class 1 – Net accumulation shares	3.9302	98.56	66.43
Class 1 – Net accumulation shares	29,363	119.08p	24,658,869	Class 2 – Net income shares	3.7407	89.86	63.20
Class 2 – Net income shares	6,621	96.07p	6,891,908	Class 2 – Net accumulation shares	4.0130	99.78	66.95
Class 2 – Net accumulation shares	1,136	122.06p	930,410	<b>2010</b>			
<b>for the year ended 30 April 2013</b>				Class 1 – Net income shares	4.7268	103.08	83.23
Class 1 – Net income shares	130,288	113.07p	115,232,687	Class 1 – Net accumulation shares	5.3975	120.22	92.50
Class 1 – Net accumulation shares	75,639	149.88p	50,467,150	Class 2 – Net income shares	5.0436	104.55	84.34
Class 2 – Net income shares	87,106	116.04p	75,063,540	Class 2 – Net accumulation shares	5.7232	122.34	93.70
Class 2 – Net accumulation shares	30,981	154.53p	20,048,053	<b>2011</b>			
Class Z – Net income shares	12,662	118.27p	10,706,331	Class 1 – Net income shares	5.4368	104.79	86.21
				Class 1 – Net accumulation shares	6.4145	123.95	104.01
				Class 2 – Net income shares	5.5985	106.50	87.85
				Class 2 – Net accumulation shares	6.6220	126.51	106.28
				<b>2012</b>			
				Class 1 – Net income shares	4.6038	99.87	88.43
				Class 1 – Net accumulation shares	5.7903	126.51	111.90
				Class 2 – Net income shares	4.7940	101.93	90.33
				Class 2 – Net accumulation shares	6.0133	130.19	114.75
				†Class Z – Net income shares	0.2349	101.97	96.74
				<b>2013</b>			
				†Class 1 – Net income shares	2.5645	114.78	98.69
				†Class 1 – Net accumulation shares	3.3400	150.09	127.82
				†Class 2 – Net income shares	2.6684	117.77	101.13
				†Class 2 – Net accumulation shares	3.4897	154.67	131.55
				†Class Z – Net income shares	2.6725	120.00	102.98
				†To 30 April 2013			
				†Class Z – Net income shares commenced 3 October 2012			

## Performance Summary for the twelve months ended 30 April 2013 – UK Universe

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
UK Mid 250 Fund	(IMA) UK All Companies	FTSE 250 x Investment Trusts*	+24.57	+25.29	+17.18	+27.09	+27.34
UK Extended Alpha Fund	(IMA) UK All Companies	FTSE All-Share*	+17.24	+17.88	+17.18	+19.81	+17.83
UK Equity Alpha Income Fund	(IMA) UK Equity Income*	FTSE All-Share	+23.99	+24.70	+20.68	+26.10	+17.83
UK Absolute Alpha Fund	(IMA) Absolute Return	UK LIBOR 3 Month	+5.88	+6.40	+5.54	+9.26	+0.65
Absolute Return Bond Fund	(IMA) Absolute Return	UK LIBOR 3 Month	+0.75	+1.34	+5.54	+2.12	+0.65
Target Return Fund+**	(IMA) Unclassified	EURIBOR 3 Month Deposit Rate (in GBP)	+3.93	+4.64	–	+5.23	+4.26
Pan European Accelerando Fund	(IMA) Europe Including UK	MSCI Europe*	+19.04	+19.47	+21.95	+21.21	+23.99
Pan European Equity Dividend Fund	(IMA) Europe Including UK*	MSCI Europe	+26.18	+26.92	+21.95	+29.18	+23.99
American Extended Alpha Fund	(IMA) North America*	S&P 500	+16.26	+17.08	+18.34	+18.72	+21.96
China Opportunities Fund	(IMA) China – Greater China	MSCI China*	+11.20	+11.84	+11.42	+12.21	+8.94
Global Emerging Markets Equity Fund	(IMA) Global Emerging Markets	MSCI EM (Emerging Markets)*	+12.41	+13.05	+8.59	+15.04	+8.87
Emerging Market Local Fund†	(IMA) Specialist	JPM GBI-EM Global Diversified Composite*	+11.82	+13.92**	–	+14.60	+15.10
Global Extended Alpha Fund	(IMA) Global Growth	MSCI AC World*	+19.78	+20.63	+18.54	+23.37	+20.70
Global Equity Income Fund	(IMA) Global Equity Income	MSCI AC World*	+25.88	+26.60	+22.59	+27.87	+20.70

The Fund Sector is taken from the UK Unit Trusts/OEICs universe. Comparing the fund's performance to this Fund Sector is only relevant for UK Investors.

