

THREADNEEDLE INVESTMENT FUNDS ICVC

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Please note that the Sterling Fund is currently registered for public offer in the UK only and it is not intended to be registered outside the UK unless otherwise decided by the ACD. Shares in the Sterling Fund must not be marketed to the public in any other jurisdiction.

Company Information

Company

Threadneedle Investment Funds ICVC (the Company)
Registered Number IC000002

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

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 Investment Funds ICVC for the 12 months to 7 March 2014.

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 for further information about Threadneedle.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Campbell Fleming', followed by a horizontal line.

Campbell Fleming
Director

Aggregated Financial Statements for Threadneedle Investment Funds ICVC

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013* £000
Income			
Net capital gains	2	1,597,475	3,225,920
Revenue	3	706,958	654,904
Expenses	4	(294,061)	(257,206)
Finance costs:			
Derivative expense		(2,236)	(829)
Interest		(10)	(225)
Net revenue before taxation		410,651	396,644
Taxation	5	(27,553)	(21,353)
Net revenue after taxation		383,098	375,291
Total return before distributions		1,980,573	3,601,211
Finance costs: Distributions		(466,376)	(448,937)
Change in net assets attributable to shareholders from investment activities		1,514,197	3,152,274

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013* £000
Opening net assets attributable to shareholders	22,953,572	19,025,484
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	7,339,410	5,675,093
Amounts payable on the cancellation of shares	(7,706,665)	(4,348,504)
Amounts payable on in specie transfers	(338,866)	(738,753)
	(706,121)	587,836
Dilution adjustment	10,955	5,976
Stamp duty reserve tax	(6,424)	(3,622)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	1,514,197	3,152,274
Retained distribution on accumulation shares	205,578	196,502
Unclaimed distribution monies brought back into account	160	450
Closing net assets attributable to shareholders	23,971,917	22,964,900

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

The termination account had a surplus cash balance of £295.15, which, as agreed with the Depositary of the Fund, was paid to the Threadneedle Foundation on 31 January 2014.

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013* £000
Assets			
Investment assets		23,455,869	22,439,770
Other assets			
Debtors	6	395,203	471,979
Cash and bank balances		638,384	688,097
Total other assets		1,033,587	1,160,076
Total assets		24,489,456	23,599,846
Liabilities			
Derivative liabilities		(8,367)	(18,340)
Other liabilities			
Creditors	7	(423,866)	(404,494)
Bank overdrafts		(25,849)	(154,966)
Distribution payable on income shares		(59,457)	(57,146)
Total other liabilities		(509,172)	(616,606)
Total liabilities		(517,539)	(634,946)
Net assets attributable to shareholders		23,971,917	22,964,900

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

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

12 May 2014

T N Gillbanks
Director

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements

For the accounting period 8 March 2013 to 7 March 2014

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

Revenue 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.

Management fee rebates

In the absence of a rebate mechanism an indirect charge for management fees would occur in respect of investments in other Threadneedle funds. Any such target funds themselves bear a management fee, which reduces the values of those funds from what they otherwise would be. The rebate mechanism operates to ensure that investors in the fund bear only the fee validly applicable to them. Depending upon the ACD's treatment of management fees within the underlying funds, where management fees are charged to capital, any rebate is classified as a capital item and does not form part of the amount available for distribution.

(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:

- Dollar Bond Fund
- Emerging Market Bond Fund
- European Bond Fund
- Global Bond Fund
- High Yield Bond Fund
- Monthly Extra Income Fund
- Sterling Bond Fund
- Strategic Bond Fund
- UK Equity Income Fund
- UK Growth & Income Fund
- UK Monthly Income Fund

(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 revenue is earned or the expense is suffered.

Revenue equalisation, annual management charge and registration fees 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 293). 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.

The following funds distribute on a monthly basis and use a fixed rate distribution for the first 11 months as set by the Fund Manager at the beginning of the accounting year:

Monthly Extra Income Fund

UK Monthly Income Fund

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. 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".

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements

(continued)

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013* £000
Non-derivative securities	1,573,471	3,261,122
Derivative contracts	1,077	2,559
Forward currency contracts	53,361	(47,526)
Other (losses)/gains	(30,061)	10,113
Transaction costs	(373)	(348)
Net capital gains	1,597,475	3,225,920

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

3 REVENUE

	2014 £000	2013* £000
UK dividends	233,388	194,460
Overseas dividends	244,550	203,888
Stock dividends	2,865	2,247
Interest on debt securities	219,791	246,651
Interest on short term investments	649	761
Derivative revenue	1,177	444
Bank interest	336	712
Underwriting commission	73	618
Stocklending commission	3,701	4,726
Management fee rebate on collective investment scheme holdings	428	396
Miscellaneous revenue	–	1
Total revenue	706,958	654,904

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

4 EXPENSES

	2014 £000	2013* £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(268,357)	(233,050)
Registration fees	(22,676)	(21,246)
	(291,033)	(254,296)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(773)	(743)
Safe custody fees	(1,397)	(1,277)
Revenue collection expenses	(365)	(341)
	(2,535)	(2,361)
Other expenses:		
Regulatory fee	(225)	(283)
Audit fee	(264)	(259)
Miscellaneous expenses	(4)	(7)
	(493)	(549)
*Total expenses	(294,061)	(257,206)

*Including irrecoverable VAT where applicable.

§The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

5 TAXATION

	2014 £000	2013* £000
a) Analysis of charge in period		
Overseas taxes	(27,293)	(21,195)
Adjustments in respect of prior periods	–	15
Total current tax (note 5b)	(27,293)	(21,180)
Capital gains tax (note 5c)	(260)	(173)
Total tax charge for the period	(27,553)	(21,353)
b) Factors affecting taxation charge for period		
Net revenue before taxation	410,651	396,644
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%**	(82,130)	(79,332)
Revenue not subject to taxation	91,371	76,284
Overseas taxes	(27,293)	(21,195)
Overseas taxes expensed	698	485
Prior period expenses utilised	14,763	–
Excess expenses	(46,340)	(43,265)
Distributions treated as tax deductible	21,638	45,828
Adjustments in respect of prior periods	–	15
Current tax charge for period (note 5a)	(27,293)	(21,180)
c) Capital gains tax		
Provision at start of period	(741)	(1,128)
Capital gains tax charge in statement of total return for period (note 5a)	(260)	(173)
Exchange loss on capital tax refund	42	–
Capital gains tax paid in year	481	560
Provision at end of period	(478)	(741)

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

**This may not cast due to rounding.

6 DEBTORS

	2014 £000	2013* £000
Amounts receivable for the issue of shares	163,017	248,103
Sales awaiting settlement	115,093	100,198
Accrued revenue	109,534	120,160
Foreign withholding tax recoverable	7,550	3,500
United Kingdom income tax recoverable	9	18
Total debtors	395,203	471,979

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

7 CREDITORS

	2014 £000	2013* £000
Amounts payable for the cancellation of shares	(200,308)	(61,208)
Purchases awaiting settlement	(191,568)	(307,650)
Accrued expenses	(562)	(625)
Amounts payable to ACD	(22,133)	(22,005)
Income tax payable	(5,696)	(9,362)
Corporation tax payable	(3,121)	(3,121)
Capital gains tax provision	(478)	(523)
Total creditors	(423,866)	(404,494)

*The Japan Smaller Companies Fund was closed on 27 August 2013 and is excluded from the current accounting period. The comparative figures include the closed fund.

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements

(continued)

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. Any amounts due to or from Threadneedle Investment Services Limited at the end of the accounting period are disclosed in Notes 6 and 7.

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 7.

In addition any fees paid to Threadneedle Investment Services Limited in respect of stocklending are disclosed in Note 10.

The following funds invest in a number of sub-funds of Threadneedle Specialist Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited:

Asia Fund
UK Institutional Fund

Details of the investments held are shown in the portfolio statement, with revenue received from these investments included within "UK dividends" and "Management fee rebate on collective investment scheme holdings" in Note 3 and any capital gains/(losses) within the "Non-derivative securities" in Note 2.

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

9 SHARES

Funds currently have up to 8 share classes; Class 1, Class 1 Hedged, Class 2, Class 2i, Class 2 Hedged, Class X, Class Z and Class Z Hedged 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.

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 Fund
American Select Fund
American Smaller Companies Fund (US)
Asia Fund
Dollar Bond Fund
Emerging Market Bond Fund
European Bond Fund
European Corporate Bond Fund
European Fund
European High Yield Bond Fund
European Select Fund
European Smaller Companies Fund
Global Bond Fund
Global Select Fund
High Yield Bond Fund
Japan Fund
Latin America Fund
Monthly Extra Income Fund
Pan European Fund
Pan European Smaller Companies Fund
Sterling Bond Fund
Strategic Bond Fund
UK Corporate Bond Fund
UK Equity Income Fund
UK Growth & Income Fund
UK Fund
UK Institutional Fund
UK Monthly Income Fund
UK Overseas Earnings Fund
UK Select Fund
UK Smaller Companies Fund

The funds have earned £5,205,000 (2013: £6,652,000) of which £440,000 (2013: £586,000) was outstanding at year end. They have paid fees of £727,000 (2013: £930,000) of which £57,000 (2013: £82,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £777,000 (2013: £996,000) of which £62,000 (2013: £88,000) was outstanding at year end to J.P. Morgan as the Security lending agent to process these arrangements and hold the collateral. The aggregate value of stock on loan at the end of the annual accounting period was £589.63m (2013: £1,073.66m), whilst the value of collateral held for these arrangements was £617.17m (2013: £1,135.16m). 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

	Total Value £000	2014 % of Total	Total Value £000	2013 % of Total
Bonds	617,169	100	1,135,160	100
	617,169	100	1,135,160	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 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.

Notes to the Aggregated Financial Statements for Threadneedle Investment Funds ICVC

Notes to the financial statements

(continued)

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 cancellation 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 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 Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund principally in equities of companies domiciled in the UK or which have significant UK operations. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Fund has risen from 102.58p to 116.80p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +18.62% as compared to a median return of +18.26% over the same period. (For information the FTSE All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

Despite some uncertainty in the early summer, driven largely by fears of the US Federal Reserve drawing back

its programme of quantitative easing (QE), UK equities performed well over the 12 months under review. Quarterly GDP figures continued to strengthen, as the services, production and construction sectors rebounded strongly. By early 2014, PMI (Purchasing Managers' Index) readings had climbed to 64.6, their highest level since 2007, and inflation had fallen below the Bank of England's 2% target for the first time since 2009. Despite the improving picture, worries persist about the depth of the recovery, given continuing sluggishness in business investment and the eurozone economies.

Over the period, we reduced our exposure to cyclical outperformers, including airline easyJet and construction-products company SIG, while adding to defensive stocks such as Imperial Tobacco and oil company BP, which are now more attractively valued. We exited the holding in utility company Centrica, which faces growing political interference in the UK, leaving the fund with a zero weighting in utilities. While we maintained a cautious approach to financials and materials, we did open a position in mid-2013 in the London Stock Exchange, which we feel is set for significant growth on the back of diversification of its business, cost savings and acquisitions. We also introduced Ireland-based CRH, as we believe the

building-products supplier's stock is well priced given the firm's potential for a recovery in volumes.

Later in the period, we participated in the IPOs of Merlin Entertainments and the Royal Mail. With its strong portfolio of brands – including Legoland and Madame Tussauds – Merlin's long-term prospects look excellent, while the Royal Mail enjoys a broad base of assets. We reduced our underweight in mining by adding to our holding in Canada's First Quantum, and taking a new position in Anglo-Swiss multinational Glencore Xstrata.

Although emerging-market volatility and the strength of sterling have weighed on the FTSE in recent months, we remain positive on the longer-term prospects for UK equities, as the market benefits from global economic recovery. Much will rest on the markets' response to further "tapering" of the Fed's QE programme, which has underpinned much of equities' strength in recent years.

Despite the concerns, we expect decent earnings growth in 2014, particularly as several areas of the UK market are benefiting from structural growth. M&A activity provides a further source of support for UK stocks, and we expect the IPO pipeline to remain strong.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	193,694	184,453
Revenue	3	46,834	40,155
Expenses	4	(18,707)	(15,115)
Finance costs: Interest	6	–	(7)
Net revenue before taxation		28,127	25,033
Taxation	5	(41)	(25)
Net revenue after taxation		28,086	25,008
Total return before distributions		221,780	209,461
Finance costs: Distributions	6	(28,302)	(25,010)
Change in net assets attributable to shareholders from investment activities		193,478	184,451

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		1,766,571	1,173,178
Other assets			
Debtors	7	44,421	13,591
Cash and bank balances		50,632	24,669
Total other assets		95,053	38,260
Total assets		1,861,624	1,211,438
Liabilities			
Other liabilities			
Creditors	8	(18,802)	(2,897)
Distribution payable on income shares		(8,835)	(6,812)
Total other liabilities		(27,637)	(9,709)
Total liabilities		(27,637)	(9,709)
Net assets attributable to shareholders		1,833,987	1,201,729

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,201,729	1,135,706
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	761,539	277,615
Amounts payable on the cancellation of shares	(228,177)	(161,250)
Amounts payable on in specie transfer	(98,664)	(236,165)
	434,698	(119,800)
Dilution adjustment	834	–
Stamp duty reserve tax	(1,738)	(1,006)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	193,478	184,451
Retained distribution on accumulation shares	4,975	2,347
Unclaimed distribution monies brought back into account	11	31
Closing net assets attributable to shareholders	1,833,987	1,201,729

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.2799	–	1.2799	1.0851
08/09/13 to 07/03/14	0.4494	–	0.4494	0.5008
Group 2				
08/03/13 to 07/09/13	0.5832	0.6867	1.2799	1.0851
08/09/13 to 07/03/14	0.1902	0.2592	0.4494	0.5008
Total distributions in the period			1.7293	1.5859

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.6128	–	1.6128	1.3674
08/09/13 to 07/03/14	0.7931	–	0.7931	0.7983
Group 2				
08/03/13 to 07/09/13	0.7389	0.8739	1.6128	1.3674
08/09/13 to 07/03/14	0.5537	0.2394	0.7931	0.7983
Total distributions in the period			2.4059	2.1657

Class 2 Shares

Net Accumulation

Distribution Period	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	1.1013	–	1.1013	0.9128
08/09/13 to 07/03/14	0.5496	–	0.5496	0.5407
Group 2				
08/03/13 to 07/09/13	0.5693	0.5320	1.1013	0.9128
08/09/13 to 07/03/14	0.3524	0.1972	0.5496	0.5407
Total distributions in the period			1.6509	1.4535

Class Z Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.8769	–	1.8769	–
08/09/13 to 07/03/14	0.9790	–	0.9790	0.9398
Group 2				
08/03/13 to 07/09/13	0.3174	1.5595	1.8769	–
08/09/13 to 07/03/14	0.6809	0.2981	0.9790	0.9398
Total distributions in the period			2.8559	0.9398

Class Z Shares

Net Accumulation

Distribution Period	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	1.8950	–	1.8950	–
08/09/13 to 07/03/14	1.0027	–	1.0027	0.9573
Group 2				
08/03/13 to 07/09/13	0.7995	1.0955	1.8950	–
08/09/13 to 07/03/14	0.5923	0.4104	1.0027	0.9573
Total distributions in the period			2.8977	0.9573

Group 2: shares purchased during a distribution period

Threadneedle UK Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	193,706	184,458
Other (losses)/gains	(3)	1
Transaction costs	(9)	(6)
Net capital gains	<u>193,694</u>	<u>184,453</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	44,555	39,012
Overseas dividends	1,511	433
Stock dividends	577	420
Interest on short term investments	83	45
Bank interest	12	22
Underwriting commission	–	153
Stocklending commission	96	70
Total revenue	<u>46,834</u>	<u>40,155</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(17,185)	(13,989)
Registration fees	(1,460)	(1,069)
	<u>(18,645)</u>	<u>(15,058)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(33)	(30)
Safe custody fees	(15)	(13)
	<u>(48)</u>	<u>(43)</u>
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(7)	(7)
	<u>(14)</u>	<u>(14)</u>
*Total expenses	<u>(18,707)</u>	<u>(15,115)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(41)	(25)
Total current tax (note 5b)	(41)	(25)
Total tax charge for the period	<u>(41)</u>	<u>(25)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	<u>28,127</u>	<u>25,033</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,625)	(5,007)
Effects of:		
Revenue not subject to taxation	9,329	7,974
Overseas taxes	(41)	(25)
Excess expenses	(3,704)	(2,967)
Current tax charge for period (note 5a)	<u>(41)</u>	<u>(25)</u>

The fund has not recognised a deferred tax asset of £50,746,522 (2013: £47,042,894) 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:

	2014 £000	2013 £000
Interim	18,691	17,034
Final	10,862	7,677
	<u>29,553</u>	<u>24,711</u>
Add: Revenue deducted on cancellation of shares	2,462	1,642
Deduct: Revenue received on creation of shares	(3,713)	(1,343)
Net distribution for the period	<u>28,302</u>	<u>25,010</u>
Interest	–	7
Total finance costs	<u>28,185</u>	<u>25,017</u>
Net revenue after taxation	28,086	25,008
Equalisation on conversion	216	2
Net distribution for the period	<u>28,302</u>	<u>25,010</u>

Details of the distribution per share are set out in the table on pages 10 and 11.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	36,650	8,642
Accrued revenue	7,697	4,949
Foreign withholding tax recoverable	74	–
Total debtors	<u>44,421</u>	<u>13,591</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(15,478)	(1,678)
Purchases awaiting settlement	(1,629)	–
Accrued expenses	(13)	(13)
Amounts payable to ACD	(1,682)	(1,206)
Total creditors	<u>(18,802)</u>	<u>(2,897)</u>

Threadneedle UK 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 8.