†These funds do not currently display a sector median return because the Fund Sector (as defined by the Investment Management Association) is not felt to be representative.

\*Denotes official benchmark of the fund.

\*\*Performance information for this fund is shown on a gross income basis

Net returns (Source: Morningstar) are calculated using official noon prices, bid to bid basis with net income reinvested and are net of assumed fees and expenses but does not include any initial charges. Gross returns (Source: Factset) represent the fund at total level and are calculated using global close authorised valuations based on in-house calculated transactions with cash flow at the start of the day and are gross of total expenses to facilitate comparison with the index. All data shown in GBP.

## Performance Summary for the twelve months ended 30 April 2013 – Offshore Universe

Funds	Sector	Index	Share Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
<b>UK Mid 250 Fund</b>	GIFS Offshore – UK Mid Cap Equity	FTSE 250 x Investment Trusts*	+24.81	+25.62	+20.34	+27.09	+27.34	GBP
<b>UK Extended Alpha Fund</b>	GIFS Offshore – UK Large Cap Blend	FTSE All-Share*	+17.56	+18.28	+17.09	+19.81	+17.83	GBP
<b>UK Equity Alpha Income Fund</b>	GIFS Offshore – UK Large Cap Value	FTSE All-Share	+24.66	+25.38	+19.20	+26.10	+17.83	GBP
<b>UK Absolute Alpha Fund</b>	GIFS Offshore – Alternative Long/Short UK	UK LIBOR 3 Month	+5.88	+6.43	+9.28	+9.26	+0.65	GBP
<b>Absolute Return Bond Fund</b>	GIFS Offshore – Alternative Long/Short Debt	UK LIBOR 3 Month	+0.84	+1.54	+5.54	+2.12	+0.65	GBP
<b>Target Return Fund</b>	GIFS Offshore – Alternative Debt Arbitrage	EURIBOR 3 Month Deposit Rate	0.00	+0.71	+2.70	+1.25	+0.32	EUR
<b>Pan European Accelerando Fund</b>	GIFS Offshore – Europe Large Cap Growth	MSCI Europe*	+14.61	+15.11	+19.88	+16.63	+19.31	EUR
<b>Pan European Equity Dividend Fund</b>	GIFS Offshore – Europe Large Cap Value	MSCI Europe	+23.71	+24.40	+17.30	+24.30	+19.31	EUR
<b>American Extended Alpha Fund</b>	GIFS Offshore – US Large Cap Growth	S&P 500	+10.76	+11.58	+9.44	+13.79	+16.89	USD
<b>China Opportunities Fund</b>	GIFS Offshore – China Equity	MSCI China*	+5.94	+6.63	+1.78	+7.55	+4.42	USD
<b>Global Emerging Markets Equity Fund</b>	GIFS Offshore – Global Emerging Markets Equity	MSCI EM (Emerging Markets)*	+7.14	+7.80	+4.29	+10.26	+4.34	USD
<b>Emerging Market Local Fund</b>	GIFS Offshore – Global Emerging Markets Bond Local	JPM GBI-EM Global Diversified Composite*	+8.29	+9.19	+8.91	+9.84	+10.31	USD
<b>Global Extended Alpha Fund</b>	GIFS Offshore – Global Large Cap Blend	MSCI AC World*	+14.11	+14.98	+12.69	+18.25	+15.69	USD
<b>Global Equity Income Fund</b>	GIFS Offshore – Global Large Cap Value	MSCI AC World*	+17.76	+18.40	+15.18	+22.56	+15.69	USD

Morningstar changed its definition of the GIFS Offshore Universe as at February 2011. This resulted in Threadneedle OEIC Funds being removed from it. For the purposes of comparison, Threadneedle continues to use this Universe with its OEICs included.

Performance data is shown on a gross of tax basis.

Net returns (Source: Morningstar) are calculated using official noon prices, bid to bid basis with unadjusted income and are net of assumed fees and expenses but does not include any initial charges. Gross returns (Source: Factset) represent the fund at total level and are calculated using global close authorised valuations based on in-house calculated transactions with cash flow at the start of the day and are gross of total expenses to facilitate comparison with the index. All data shown in Fund Currency.