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 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 263. The distribution per share class is given in the distribution table on pages 10 and 11. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Fund has entered into stocklending arrangements. The fund has earned £135,000 (2013: £99,000) of which £13,000 (2013: £9,000) was outstanding at year end. The fund paid fees of £19,000 (2013: £14,000) of which £2,000 (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £20,000 (2013: £15,000) of which £2,000 (2013: £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 £49.64m (2013: £72.96m), whilst the value of collateral held for these arrangements was £52.82m (2013: £79.32m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	52,816	100	79,318	100
	52,816	100	79,318	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2014			
Euro	–	16,259	16,259
Currency 2013	£000	£000	£000
Euro	1	–	1
US Dollar	24	–	24

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	–	–	16,259	16,259
UK Sterling	8,110	42,522	1,794,733	1,845,365
Currency 2013	£000	£000	£000	£000
Euro	1	–	–	1
UK Sterling	8,637	16,007	1,186,769	1,211,413
US Dollar	24	–	–	24

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(27,637)	(27,637)
Currency 2013	£000	£000	£000	£000
UK Sterling	–	–	(9,709)	(9,709)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: 0.40%).

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.

Threadneedle UK Fund

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	757,897	311,072
Commissions	795	306
Taxes	3,255	1,371
Total purchase costs	4,050	1,677
Gross purchases total	761,947	312,749
Analysis of total sale costs		
Gross sales before transaction costs	356,723	434,243
Commissions	(331)	(229)
Total sale costs	(331)	(229)
Total sales net of transaction costs	356,392	434,014

Threadneedle UK Select Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund for growth, through a concentrated, actively managed portfolio. The select investment 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 consist primarily of equities of companies domiciled in the UK, or which have significant UK operations. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Select Fund has risen from 93.97p to 109.07p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +20.84% as compared to a median return of +18.26% over the same period. (For information the FTSE

All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

Despite some uncertainty in the early summer, driven largely by fears of the US Federal Reserve drawing back its programme of quantitative easing (QE), UK equities performed well over the 12 months under review. Quarterly GDP figures continued to strengthen, as the services, production and construction sectors rebounded strongly. By early 2014, PMI (Purchasing Managers' Index) readings had climbed to 64.6, their highest level since 2007, and inflation had fallen below the Bank of England's 2% target for the first time since 2009. Despite the improving picture, worries persist about the depth of the recovery, given continuing sluggishness in business investment and the eurozone economies.

Over the period we maintained our overweight in financials. We took on substantial new positions in Prudential (an insurer) and Esure (an online insurer), as well as the London Stock Exchange, which we feel is set for significant growth on the back of diversification of its business, cost savings and acquisitions. We participated in the IPOs of Merlin Entertainments and the Royal Mail. With its strong portfolio of brands –

including Legoland and Madame Tussauds – Merlin's long-term prospects look excellent, while the Royal Mail enjoys a broad base of assets.

While we maintained an underweight position in materials, we did increase the fund's holding in Anglo-Australian mining firm Rio Tinto, which has benefited from cost-cutting and higher volumes.

We exited Weir Group, which had a mixed year, and took profits in Rolls Royce Holdings and WS Atkins, which enjoyed a strong year after shedding a loss-making US subsidiary (all three are UK-based engineering companies).

Although emerging-market volatility and the strength of sterling have weighed on the FTSE in recent months, we remain positive on the longer-term prospects for UK equities, as the market benefits from global economic recovery. Much will rest on the markets' response to further "tapering" of the Fed's QE programme, which has underpinned much of equities' strength in recent years.

Despite the concerns, we expect decent earnings growth in 2014, particularly as several areas of the UK market are benefiting from structural growth. M&A activity provides a further source of support for UK stocks, and we expect the IPO pipeline to remain strong.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	29,702	27,433
Revenue	3	7,388	6,967
Expenses	4	(2,978)	(3,057)
Net revenue before taxation		4,410	3,910
Taxation	5	–	–
Net revenue after taxation		4,410	3,910
Total return before distributions		34,112	31,343
Finance costs: Distributions	6	(4,418)	(3,912)
Change in net assets attributable to shareholders from investment activities		29,694	27,431

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		205,895	208,849
Other assets			
Debtors	7	2,296	1,636
Cash and bank balances		4,209	11,840
Total other assets		6,505	13,476
Total assets		212,400	222,325
Liabilities			
Other liabilities			
Creditors	8	(3,663)	(1,141)
Distribution payable on income shares		(821)	(662)
Total other liabilities		(4,484)	(1,803)
Total liabilities		(4,484)	(1,803)
Net assets attributable to shareholders		207,916	220,522

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	220,522	227,343
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	22,518	19,848
Amounts payable on the cancellation of shares	(64,751)	(54,083)
	(42,233)	(34,235)
Dilution adjustment	28	44
Stamp duty reserve tax	(104)	(72)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	29,694	27,431
Unclaimed distribution monies brought back into account	9	11
Closing net assets attributable to shareholders	207,916	220,522

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income Distribution Period	Net Revenue		Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
	Net Revenue	Equalisation		
Group 1				
08/03/13 to 07/09/13	1.5759	–	1.5759	1.1504
08/09/13 to 07/03/14	0.3148	–	0.3148	0.1847
Group 2				
08/03/13 to 07/09/13	0.9053	0.6706	1.5759	1.1504
08/09/13 to 07/03/14	0.1561	0.1587	0.3148	0.1847
Total distributions in the period			1.8907	1.3351

Class 2 Shares

Net Income Distribution Period	Net Revenue		Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
	Net Revenue	Equalisation		
Group 1				
08/03/13 to 07/09/13	1.8874	–	1.8874	1.4176
08/09/13 to 07/03/14	0.6363	–	0.6363	0.4605
Group 2				
08/03/13 to 07/09/13	0.9183	0.9691	1.8874	1.4176
08/09/13 to 07/03/14	0.3294	0.3069	0.6363	0.4605
Total distributions in the period			2.5237	1.8781

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Select Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	2.3667	–	2.3667	–
08/09/13 to 07/03/14	0.8716	–	0.8716	0.6023
Group 2				
08/03/13 to 07/09/13	1.1191	1.2476	2.3667	–
08/09/13 to 07/03/14	0.2365	0.6351	0.8716	0.6023
Total distributions in the period			3.2383	0.6023

Group 2: shares purchased during a distribution period

Threadneedle UK Select Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	29,706	27,437
Transaction costs	(4)	(4)
Net capital gains	<u>29,702</u>	<u>27,433</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	7,143	6,630
Overseas dividends	40	68
Stock dividends	158	236
Interest on short term investments	15	1
Bank interest	5	16
Underwriting commission	8	–
Stocklending commission	19	16
Total revenue	<u>7,388</u>	<u>6,967</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,711)	(2,758)
Registration fees	(233)	(264)
	<u>(2,944)</u>	<u>(3,022)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(18)	(19)
Safe custody fees	(2)	(2)
	<u>(20)</u>	<u>(21)</u>
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(7)	(7)
	<u>(14)</u>	<u>(14)</u>
*Total expenses	<u>(2,978)</u>	<u>(3,057)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	4,410	3,910
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(882)	(782)
Effects of:		
Revenue not subject to taxation	1,468	1,387
Excess expenses	(586)	(605)
Current tax charge for period (note 5a)	–	–
Net revenue after taxation	4,410	3,910
Equalisation on conversion	8	2
Net distribution for the period	<u>4,418</u>	<u>3,912</u>

The fund has not recognised a deferred tax asset of £9,238,406 (2013: £8,652,264) 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:

	2014 £000	2013 £000
Interim	3,282	3,064
Final	821	662
	<u>4,103</u>	<u>3,726</u>
Add: Revenue deducted on cancellation of shares	432	252
Deduct: Revenue received on creation of shares	(117)	(66)
Net distribution for the period	<u>4,418</u>	<u>3,912</u>
Total finance costs	<u>4,418</u>	<u>3,912</u>
Net revenue after taxation	4,410	3,910
Equalisation on conversion	8	2
Net distribution for the period	<u>4,418</u>	<u>3,912</u>

Details of the distribution per share are set out in the table on pages 15 and 16.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	587	1,008
Sales awaiting settlement	1,066	–
Accrued revenue	643	628
Total debtors	<u>2,296</u>	<u>1,636</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(2,731)	(351)
Purchases awaiting settlement	(697)	(543)
Accrued expenses	(7)	(10)
Amounts payable to ACD	(228)	(237)
Total creditors	<u>(3,663)</u>	<u>(1,141)</u>

Threadneedle UK Select 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 8.