\*Denotes official benchmark of the fund.

## Ongoing Charges Figure Summary

for the accounting period 1 May 2012 to 30 April 2013

Fund	Share Class	April 2013	April 2012
UK Mid 250 Fund	Class 1 – Net accumulation shares	1.64%	1.66%
	Class 2 – Net accumulation shares	1.07%	1.08%
	Class Z – Net accumulation shares <sup>1</sup>	0.89%	–
UK Extended Alpha Fund	Class 1 – Net accumulation shares	1.46%	1.49%
	Class 2 – Net accumulation shares	0.90%	0.93%
	Class X – Net accumulation shares	0.15%	0.15%
UK Equity Alpha Income Fund	Class 1 – Net income shares	1.62%	1.64%
	Class 2 – Net income shares	1.05%	1.06%
	Class Z – Net income shares <sup>2</sup>	0.87%	–
UK Absolute Alpha Fund	Class 1 – Net accumulation shares	1.65%	1.70%
	Class 2 – Net accumulation shares	1.08%	1.12%
	Class 2 – EUR Hedged net accumulation shares	1.08%	1.12%
	Class Z – Net accumulation shares <sup>3</sup>	0.90%	–
Absolute Return Bond Fund	Class 1 – Net accumulation shares	1.38%	1.41%
	Class 1 – Gross accumulation shares	1.38%	1.41%
	Class 2 – Net accumulation shares	0.71%	0.73%
	Class 2 – Gross accumulation shares	0.71%	0.73%
	Class X – Gross accumulation shares	0.06%	0.05%
Target Return Fund	Class 1 – Net accumulation shares	1.39%	1.42%
	Class 1 – Gross accumulation shares	1.39%	1.42%
	Class 1 – CHF Hedged gross accumulation shares	1.39%	1.42%
	Class 1 – USD Hedged gross accumulation shares	1.39%	1.42%
	Class 2 – Gross income shares	0.72%	0.74%
	Class 2 – Gross accumulation shares	0.72%	0.74%
	Class X – Gross accumulation shares	0.07%	0.09%
	Class Z – Net accumulation shares <sup>4</sup>	0.79%	–
Pan European Accelerando Fund	Class 1 – Net accumulation shares	1.69%	1.70%
	Class 2 – Net accumulation shares	1.12%	1.13%
	Class Z – Net accumulation shares <sup>5</sup>	0.94%	–
Pan European Equity Dividend Fund	Class 1 – Net income shares	1.76%	1.87%
	Class 1 – Net accumulation shares	1.76%	1.87%
	Class 2 – Net income shares	1.19%	1.27%
	Class 2 – Net accumulation shares	1.19%	1.27%
	Class Z – Net income shares <sup>6</sup>	1.01%	–
American Extended Alpha Fund	Class 1 – Net accumulation shares	1.63%	1.70%
	Class 1 – EUR Hedged net accumulation shares	1.63%	1.70%
	Class 2 – Net accumulation shares	0.81%	0.87%
China Opportunities Fund	Class 1 – Net accumulation shares	1.75%	1.75%
	Class 2 – Net accumulation shares	1.18%	1.18%
	Class Z – Net accumulation shares <sup>7</sup>	1.00%	–
Global Emerging Markets Equity Fund	Class 1 – Net accumulation shares	1.73%	1.79%
	Class 2 – Net accumulation shares	1.16%	1.21%
	Class X – Net accumulation shares	0.16%	0.19%
	Class Z – Net accumulation shares <sup>8</sup>	0.98%	–
Emerging Market Local Fund	Class 1 – Net income shares	1.74%	1.76%
	Class 1 – Gross accumulation shares	1.74%	1.76%
	Class 2 – Gross accumulation shares	0.92%	0.93%
	Class X – Gross accumulation shares	0.17%	0.21%
	Class Z – Net income shares <sup>9</sup>	0.84%	–
	Class Z – Gross accumulation shares <sup>10</sup>	0.84%	–
Global Extended Alpha Fund	Class 1 – Net accumulation shares	1.87%	1.95%
	Class 2 – Net accumulation shares	1.05%	1.11%

## Ongoing Charges Figure Summary

(continued)

Fund	Share Class	April 2013	April 2012
Global Equity Income Fund	Class 1 – Net income shares	1.65%	1.73%
	Class 1 – Net accumulation shares	1.65%	1.73%
	Class 2 – Net income shares	1.08%	1.16%
	Class 2 – Net accumulation shares	1.08%	1.16%
	Class Z – Net income shares <sup>11</sup>	0.90%	–

The ongoing charges figure (OCF) is based on the last year's expenses and may vary from year to year. It includes charges such as the fund's annual management charge, registration fee, custody fees and distribution cost but excludes the costs of buying and selling assets for the fund (unless these assets are shares of another fund). For a more detailed breakdown please visit [threadneedle.com/fees](http://threadneedle.com/fees).

<sup>1</sup> Class Z – Net accumulation shares commenced 7 September 2012.

<sup>2</sup> Class Z – Net income shares commenced 7 September 2012.

<sup>3</sup> Class Z – Net accumulation shares commenced 7 September 2012.

<sup>4</sup> Class Z – Net accumulation shares commenced 3 October 2012.

<sup>5</sup> Class Z – Net accumulation shares commenced 12 October 2012.

<sup>6</sup> Class Z – Net income shares commenced 12 October 2012.

<sup>7</sup> Class Z – Net accumulation shares commenced 12 October 2012.

<sup>8</sup> Class Z – Net accumulation shares commenced 5 October 2012.

<sup>9</sup> Class Z – Net income shares commenced 5 October 2012.

<sup>10</sup> Class Z – Gross accumulation shares commenced 5 October 2012.

<sup>11</sup> Class Z – Net income shares commenced 3 October 2012.

## Risk and Reward Profiles

Fund	Share Class	SRRI*
UK Mid 250 Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	<sup>1</sup> Class Z – Net accumulation shares	6
UK Extended Alpha Fund	Class 1 – Limited issue net accumulation shares	6
	Class 2 – Limited issue net accumulation shares	6
	Class X – Limited issue net accumulation shares	6
UK Equity Alpha Income Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	<sup>2</sup> Class Z – Net income shares	6
UK Absolute Alpha Fund	Class 1 – Net accumulation shares	5
	Class 2 – Net accumulation shares	5
	Class 2 – Hedged net accumulation shares	5
	<sup>1</sup> Class Z – Net accumulation shares	5
Absolute Return Bond Fund	Class 1 – Net accumulation shares	3
	Class 1 – Gross accumulation shares	3
	Class 2 – Net accumulation shares	3
	Class 2 – Gross accumulation shares	3
	Class X – Gross accumulation shares	3
Target Return Fund	Class 1 – Net accumulation shares	5
	Class 1 – Gross accumulation shares	5
	Class 1 – CHF Hedged gross accumulation shares	3
	Class 1 – USD Hedged gross accumulation shares	3
	Class 2 – Gross accumulation shares	5
	Class 2 – Gross income shares	3
	Class X – Gross accumulation shares	3
	<sup>3</sup> Class Z – Net accumulation shares	3
Pan European Accelerando Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	<sup>4</sup> Class Z – Net accumulation shares	6
Pan European Equity Dividend Fund	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net income shares	6
	Class 2 – Net accumulation shares	6
	<sup>5</sup> Class Z – Net income shares	6
American Extended Alpha Fund	Class 1 – Net accumulation shares	6
	Class 1 – Hedged net accumulation shares	6
	Class 2 – Net accumulation shares	6
China Opportunities Fund	Class 1 – Net accumulation shares	7
	Class 2 – Net accumulation shares	7
	<sup>4</sup> Class Z – Net accumulation shares	7
§Global Emerging Markets Equity Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	<sup>6</sup> Class Z – Net accumulation shares	6
Emerging Market Local Fund	Class 1 – Net income shares	5
	Class 1 – Gross accumulation shares	5
	Class 2 – Gross accumulation shares	5
	Class X – Gross accumulation shares	5
	<sup>7</sup> Class Z – Net income shares	5
	<sup>8</sup> Class Z – Gross accumulation shares	5

## Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
Global Extended Alpha Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
Global Equity Income Fund	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net income shares	6
	Class 2 – Net accumulation shares	6
	<sup>9</sup> Class Z – Net income shares	6