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 Select 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 263. The distribution per share class is given in the distribution table on pages 15 and 16. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Select Fund has entered into stocklending arrangements. The fund has earned £27,000 (2013: £23,000) of which £2,000 (2013: £2,000) was outstanding at year end. The fund paid fees of £4,000 (2013: £3,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2013: £4,000) of which Nil (2013: Nil) was outstanding at year end to J.P. Morgan to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £4.44m (2013: £10.88m), whilst the value of collateral held for these arrangements was £4.7m (2013: £11.78m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	4,699	100	11,779	100
	4,699	100	11,779	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2014			
Euro	8	–	8
US Dollar	–	2,653	2,653

	£000	£000	£000
Currency 2013			
Euro	8	–	8

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	8	–	–	8
UK Sterling	2,700	1,501	205,538	209,739
US Dollar	–	–	2,653	2,653
Currency 2013				
Euro	8	–	–	8
UK Sterling	2,831	9,001	210,485	222,317

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(4,484)	(4,484)
Currency 2013				
UK Sterling	–	–	(1,803)	(1,803)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: 0.40%).

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.

Threadneedle UK Select Fund

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	82,883	57,844
Commissions	117	67
Taxes	323	247
Fees	2	6
Total purchase costs	442	320
Gross purchases total	83,325	58,164
Analysis of total sale costs		
Gross sales before transaction costs	114,728	96,006
Commissions	(170)	(123)
Total sale costs	(170)	(123)
Total sales net of transaction costs	114,558	95,883

Threadneedle UK Smaller Companies Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the equities of smaller companies that are domiciled in the UK or have significant UK operations.

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). For liquidity purposes it may invest in cash and near cash.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Smaller Companies Fund has risen from 169.03p to 213.77p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +27.73% as compared to a median return of +32.12% over the same period. (For information the Numis

Smaller Companies (ex Investment Trusts) Index returned +32.19% over the same period).

Portfolio Activity

The market has risen strongly for two years in a row, driven by a combination of an improving economic outlook and a growing confidence in developed markets. The central banks' loose monetary policy has worked to stimulate the economy, and is continuing to drive up the price of real estate and equity markets. Economic growth may be sustained if this monetary policy leads to employment and wage growth, but there is little excess economic capacity in the UK; yields on government bonds have risen, reflecting the risk of inflation and interest-rate rises in the future. The pound has been unexpectedly strong, and this has benefited some UK retailers, many of whom source goods from overseas. Conversely, UK industrials have suffered from a strong pound, which affects the value of their products sold abroad.

The fund's sector allocations will continue to be focused towards quality companies that should deliver persistent returns in most economic environments. Over the year, the fund has increased its exposure to areas exposed to the UK domestic economy where companies

can take market share. While the fund suffered from being underweight the retail sector, it benefited from being overweight financials, media and personal goods. The fund also benefited from being underweight mining, travel and industrials.

Individual investments in the portfolio that provided strong returns over the year included Ted Baker, Howden, STV, and Scapa. Howden has continued to take market share in the UK kitchen market, by offering a superior product and service. Ted Baker has successfully taken the brand overseas and has further developed its women's clothing range.

Over the period under review, the fund initiated positions in Applied Graphene, Accsys technologies, Amerisur and DX Services. The fund sold out of holdings in Nanoco, St. James's Place, Majestic Wine and Ophir Energy. Mergers and acquisitions are at a 60-year low in the UK, and we expect activity to increase in 2014.

High-quality, smaller companies are uniquely positioned to benefit from the current environment. Although markets have risen significantly, the small-cap market is not overvalued, and small companies with plenty of cash are in a strong position to invest, acquire and grow. This should lead to superior investment returns.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	33,650	23,543
Revenue	3	2,737	2,928
Expenses	4	(1,971)	(2,080)
Net revenue before taxation		766	848
Taxation	5	(12)	(18)
Net revenue after taxation		754	830
Total return before distributions		34,404	24,373
Finance costs: Distributions	6	(802)	(862)
Change in net assets attributable to shareholders from investment activities		33,602	23,511

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		164,995	140,896
Other assets			
Debtors	7	1,071	10,111
Cash and bank balances		11,514	4,421
Total other assets		12,585	14,532
Total assets		177,580	155,428
Liabilities			
Other liabilities			
Creditors	8	(3,533)	(5,096)
Distribution payable on income shares		(197)	(161)
Total other liabilities		(3,730)	(5,257)
Total liabilities		(3,730)	(5,257)
Net assets attributable to shareholders		173,850	150,171

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	150,171	190,226
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	54,344	35,773
Amounts payable on the cancellation of shares	(53,438)	(64,978)
Amounts payable on in specie transfer	(11,333)	(34,881)
	(10,427)	(64,086)
Dilution adjustment	571	592
Stamp duty reserve tax	(68)	(73)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	33,602	23,511
Unclaimed distribution monies brought back into account	1	1
Closing net assets attributable to shareholders	173,850	150,171

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares				
Net Income				
Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	0.5984	—	0.5984	0.3542
08/09/13 to 07/03/14	—	—	—	—
Group 2				
08/03/13 to 07/09/13	0.0983	0.4911	0.5894	0.3542
08/09/13 to 07/03/14	—	—	—	—
Total distributions in the period			0.5894	0.3542
Class 2 Shares				
Net Income				
Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.1280	—	1.1280	0.8095
08/09/13 to 07/03/14	0.4825	—	0.4825	0.4171
Group 2				
08/03/13 to 07/09/13	0.1596	0.9684	1.1280	0.8095
08/09/13 to 07/03/14	0.1931	0.2894	0.4825	0.4171
Total distributions in the period			1.6105	1.2266

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Smaller Companies Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid / Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	0.8585	–	0.8585	–
08/09/13 to 07/03/14	0.4394	–	0.4394	0.3292
Group 2				
08/03/13 to 07/09/13	0.4153	0.4432	0.8585	–
08/09/13 to 07/03/14	0.1423	0.2971	0.4394	0.3292
Total distributions in the period			1.2979	0.3292

Class Z Shares

Net Accumulation*	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014
Group 1			
26/09/13 to 07/03/14	0.2769	–	0.2769
Group 2			
26/09/13 to 07/03/14	0.1269	0.1500	0.2769
Total distributions in the period			0.2769

Group 2: shares purchased during a distribution period

*Class Z – Net accumulation shares commenced on 26 September 2013

Threadneedle UK Smaller Companies Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	33,663	23,547
Other losses	(7)	–
Transaction costs	(6)	(4)
Net capital gains	<u>33,650</u>	<u>23,543</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	2,521	2,651
Overseas dividends	143	166
Interest on short term investment	–	4
Bank interest	12	10
Underwriting commission	10	–
Stocklending commission	51	97
Total revenue	<u>2,737</u>	<u>2,928</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,800)	(1,885)
Registration fees	(140)	(163)
	<u>(1,940)</u>	<u>(2,048)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(16)	(16)
Safe custody fees	(2)	(2)
	<u>(18)</u>	<u>(18)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(7)	(7)
	<u>(13)</u>	<u>(14)</u>
*Total expenses	<u>(1,971)</u>	<u>(2,080)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(12)	(18)
Total current tax (note 5b)	(12)	(18)
Total tax charge for the period	<u>(12)</u>	<u>(18)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	766	848
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(153)	(170)
Effects of:		
Revenue not subject to taxation	526	563
Overseas taxes	(12)	(18)
Overseas taxes expensed	2	4
Excess expenses	(375)	(397)
Current tax charge for period (note 5a)	<u>(12)</u>	<u>(18)</u>

The fund has not recognised a deferred tax asset of £4,730,650 (2013: £4,359,206) 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:

	2014 £000	2013 £000
Interim	716	492
Final	197	160
	<u>913</u>	<u>652</u>
Add: Revenue deducted on cancellation of shares	89	258
Deduct: Revenue received on creation of shares	(200)	(48)
Net distribution for the period	<u>802</u>	<u>862</u>
Total finance costs	<u>802</u>	<u>862</u>
Net revenue after taxation	754	830
Shortfall transfer from capital to revenue	46	32
Equalisation on conversion	2	–
Net distribution for the period	<u>802</u>	<u>862</u>

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 20 and 21.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	233	10,003
Sales awaiting settlement	668	–
Accrued revenue	170	108
Total debtors	<u>1,071</u>	<u>10,111</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(397)	(116)
Purchases awaiting settlement	(2,955)	(4,821)
Accrued expenses	(8)	(9)
Amounts payable to ACD	(173)	(150)
Total creditors	<u>(3,533)</u>	<u>(5,096)</u>

Threadneedle UK Smaller Companies 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 8.