<sup>1</sup>Class Z – Net accumulation shares launched 7 September 2012

<sup>2</sup>Class Z – Net income shares launched 7 September 2012

<sup>3</sup>Class Z – Net accumulation shares launched 3 October 2012

<sup>4</sup>Class Z – Net accumulation shares launched 12 October 2012

<sup>5</sup>Class Z – Net income shares launched 31 October 2012

<sup>6</sup>Class Z – Net accumulation shares launched 5 October 2012

<sup>7</sup>Class Z – Net income shares launched 5 October 2012

<sup>8</sup>Class Z – Gross accumulation shares launched 5 October 2012

<sup>9</sup>Class Z – Net income shares launched 3 October 2012

<sup>8</sup>The risk and reward profile of the Global Emerging Markets Equity Fund changed from 7 to 6 for all share classes on 18 March 2013.

\*The synthetic risk and reward indicator (SRRI) is explained in the table below:

SRRI	
1	The Fund is in this specific category because historically it has shown a low level of volatility (how much the value of the Fund went up and down compared to other categories).
2	The Fund is in this specific category because historically it has shown a relatively low level of volatility (how much the value of the Fund went up and down compared to other categories).
3	The Fund is in this specific category because historically it has shown a medium to low level of volatility (how much the value of the Fund went up and down compared to other categories).
4	The Fund is in this specific category because historically it has shown a medium level of volatility (how much the value of the Fund went up and down compared to other categories).
5	The Fund is in this specific category because historically it has shown a medium to high level of volatility (how much the value of the Fund went up and down compared to other categories).
6	The Fund is in this specific category because historically it has shown a high level of volatility (how much the value of the Fund went up and down compared to other categories).
7	The Fund is in this specific category because historically it has shown a very high level of volatility (how much the value of the Fund went up and down compared to other categories).

The Risk and Reward Profile is based on past performance data in pound sterling. If your investment in the fund is not in pound sterling, please check the figure for the risk and reward profile disclosed on our website (threadneedle.com) according to the currency of your investment in the fund.

## Shares Issued and Redeemed Summary

for the accounting period 1 May 2012 to 30 April 2013

<b>Fund</b>	<b>Number Issued</b>	<b>Number Redeemed</b>	<b>Conversion</b>
UK Mid 250 Fund	28,021,623	(22,296,391)	200,333
UK Extended Alpha Fund	1,111,240	(607,355)	–
UK Equity Alpha Income Fund	210,249,930	(16,147,438)	(1,076,886)
UK Absolute Alpha Fund	34,789,412	(18,272,908)	119,531
Absolute Return Bond Fund	59,396,468	(235,443,113)	(30,703)
Target Return Fund	27,449,510	(132,370,822)	–
Pan European Accelerando Fund	13,529,242	(7,241,532)	–
Pan European Equity Dividend Fund	14,971,444	(5,507,695)	–
American Extended Alpha Fund	421,843,386	(121,565,236)	(526)
China Opportunities Fund	15,211,552	(15,130,996)	11,400
Global Emerging Markets Equity Fund	48,192,673	(44,647,686)	(884)
Emerging Market Local Fund	23,900,343	(4,647,178)	–
Global Extended Alpha Fund	2,432,851	(2,449,245)	–
Global Equity Income Fund	195,230,969	(14,142,633)	347,864

## Further Information

Threadneedle Specialist Investment Funds ICVC (“Company”) is an open-ended investment company with variable capital under regulation 14 (Authorisation) of the Open Ended Investment Companies Regulations 2001 (as amended) and the shareholders are not liable for the debts of the Company.

Threadneedle Specialist Investment Funds ICVC is structured as an umbrella company in which different sub-funds (“funds”) may be established from time to time by the Authorised Corporate Director (“ACD”) with the approval of the FCA (formerly FSA) and the agreement of the Depositary.

As notified previously please note that the Threadneedle Pan European Accelerando Fund will be changed to Threadneedle Pan European Focus Fund. The change will become effective from 27 July 2013.

### Prospectus

A Prospectus, which describes each fund in detail, is available from Threadneedle Investment Services Limited, Client Services, PO Box 10033, Chelmsford CM99 2AL and from the Paying Agents and Distributors in the countries where the funds are distributed.

As a fund is not a legal entity, if the assets attributable to any fund were insufficient to meet the liabilities attributable to it, the shortfall would have to be met out of the assets attributable to one or more other funds of the Company.

Each fund has the investment powers equivalent to those of a UCITS scheme (as defined in the FCA (formerly FSA) rules).