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 Smaller Companies 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 263. The distribution per share class is given in the distribution table on pages 20 and 21. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Smaller Companies Fund has entered into stocklending arrangements. The fund has earned £72,000 (2013: £136,000) of which £7,000 (2013: £13,000) was outstanding at year end. The fund paid fees of £10,000 (2013: £19,000) of which £1,000 (2013: £2,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £11,000 (2013: £20,000) of which £1,000 (2013: £2,000) was outstanding at year end to J.P. Morgan to process these arrangements and hold the collateral. The value of stock on loan at the end of the accounting period was £11.61m (2013: £5.88m), whilst the value of collateral held for these arrangements was £12.32m (2013: £6.39m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	12,318	100	6,388	100
	12,318	100	6,388	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2014			
Euro	7	1,277	1,284
Currency 2013	£000	£000	£000
Euro	–	–	–

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	7	–	1,277	1,284
UK Sterling	11,508	–	164,788	176,296
Currency 2013	£000	£000	£000	£000
UK Sterling	4,421	–	151,007	155,428
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(3,730)	(3,730)
Currency 2013	£000	£000	£000	£000
UK Sterling	–	–	(5,257)	(5,257)

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.

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.

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	89,361	41,547
Commissions	127	37
Taxes	332	40
Fees	5	1
Total purchase costs	464	78
Gross purchases total	89,825	41,625
Analysis of total sale costs		
Gross sales before transaction costs	99,513	101,496
Commissions	(123)	(96)
Total sale costs	(123)	(96)
Total sales net of transaction costs	99,390	101,400

Threadneedle UK Growth & Income Fund

Investment Report

Investment Objective

The investment objective of this fund is to provide long term capital growth with a reasonable and growing income.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in 'blue chip' large capitalised UK companies, but including, when deemed appropriate small and medium-sized companies, predominantly from the UK.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Growth & Income Fund has risen from 72.93p to 85.45p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +22.71% as compared to a median return of +18.26% over the same period. (For information the FTSE All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

The fund outperformed the index by a sizeable margin over the period. Both sector allocation and stock

selection were strongly positive, with stock selection making the larger contribution to returns. By sector, the overweight positions in consumer discretionary and industrials made the biggest positive contribution. Stock selection worked best in materials, financials and consumer staples.

Among the best-performing stocks in the portfolio was insurer Legal & General, which has benefited from ongoing confidence in its trading outlook following robust results that reflected the strong performance of its UK and US businesses. Another standout was ITV, on further signs that the broadcaster is capitalising on rising advertising spending. Booker, the food wholesaler, also performed well, as good results indicated that the firm is continuing to deliver significant growth and is building on its 2013 acquisition of cash & carry peer Makro. Fixed-line telecom operator BT Group provided a further boost to the fund's performance, thanks both to good results and the significant cost savings that the firm has implemented.

The largest detractors from performance included RSA Insurance, which announced that reserves in its Irish operation would need strengthening after the discovery of accounting discrepancies; this prompted the resignation of the CEO. Meanwhile, supermarket chain

Wm Morrison underperformed as its profits came under pressure from budget chains such as Aldi and Lidl. The fund's lack of exposure to Vodafone was also unhelpful, as the mobile firm rallied on the sale of its stake in US operator Verizon Mobile.

We added to both RSA Insurance and Wm Morrison towards the end of the period, as we believed that their share prices had largely reflected the negative developments. We introduced a new holding in Spirent, which specialises in telecoms testing and measurement. As the US Federal Reserve signalled reductions in its programme of quantitative easing, we raised our exposure to high yield large-cap stocks that had lagged the market rally in the early part of the period. These included pharmaceuticals company AstraZeneca and Imperial Tobacco.

Following a strong performance, we took some profits on the holding in Legal & General. Overall, the portfolio remains focused on well-managed, fundamentally strong businesses.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	42,283	35,455
Revenue	3	8,539	9,815
Expenses	4	(3,736)	(3,461)
Finance costs: Interest	6	–	(2)
Net revenue before taxation		4,803	6,352
Taxation	5	–	–
Net revenue after taxation		4,803	6,352
Total return before distributions		47,086	41,807
Finance costs: Distributions	6	(8,263)	(9,577)
Change in net assets attributable to shareholders from investment activities		38,823	32,230

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		289,810	225,671
Other assets			
Debtors	7	5,344	1,332
Cash and bank balances		23,016	6,017
Total other assets		28,360	7,349
Total assets		318,170	233,020
Liabilities			
Other liabilities			
Creditors	8	(11,139)	(331)
Distribution payable on income shares		(3,811)	(2,934)
Total other liabilities		(14,950)	(3,265)
Total liabilities		(14,950)	(3,265)
Net assets attributable to shareholders		303,220	229,755

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	229,755	294,608
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	88,166	70,185
Amounts payable on the cancellation of shares	(53,497)	(40,773)
Amount payable on inspecie transfer	–	(126,849)
	34,669	(97,437)
Dilution adjustment	144	406
Stamp duty reserve tax	(180)	(77)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	38,823	32,230
Unclaimed distribution monies brought back into account	9	25
Closing net assets attributable to shareholders	303,220	229,755

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.5841	–	1.5841	1.4414
08/09/13 to 07/03/14	1.0566	–	1.0566	0.9141
Group 2				
08/03/13 to 07/09/13	0.6526	0.9315	1.5841	1.4414
08/09/13 to 07/03/14	0.1585	0.8981	1.0566	0.9141
Total distributions in the period			2.6407	2.3555

Class 2 Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.7468	–	1.7468	1.5724
08/09/13 to 07/03/14	1.1790	–	1.1790	1.0152
Group 2				
08/03/13 to 07/09/13	0.7262	1.0206	1.7468	1.5724
08/09/13 to 07/03/14	0.5633	0.6157	1.1790	1.0152
Total distributions in the period			2.9258	2.5876

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Growth & Income Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	2.4746	–	2.4746	–
08/09/13 to 07/03/14	1.6597	–	1.6597	1.4281
Group 2				
08/03/13 to 07/09/13	0.7524	1.7222	2.4746	–
08/09/13 to 07/03/14	0.6774	0.9823	1.6597	1.4281
Total distributions in the period			4.1343	1.4281

Group 2: shares purchased during a distribution period

Threadneedle UK Growth & Income Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	42,288	35,459
Other (losses)/gains	(2)	1
Transaction costs	(3)	(5)
Net capital gains	<u>42,283</u>	<u>35,455</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	8,292	9,613
Stock dividends	204	101
Interest on short term investments	16	11
Bank interest	7	12
Underwriting commission	–	57
Stocklending commission	20	21
Total revenue	<u>8,539</u>	<u>9,815</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,460)	(3,226)
Registration fees	(241)	(199)
	<u>(3,701)</u>	<u>(3,425)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(19)	(19)
Safe custody fees	(3)	(3)
	<u>(22)</u>	<u>(22)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(7)	(7)
	<u>(13)</u>	<u>(14)</u>
*Total expenses	<u>(3,736)</u>	<u>(3,461)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	4,803	6,352
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(960)	(1,270)
Effects of:		
Revenue not subject to taxation	1,699	1,943
Excess expenses	(739)	(673)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £13,537,388 (2013: £12,798,608) 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:

	2014 £000	2013 £000
Interim	4,785	4,153
Final	3,811	2,934
	<u>8,596</u>	<u>7,087</u>
Add: Revenue deducted on cancellation of shares	565	3,309
Deduct: Revenue received on creation of shares	(898)	(819)
Net distribution for the period	<u>8,263</u>	<u>9,577</u>
Interest	–	2
Total finance costs	<u>8,263</u>	<u>9,579</u>
Net revenue after taxation	4,803	6,352
Annual management charge to capital	3,460	3,225
Net distribution for the period	<u>8,263</u>	<u>9,577</u>

Details of the distribution per share are set out in the table on pages 24 and 25.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	3,817	597
Accrued revenue	1,527	735
Total debtors	<u>5,344</u>	<u>1,332</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(75)	(59)
Purchases awaiting settlement	(10,730)	–
Accrued expenses	(8)	(10)
Amounts payable to ACD	(326)	(262)
Total creditors	<u>(11,139)</u>	<u>(331)</u>

Threadneedle UK Growth & Income 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 8.

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 Growth & 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 264. The distribution per share class is given in the distribution table on pages 24 and 25. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Growth & Income Fund has entered into stocklending arrangements. The fund has earned £28,000 (2013: £ 29,000) of which £3,000 (2013: £3,000) was outstanding at year end. The fund paid fees of £4,000 (2013: £4,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2013: £4,000) of which Nil (2013: 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 £3.83m (2013: £7.54m), whilst the value of collateral held for these arrangements was £4.05m (2013: £8.03m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	4,049	100	8,027	100
	4,049	100	8,027	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 8 and 9.

Currency exposures

A small 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
Currency 2014			
Euro	12	–	12
US Dollar	7	–	7

	£000	£000	£000
Currency 2013			
Euro	12	–	12
US Dollar	8	–	8

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	12	–	–	12
UK Sterling	7,996	15,001	295,154	318,151
US Dollar	7	–	–	7

	£000	£000	£000	£000
Currency 2013				
Euro	12	–	–	12
UK Sterling	1,491	4,506	227,003	233,000
US Dollar	8	–	–	8

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(14,950)	(14,950)
Currency 2013				
UK Sterling	–	–	(3,265)	(3,265)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: 0.40%).

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.

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.

Threadneedle UK Growth & Income Fund

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	50,824	58,361
Commissions	71	33
Taxes	239	247
Total purchase costs	310	280
Gross purchases total	51,134	58,641
Analysis of total sale costs		
Gross sales before transaction costs	27,166	157,829
Commissions	(20)	(8)
Total sale costs	(20)	(8)
Total sales net of transaction costs	27,146	157,821

Threadneedle UK Equity Income Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve an above average rate of income combined with sound prospects for capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in UK equities. It may, however, invest in other securities such as convertibles and gilts.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Equity Income Fund has risen from 76.03p to 89.48p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +23.74% as compared to a median return of +18.76% over the same period. (For information the FTSE All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

The fund outperformed the index over the period. Sector allocation was modestly positive, with the

overweight in industrials and the underweight in energy particularly beneficial. These offset the negative effects of being underweight in telecoms and overweight in consumer staples. Stock selection was strongly positive, with the best contributions coming from the materials and financial sectors.

The strongest individual contribution in the portfolio came from fixed-line telecom operator BT Group, thanks to good results and the significant cost savings that the firm has implemented. Other standouts were ITV, on further signs that the broadcaster is capitalising on rising advertising spending, and insurer Legal & General, which has benefited from ongoing confidence in its trading outlook following robust results that reflected the strong performance of its UK and US businesses. The fund's large holding in WS Atkins further underpinned returns, as the engineering consultancy's results reflected the strong performance of its UK business, improved growth in its Far East operations and an encouraging outlook.

The largest detractors from performance included RSA Insurance, which announced that reserves in its Irish operation would need strengthening after the discovery of accounting discrepancies; this prompted

the resignation of the CEO. Household-goods giant Unilever detracted from performance as fears arose over the stability of the emerging markets in which the firm has substantial operations. Meanwhile, supermarket chain Wm Morrison underperformed as its profits came under pressure from budget chains such as Aldi and Lidl. The fund's lack of exposure to Vodafone was also unhelpful, as the mobile firm rallied on the sale of its stake in US operator Verizon Mobile.

We added to RSA Insurance after the disclosure of the fraud in Ireland, as the firm addressed the need to repair its capital; we think that it is fundamentally strong and expect the shares to recover. As the US Federal Reserve signalled reductions in its programme of quantitative easing, we raised our exposure to high yield large-cap stocks that had lagged the market rally in the early part of the period. These included pharmaceuticals company AstraZeneca, power supplier National Grid and Imperial Tobacco. We also increased the holdings in Marks & Spencer and Rentokil. Overall, the portfolio remains focused on well-managed, fundamentally strong businesses.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	397,576	250,035
Revenue	3	87,193	59,823
Expenses	4	(29,270)	(20,518)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		57,923	39,304
Taxation	5	–	–
Net revenue after taxation		57,923	39,304
Total return before distributions		455,499	289,339
Finance costs: Distributions	6	(85,189)	(58,539)
Change in net assets attributable to shareholders from investment activities		370,310	230,800

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		2,656,686	1,781,799
Other assets			
Debtors	7	28,582	14,953
Cash and bank balances		52,409	76,392
Total other assets		80,991	91,345
Total assets		2,737,677	1,873,144
Liabilities			
Other liabilities			
Creditors	8	(40,633)	(6,735)
Distribution payable on income shares		(15,837)	(11,244)
Total other liabilities		(56,470)	(17,979)
Total liabilities		(56,470)	(17,979)
Net assets attributable to shareholders		2,681,207	1,855,165

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,855,165	1,228,701
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	646,025	426,507
Amounts payable on the cancellation of shares	(195,722)	(33,001)
	450,303	393,506
Stamp duty reserve tax	(2,226)	(1,061)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	370,310	230,800
Retained distribution on accumulation shares	7,638	3,174
Unclaimed distribution monies brought back into account	17	45
Closing net assets attributable to shareholders	2,681,207	1,855,165

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Distribution Period	Class 1 Shares		Distribution Paid/ Payable 2013/2014	Distribution Paid 2012/2013
	Net Revenue	Equalisation		
Group 1				
08/03/13 to 07/06/13	1.0376	–	1.0376	0.8865
08/06/13 to 07/09/13	0.7856	–	0.7856	0.7231
08/09/13 to 07/12/13	0.7635	–	0.7635	0.6436
08/12/13 to 07/03/14	0.5898	–	0.5898	0.4841
Group 2				
08/03/13 to 07/06/13	0.5473	0.4903	1.0376	0.8865
08/06/13 to 07/09/13	0.4086	0.3770	0.7856	0.7231
08/09/13 to 07/12/13	0.3278	0.4357	0.7635	0.6436
08/12/13 to 07/03/14	0.3140	0.2758	0.5898	0.4841
Total distributions in the period			3.1765	2.7373

*In pound Sterling and against UK peer group.
Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Equity Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Accumulation

Distribution Period	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/06/13	1.1918	–	1.1918	0.9784
08/06/13 to 07/09/13	0.9145	–	0.9145	0.8311
08/09/13 to 07/12/13	0.8974	–	0.8974	0.7282
08/12/13 to 07/03/14	0.6994	–	0.6994	0.5378
Group 2				
08/03/13 to 07/06/13	0.5335	0.6583	1.1918	0.9784
08/06/13 to 07/09/13	0.4739	0.4406	0.9145	0.8311
08/09/13 to 07/12/13	0.4424	0.4550	0.8974	0.7282
08/12/13 to 07/03/14	0.3321	0.3673	0.6994	0.5378
Total distributions in the period			3.7031	3.0755

Class 2 Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/06/13	1.1431	–	1.1431	0.9717
08/06/13 to 07/09/13	0.8712	–	0.8712	0.7963
08/09/13 to 07/12/13	0.8487	–	0.8487	0.7115
08/12/13 to 07/03/14	0.6610	–	0.6610	0.5394
Group 2				
08/03/13 to 07/06/13	0.3526	0.7905	1.1431	0.9717
08/06/13 to 07/09/13	0.3575	0.5137	0.8712	0.7963
08/09/13 to 07/12/13	0.4351	0.4136	0.8487	0.7115
08/12/13 to 07/03/14	0.3526	0.3084	0.6610	0.5394
Total distributions in the period			3.5240	3.0189

Class Z Shares

Net Income

Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/06/13	1.4899	–	1.4899	–
08/06/13 to 07/09/13	1.1309	–	1.1309	–
08/09/13 to 07/12/13	1.1008	–	1.1008	0.8986
08/12/13 to 07/03/14	0.8570	–	0.8570	0.6977
Group 2				
08/03/13 to 07/06/13	0.8198	0.6701	1.4899	–
08/06/13 to 07/09/13	0.5919	0.5390	1.1309	–
08/09/13 to 07/12/13	0.5366	0.5642	1.1008	0.8986
08/12/13 to 07/03/14	0.4562	0.4008	0.8570	0.6977
Total distributions in the period			4.5786	1.5963

Class Z Shares

Net Accumulation

Distribution Period	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/06/13	1.5140	–	1.5140	–
08/06/13 to 07/09/13	1.1658	–	1.1658	–
08/09/13 to 07/12/13	1.1434	–	1.1434	0.8970
08/12/13 to 07/03/14	0.8988	–	0.8988	0.7055
Group 2				
08/03/13 to 07/06/13	0.7721	0.7419	1.5140	–
08/06/13 to 07/09/13	0.6718	0.4940	1.1658	–
08/09/13 to 07/12/13	0.4631	0.6803	1.1434	0.8970
08/12/13 to 07/03/14	0.4875	0.4113	0.8988	0.7055
Total distributions in the period			4.7220	1.6025