Other funds may be launched in the future.

### Key Investor Information Document (KIID) – Subscription requirements

Since 1 July 2012, the KIID is a pre contractual document and investors have to confirm that they have read the latest KIID 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 at the time of application. Investors can obtain the latest KIID from [threadneedle.com](http://threadneedle.com).

### Changes to the Prospectus

During the period 1 May 2012 to 30 April 2013 the main changes to the Prospectus of the Company were as follows:

- Addition of new Z and Portfolio Hedged share classes in certain funds;
- Effective from 30 November 2012 removal of Threadneedle Investments Singapore (Pte.) Limited as the delegate of Threadneedle Asset Management Limited in managing the China Opportunities Fund;
- Change in registered office of the Depositary;
- Stamp duty reserve tax wording simplified for greater clarity;
- Dividend Distribution wording simplified for greater clarity;
- Investment in Second Schemes wording amended for greater clarity.

- Improved disclosure on our Registration Fees;
- Change in name of Financial Services Authority to Financial Conduct Authority;
- Amendment of definition of Gross Paying Shares and Net Paying Shares for greater clarity;
- Change in Directors;
- Inclusion of ability to convert shares;
- Money laundering wording amended for greater clarity; and
- Change in registered office of Auditors.

### Changes to the Instrument of Incorporation

Article 26(2) of the instrument of incorporation was amended on 28 September 2012 to facilitate the introduction of Class Z Shares.

### The Retail Distribution Review (“RDR”)

RDR is an initiative that is being driven by the Financial Conduct Authority (formerly the 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](http://fca.org.uk/consumers/protect-yourself/investment-rights/payadvice)

### Types of share available

The Company is structured as an umbrella company and currently consists of 14 different sub-funds. Several classes of share may be issued in respect of each fund; such share classes are distinguished by their criteria for subscription and fee structure. Details of the investment criteria for Class 1 Shares, Class 2 Shares, Class X Shares, Class 1 Hedged Shares, Class 2 Hedged Shares and Class Z Shares are set out in the Prospectus. Typically, Class 1 Shares are available to retail investors and Class 2 Shares and Class Z Shares are available to non-retail investors. Class X Shares are available to eligible investors only and accommodate an alternative charging structure for the funds. The level of net income attributable to each share class will differ.

### Hedged Share Classes (“HSCs”)

HSCs use currency hedging transactions to try and reduce the exposure to the Reference Currency or Portfolio Currency and replace it with an exposure to the Hedged Currency. The terms Reference Currency, Portfolio Currency and Hedged Currency are defined as follows:

- “Reference Currency” or “Reference Currencies” means (according to the context) the primary investment currency of the share class against which the currency hedging transaction will be applied in order to reduce any exchange rate fluctuation with the Hedged Currency; ;
- ‘Portfolio Currency’ or ‘Portfolio Currencies’ means (according to the context) the currency or currencies in which the underlying assets of the fund are invested in line with the investment objectives applicable to the fund; and
- “Hedged Currency” is the currency in which the Hedged Share Class is denominated.

## Further Information

*(continued)*

These HSCs should not be confused with other share classes that may be denominated in other currencies but are not hedged. For full details of the HSCs available, including details of the Reference Currency or Portfolio Currency of each fund where HSCs are available, please refer to the latest version of the Prospectus.

### **SDRT Provision**

SDRT is chargeable on the surrender (i.e. the redemption or switching of shares), and on certain transfers of shares in the funds. The current rate of SDRT is 0.5%.

The liability for SDRT is calculated weekly by reference to share 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 shareholders and potential shareholders:

The ACD meets the SDRT liability from the property of the Company. It is not the ACD'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 Share's price is a return of capital and is not taxable in the hands of Shareholders. This amount should be deducted from the cost of income shares in computing capital gains realised on their disposal.

### **Performance**

For the period under review, where applicable, fund performance has been compared to the relevant peer group. We show a peer group comparison as this more accurately reflects the way the funds are managed. We continue to show stock market indices for information purposes and for those funds for which the Investment Management Association sector is not considered to be a representative peer group. Audited peer group information is only available from Morningstar's Fund Services at month end points.