Group 2: shares purchased during a distribution period

Threadneedle UK Equity Income Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	397,580	250,039
Transaction costs	(4)	(4)
Net capital gains	<u>397,576</u>	<u>250,035</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	86,539	58,999
Stock dividends	291	254
Interest on short term investments	114	108
Bank interest	67	89
Underwriting commission	–	232
Stocklending commission	182	141
Total revenue	<u>87,193</u>	<u>59,823</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(27,268)	(19,241)
Registration fees	(1,924)	(1,213)
	<u>(29,192)</u>	<u>(20,454)</u>
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(42)	(34)
Safe custody fees	(23)	(16)
	<u>(65)</u>	<u>(50)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(7)	(7)
	<u>(13)</u>	<u>(14)</u>
*Total expenses	<u>(29,270)</u>	<u>(20,518)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	57,923	39,304
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(11,585)	(7,861)
Effects of:		
Revenue not subject to taxation	17,366	11,851
Excess expenses	(5,781)	(3,990)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £24,892,407 (2013: £19,110,907) 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:

	2014 £000	2013 £000
Interim	69,608	48,342
Final	17,937	11,998
	<u>87,545</u>	<u>60,340</u>
Undistributed Revenue	1	1
Add: Revenue deducted on cancellation of shares	248	113
Deduct: Revenue received on creation of shares	(2,605)	(1,915)
Net distribution for the period	<u>85,189</u>	<u>58,539</u>
Interest	–	1
Total finance costs	<u>85,189</u>	<u>58,540</u>
Net revenue after taxation	57,923	39,304
Annual management charge to capital	27,268	19,241
Equalisation on conversion	(2)	(6)
Net distribution for the period	<u>85,189</u>	<u>58,539</u>

Details of the distribution per share are set out in the table on pages 29 and 30.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	18,360	7,549
Accrued revenue	10,222	7,404
Total debtors	<u>28,582</u>	<u>14,953</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(6,213)	(1,558)
Purchases awaiting settlement	(31,877)	(3,252)
Accrued expenses	(16)	(15)
Amounts payable to ACD	(2,527)	(1,910)
Total creditors	<u>(40,633)</u>	<u>(6,735)</u>

Threadneedle UK Equity Income 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 8.

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 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	0.060%

For the period 8 March to 7 February 2014 the registration fees for Class Z shares were 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 264. The distribution per share class is given in the distribution table on pages 29 and 30. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Equity Income Fund has entered into stocklending arrangements. The fund has earned £257,000 (2013: £199,000) of which £24,000 (2013: 18,000) was outstanding at year end. The fund paid fees of £36,000 (2013: £28,000) of which £3,000 (2013: £3,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £39,000 (2013: £30,000) of which £4,000 (2013: £3,000) 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 £30.08m (2013: £113.88m), whilst the value of collateral held for these arrangements was £32.14m (2013: £122.21m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	32,136	100	122,206	100
	32,136	100	122,206	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 8 and 9.

Currency exposures

There were no material assets denominated in currencies other than Sterling for 2014.

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
UK Sterling	28,397	24,011	2,685,269	2,737,677
Currency 2013				
UK Sterling	41,342	35,050	1,796,752	1,873,144
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(56,470)	(56,470)
Currency 2013				
UK Sterling	–	–	(17,979)	(17,979)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: 0.40%).

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 (2013: Nil).

Threadneedle UK Equity Income Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	573,607	412,596
Commissions	811	473
Taxes	2,655	1,894
Fees	3	4
Total purchase costs	3,469	2,371
Gross purchases total	577,076	414,967
Analysis of total sale costs		
Gross sales before transaction costs	86,454	114,645
Commissions	(116)	(122)
Total sale costs	(116)	(122)
Total sales net of transaction costs	86,338	114,523

Threadneedle UK Monthly Income Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve an above average income combined with sound prospects for capital growth. Income will be paid monthly.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in UK equities. It may, however, invest in other securities such as convertibles and gilts.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Monthly Income Fund has risen from 65.30p to 75.00p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +21.49% as compared to a median return of +18.76% over the same period. (For information the FTSE All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

After five years of near stagnation, prospects for domestic UK economic growth began to improve last summer, in part helped by government support for the housing market in the form of the "Help to Buy" initiative. Elsewhere, the US economic recovery continued and even long-suffering economies in continental Europe stopped contracting. Only

the formerly fast-growing developing economies saw their growth expectations decline.

One major consequence of strong US economic growth, however, was that toward the end of May the US Federal Reserve (the US equivalent of the Bank of England) began to talk about "tapering" (reducing) the third phase of quantitative easing (QE). This unprecedented policy of monetary easing, introduced in the wake of 2008's financial crisis, had been instrumental to a huge re-rating of US 10-year Treasury bonds – effectively the global risk-free rate – which had seen yields fall over the last 30 years from a high of approximately 15% to a recent record low of only 1.5%. Consequently, the mere prospect of scaling back QE had an immediate and pronounced impact, with yields rapidly rising to 3%. This in turn saw the UK equity market fall by 10% in June before recovering in the autumn to end the year up 7%.

Fund purchases were mainly focused on two areas: domestic consumer stocks that would benefit from a stronger UK economy, and higher-yielding financials. In the former category we established new holdings in pub and retailing group Marston's, builders' merchants Travis Perkins and travel group Thomas Cook. In financials new holdings included Standard Life (which paid a special dividend) and Phoenix (8% yield). We also increased the holding in St. James's Place (its dividend subsequently increased by 50%). In addition the fund selectively participated in the IPOs of Royal Mail, telecoms group Manx Telecom (7% yield) and estate agents

Foxtons, which was bought and sold during the period. Also, within defensives, we increased existing holdings in energy company National Grid, which had a favourable regulatory review, and Imperial Tobacco (5.75% yield).

Sales focused on taking profits in holdings that had re-rated upwards, such as industrials Rolls Royce and Diploma, and multinational consumer stock Unilever. We sold utilities Centrica and SSE on concerns about the impact of rising bond yields.

The fund's 11 equal monthly dividend payments for each of the share classes rose from 0.20p/share to 0.21p/share during the year, following payments of 0.18p/share and 0.19p/share in the two previous years. With the final month's dividend also increasing, the fund's total dividend for the year rose by 7.5%. This followed increases of 10% and then 5% in the two preceding years. At year-end the fund's yield was 3.7%.

Investors converting from Class 1 Shares to Class Z Shares during the year experienced a fall in the monetary value of their monthly dividends due to the price of Class Z Shares being higher than Class 1 Shares. The fall in their monthly dividends was offset by a higher payment at year end. Distribution rates for the current year have been set in accordance with relative prices in order to prevent this reoccurring.

In the current year the monthly distribution rates will rise to 0.22p/share for Class 1 Shares, 0.32p/share for Class 2 Shares and 0.37p/share for Class Z shares.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	93,307	72,857
Revenue	3	25,001	24,023
Expenses	4	(9,711)	(8,674)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		15,290	15,348
Taxation	5	5	–
Net revenue after taxation		15,295	15,348
Total return before distributions		108,602	88,205
Finance costs: Distributions	6	(24,400)	(23,392)
Change in net assets attributable to shareholders from investment activities		84,202	64,813

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		646,946	573,430
Other assets			
Debtors	7	6,919	11,850
Cash and bank balances		12,187	3,406
Total other assets		19,106	15,256
Total assets		666,052	588,686
Liabilities			
Other liabilities			
Creditors	8	(5,623)	(7,243)
Distribution payable on income shares		(4,527)	(3,389)
Total other liabilities		(10,150)	(10,632)
Total liabilities		(10,150)	(10,632)
Net assets attributable to shareholders		655,902	578,054

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	578,054	529,289
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	35,251	18,548
Amounts payable on the cancellation of shares	(41,500)	(34,656)
	(6,249)	(16,108)
Stamp duty reserve tax	(193)	(171)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	84,202	64,813
Unclaimed distribution monies brought back into account	88	231
Closing net assets attributable to shareholders	655,902	578,054

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2100	–	0.2100	0.2000
08/04/13 to 07/05/13	0.2100	–	0.2100	0.2000
08/05/13 to 07/06/13	0.2100	–	0.2100	0.2000
08/06/13 to 07/07/13	0.2100	–	0.2100	0.2000
08/07/13 to 07/08/13	0.2100	–	0.2100	0.2000
08/08/13 to 07/09/13	0.2100	–	0.2100	0.2000
08/09/13 to 07/10/13	0.2100	–	0.2100	0.2000
08/10/13 to 07/11/13	0.2100	–	0.2100	0.2000
08/11/13 to 07/12/13	0.2100	–	0.2100	0.2000
08/12/13 to 07/01/14	0.2100	–	0.2100	0.2000
08/01/14 to 07/02/14	0.2100	–	0.2100	0.2000
08/02/14 to 07/03/14	0.4626	–	0.4626	0.3795