### **Report and accounts**

Investors will receive a report on the Company twice a year. The reports received will be short form versions and reports containing the full accounts will be available from ACD, Client Services, PO Box 10033, Chelmsford CM99 2AL and from the Paying Agents and Distributors in the countries where the funds are registered. The reports will provide information on the performance of the funds, the market background, and details of each of the portfolios. The annual accounting period for the funds shall end on 30 April and the interim reporting period shall end on 31 October.

## Directory

### Registered Office

60 St Mary Axe, London EC3A 8JQ

### Authorised Corporate Director (ACD)

Threadneedle Investment Services Limited

60 St Mary Axe, London EC3A 8JQ

### Registrar

International Financial Data Services (UK) Limited  
(Authorised and regulated by the Financial Conduct Authority  
(formerly Financial Services Authority))

St Nicholas Lane

Basildon

Essex SS15 5FS

### Investment Manager

Threadneedle Asset Management Limited

60 St Mary Axe, London EC3A 8JQ

### Depository

J.P. Morgan Trustee and Depository Company Limited

(Regulated by the FCA (formerly FSA))

Chaseside, Bournemouth BH7 7DA

### Legal Advisers

Eversheds LLP

One Wood Street, London EC2V 7WS

Baum Financial Services Law Team

Grosser Burstah 42 : 20457 Hamburg, Germany

### Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside, London SE1 2RT

### Authorised Corporate Director Client Services Details

#### UK Investors

**Address:** Threadneedle Investment Services Limited

PO Box 10033 Chelmsford Essex CM99 2AL

**Telephone** (dealing & customer enquiries): 0845 113 0273\*

**Fax** (dealing): 0845 113 0274

**Email** (enquiries): questions@service.threadneedle.co.uk

#### Asian Investors

**Address:** Threadneedle Investment Services Limited

International Financial Data Services 47, avenue JF Kennedy

L-1855 Luxembourg

**Telephone** (dealing & customer enquiries): 00852 3667 7111\*

**Fax** (dealing): +352 2452 9817

**Email** (enquiries): ThreadneedleEnquiries@Statestreet.com

#### All other Investors

**Address:** Threadneedle Investment Services Limited

International Financial Data Services 47, avenue JF Kennedy

L-1855 Luxembourg

**Telephone** (dealing & customer enquiries):

0035 2464 010 7020\*

**Fax** (dealing): 00 352 2455 29807

**Email** (enquiries): questions@service.threadneedle.co.uk

#### Website:

threadneedle.com

### Paying and Information Agent in Austria

Raiffeisen Bank International AG

Am Stadtpark 9

1030 Vienna

Austria

### Paying and Information Agent in Belgium

J.P. Morgan Chase

1, Boulevard du Roi Albert II

1210 Brussels

Belgium

### Paying and Information Agent in France

BNP Paribas Securities Services

66 rue de la Victoire

75009 Paris

France

### Paying and Information Agent in Germany

J.P. Morgan AG

Junghofstr. 14

60311 Frankfurt am Main

Germany

### Paying and Information Agent in Hong Kong

HSBC Institutional Trust Services (Asia) Limited

1 Queen's Road Central

Hong Kong

### Paying and Information Agents in Italy

State Street Bank S.p.A.,

Via Ferrante Aporti, 10

20125 Milano

Italy

Allfunds Bank S.A.

Via Santa Margherita, 7

20121 Milano

Italy

SGSS S.p.A.

via Benigno Crespi 19/A – MAC2

20159 Milano

Italy

BNP Paribas Securities Services

Via Ansperto 5

20123 Milano

Italy

### Paying and Information Agent in Luxembourg

State Street Bank Luxembourg S.A.

49 avenue J.F. Kennedy

L-1855 Luxembourg

### Paying and Information Agent in the Netherlands

Intertrust (Netherlands) B.V.

Prins Bernhardplein 200

1097 JB Amsterdam

The Netherlands

### Representative and Paying Agent in Switzerland

BNP Paribas Securities Services, Paris, succursale de Zurich

Selnaustrasse 16

8002 Zurich

Switzerland

\*Calls may be recorded

## Important Information

References in this document to any fund do not constitute an offer or invitation to subscribe to shares in such a fund. We recommend that you obtain detailed information before the purchase of shares. Subscriptions to a fund may only be made on the basis of the current Prospectus or Key Investor Information Document (KIID) and the latest annual and interim reports. Please refer also to the Risk Factors in the Prospectus.

Past performance is not a guide to future returns. The value of investments and any income from them is not guaranteed and may fall as well as rise and the investor may not get back the original investment. Exchange rate movements could increase or decrease the value of underlying investments/holdings. The dealing price of the funds may include a dilution adjustment. Further details are available in the Prospectus.

The mention of any specific shares or bonds should not be taken as a recommendation to deal and anyone considering dealing in these financial instruments should consult a stockbroker or financial adviser. The research and analysis included in this document has been produced by Threadneedle for its own investment management activities, may have been acted upon prior to publication and is made available here incidentally. Any opinions expressed are made as at the date of publication but are subject to change without notice.

### **The impact of recent credit events on asset backed securities**

The impact of recent events in the money markets has increased the risks associated with investment in asset-backed floating rate notes.

The length and severity of the recession has increased the credit risk of asset-backed floating rate notes given that it is likely to affect the creditworthiness of the underlying borrowers, and their ability to pay interest and/or repay the capital of underlying investments, which in turn could have a negative effect on the market value of these securities. In addition, the term of the capital repayments paid by asset-backed floating rate notes is tending to lengthen. The longer the term of capital repayment, the more volatile the market price of these securities will tend to be.

Asset-backed floating rate notes have also become more illiquid and are therefore difficult to buy and sell, and are subject to potentially wide dealing spreads. This makes them expensive to buy or sell and also means that their market value can be quite volatile.

## Important Information

(continued)

### Key Risks of the funds:

The following table below shows the key risks applying to each fund. A definition of the key risks can be found below.

Funds/Key risks	Market	Currency	Volatility	Effect of Portfolio Concentration	Issuer	Liquidity	Political and Financial	Inflation	Interest Rate	Valuation	Short Selling	Leverage	Derivatives	No Capital Guarantee	Counterparty
UK Mid 250 Fund	x	x	x												
UK Extended Alpha Fund	x	x	x	x		x				x	x	x	x		
UK Equity Alpha Income Fund	x	x	x	x											
UK Absolute Alpha Fund		x	x			x				x	x	x	x	x	
Absolute Return Bond Fund		x				x		x	x	x	x	x	x	x	
Target Return Fund		x				x		x	x	x	x	x	x	x	
Pan European Accelerando Fund	x	x	x	x											
Pan European Equity Dividend Fund	x	x	x												
American Extended Alpha Fund	x	x	x			x				x	x	x	x		
China Opportunities Fund	x	x	x			x	x								
Global Emerging Markets Equity Fund	x	x	x				x								
Emerging Market Local Fund	x	x	x		x	x	x	x	x						
Global Extended Alpha Fund	x	x	x			x				x	x	x	x		
Global Equity Income Fund	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, especially if investments are not held for the long term.

**Currency Risk:** Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

**Volatility Risk:** The fund may exhibit significant price volatility.

**Effect of Portfolio Concentration Risk:** The fund has a concentrated portfolio (holds a limited number of investments and/or takes large positions in a relatively small number of stocks) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the fund's value.

**Issuer Risk:** The fund invests in securities whose value would be significantly affected if the issuer either refused to pay or was unable to pay.

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

**Political and Financial Risk:** The fund invests in markets where economic and political risk can be significant and where governance and regulation may not be well developed. These factors can affect liquidity, settlement and asset values.

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

**Interest Rate Risk:** Changes in interest rates are likely to affect the fund's value. In general, as interest rates rise, the price of a fixed rate bond will fall, and vice versa. Duration is a measure of the extent to which this is the case, with a longer duration suggesting higher sensitivity to interest rate moves.

**Valuation Risk:** The fund's assets may sometimes be difficult to value objectively and the true value may not be recognised until assets are sold.

**Short Selling Risk:** Short selling is designed to make a profit from falling prices. However, if the value of the underlying investment increases, the short position will negatively affect the fund's value.

**Leverage Risk:** Leverage amplifies the effect that a change in the price of an investment has on the fund's value. As such, leverage can enhance returns to investors but can also increase losses.

## Important Information

*(continued)*

**Derivatives Risk:** Investment in derivatives may result in losses in excess of the amount invested.

**No Capital Guarantee Risk:** Positive returns are not guaranteed and no form of capital protection applies.

**Counterparty Risk:** The fund's assets are held or invested with selected counterparties. Any financial difficulties arising at these counterparties could affect the availability and the value of fund assets.

Further risks applicable to the funds can be found in the prospectus

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