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Monthly Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 2				
08/03/13 to 07/04/13	0.0500	0.1600	0.2100	0.2000
08/04/13 to 07/05/13	–	0.2100	0.2100	0.2000
08/05/13 to 07/06/13	–	0.2100	0.2100	0.2000
08/06/13 to 07/07/13	–	0.2100	0.2100	0.2000
08/07/13 to 07/08/13	–	0.2100	0.2100	0.2000
08/08/13 to 07/09/13	–	0.2100	0.2100	0.2000
08/09/13 to 07/10/13	–	0.2100	0.2100	0.2000
08/10/13 to 07/11/13	–	0.2100	0.2100	0.2000
08/11/13 to 07/12/13	–	0.2100	0.2100	0.2000
08/12/13 to 07/01/14	–	0.2100	0.2100	0.2000
08/01/14 to 07/02/14	–	0.2100	0.2100	0.2000
08/02/14 to 07/03/14	–	0.4626	0.4626	0.3795
Total distributions in the period			2.7726	2.5795

Class 2 Shares

Net Income* Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	
Group 1				
24/09/13 to 07/10/13	0.2100	–	0.2100	
08/10/13 to 07/11/13	0.2100	–	0.2100	
08/11/13 to 07/12/13	0.2100	–	0.2100	
08/12/13 to 07/01/14	0.2100	–	0.2100	
08/01/14 to 07/02/14	0.2100	–	0.2100	
08/02/14 to 07/03/14	1.1552	–	1.1552	
Group 2				
24/09/13 to 07/10/13	–	0.2100	0.2100	
08/10/13 to 07/11/13	–	0.2100	0.2100	
08/11/13 to 07/12/13	–	0.2100	0.2100	
08/12/13 to 07/01/14	–	0.2100	0.2100	
08/01/14 to 07/02/14	–	0.2100	0.2100	
08/02/14 to 07/03/14	–	1.1552	1.1552	
Total distributions in the period			2.2052	

Class Z Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2100	–	0.2100	–
08/04/13 to 07/05/13	0.2100	–	0.2100	–
08/05/13 to 07/06/13	0.2100	–	0.2100	–
08/06/13 to 07/07/13	0.2100	–	0.2100	–
08/07/13 to 07/08/13	0.2100	–	0.2100	–
08/08/13 to 07/09/13	0.2100	–	0.2100	–
08/09/13 to 07/10/13	0.2100	–	0.2100	0.1273
08/10/13 to 07/11/13	0.2100	–	0.2100	0.2000
08/11/13 to 07/12/13	0.2100	–	0.2100	0.2000
08/12/13 to 07/01/14	0.2100	–	0.2100	0.2000
08/01/14 to 07/02/14	0.2100	–	0.2100	0.2000
08/02/14 to 07/03/14	2.3921	–	2.3921	0.9050
Group 2				
08/03/13 to 07/04/13	0.0125	0.1975	0.2100	–
08/04/13 to 07/05/13	–	0.2100	0.2100	–
08/05/13 to 07/06/13	–	0.2100	0.2100	–
08/06/13 to 07/07/13	–	0.2100	0.2100	–
08/07/13 to 07/08/13	–	0.2100	0.2100	–
08/08/13 to 07/09/13	–	0.2100	0.2100	–
08/09/13 to 07/10/13	–	0.2100	0.2100	0.1273
08/10/13 to 07/11/13	–	0.2100	0.2100	0.2000
08/11/13 to 07/12/13	–	0.2100	0.2100	0.2000
08/12/13 to 07/01/14	–	0.2100	0.2100	0.2000
08/01/14 to 07/02/14	–	0.2100	0.2100	0.2000
08/02/14 to 07/03/14	0.1522	2.2399	2.3921	0.9050
Total distributions in the period			4.7021	1.8323

Group 2: shares purchased during a distribution period

*Class 2 – Net income shares commenced on 24 September 2013

Threadneedle UK Monthly Income Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	93,310	72,863
Transaction costs	(3)	(6)
Net capital gains	<u>93,307</u>	<u>72,857</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	24,000	23,049
Overseas dividends	786	682
Stock dividends	60	138
Interest on short term investments	23	19
Bank interest	17	18
Underwriting commission	55	56
Stocklending commission	60	61
Total revenue	<u>25,001</u>	<u>24,023</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,998)	(8,040)
Registration fees	(669)	(590)
	<u>(9,667)</u>	<u>(8,630)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(23)	(22)
Safe custody fees	(6)	(6)
	<u>(29)</u>	<u>(28)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(7)	(6)
Miscellaneous expenses	(2)	(3)
	<u>(15)</u>	<u>(16)</u>
*Total expenses	<u>(9,711)</u>	<u>(8,674)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	5	–
Total current tax (note 5b)	5	–
Total tax charge for the period	<u>5</u>	<u>–</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	15,290	15,348
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,058)	(3,070)
Effects of:		
Revenue not subject to taxation	4,969	4,774
Overseas taxes	5	–
Excess expenses	(1,911)	(1,704)
Current tax charge for period (note 5a)	<u>5</u>	<u>–</u>

The fund has not recognised a deferred tax asset of £35,410,523 (2013: £33,499,415) 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:

	2014 £000	2013 £000
Interim	19,989	19,947
Final	4,527	3,389
	<u>24,516</u>	<u>23,336</u>
Add: Revenue deducted on cancellation of shares	31	149
Deduct: Revenue received on creation of shares	(147)	(93)
Net distribution for the period	<u>24,400</u>	<u>23,392</u>
Interest	–	1
Total finance costs	<u>24,400</u>	<u>23,393</u>
Net revenue after taxation	15,295	15,348
Annual management charge to capital	8,998	8,040
Equalisation on conversion	107	4
Net distribution for the period	<u>24,400</u>	<u>23,392</u>

Details of the distribution per share are set out in the table on pages 34 and 35.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	1,178	206
Sales awaiting settlement	3,054	8,551
Accrued revenue	2,682	3,093
United Kingdom income tax recoverable	5	–
Total debtors	<u>6,919</u>	<u>11,850</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(555)	(829)
Purchases awaiting settlement	(4,272)	(5,701)
Accrued expenses	(9)	(11)
Amounts payable to ACD	(787)	(702)
Total creditors	<u>(5,623)</u>	<u>(7,243)</u>

Threadneedle UK Monthly Income 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 8.

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 Monthly 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 264. The distribution per share class is given in the distribution table on pages 34 and 35. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Monthly Income Fund has entered into stocklending arrangements. The fund has earned £85,000 (2013: £86,000) of which £8,000 (2013: £8,000) was outstanding at year end. The fund paid fees of £12,000 (2013: £12,000) of which £1,000 (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £13,000 (2013: £13,000) of which £1,000 (2013: £1,000) was outstanding at year end to J.P. Morgan as they 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 £20.19m (2013: £39.06m), whilst the value of collateral held for these arrangements was £21.36m (2013: £43.65m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	21,359	100	43,650	100
	21,359	100	43,650	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

In 2013 there were no assets of the fund denominated in currencies other than Sterling.

Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2014			
US Dollar	3,054	4,936	7,990

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
UK Sterling	7,181	5,006	645,875	658,062
US Dollar	–	–	7,990	7,990
Currency 2013				
UK Sterling	1,405	2,001	585,280	588,686

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(10,150)	(10,150)
Currency 2013				
UK Sterling	–	–	(10,632)	(10,632)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: 0.40%).

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	127,177	185,538
Commissions	181	239
Taxes	543	804
Fees	2	–
Total purchase costs	726	1,043
Gross purchases total	127,903	186,581
Analysis of total sale costs		
Gross sales before transaction costs	142,763	205,577
Commissions	(212)	(280)
Total sale costs	(212)	(280)
Total sales net of transaction costs	142,551	205,297

Threadneedle Monthly Extra Income Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve a high level of income with prospects of capital growth. Income will be paid monthly.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in Sterling denominated fixed interest securities and UK equities.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Monthly Extra Income Fund has risen from 65.85p to 74.90p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +19.10% as compared to a median return of +14.47% over the same period. In view of the nature of the fund, and its investment remit, there is no directly comparable market index.

Portfolio Activity

The fund's stock selection made the main contribution to returns, with selections working best in the materials, financials and consumer-staples sectors.

Among the equity holdings, the standout performers included ITV, on further signs that the broadcaster is capitalising on rising advertising spending. Booker, the food wholesaler, also performed well, as good results indicated that the firm is continuing to deliver significant growth and is building on its 2013 acquisition of cash & carry peer Makro. The fund's large holding in WS Atkins further underpinned returns, as the engineering consultancy's results reflected the strong performance of its UK business, improved growth in its Far East operations and an encouraging outlook. Fixed-line telecom operator BT was another strong performer over the period.

UK corporate bonds fared somewhat better than government bonds, with spreads tightening over the year. In the middle of March 2013, the average spread of non-gilt bonds over similar gilts was around 165 basis points. This spread had reduced to nearer to 115 basis points a year later. All in all, this meant that the market, as measured by the non-gilt index, returned 3.4% from the end of February 2013 to the same date a year later.

The largest detractors from performance included RSA Insurance, which announced that reserves in its Irish operation would need strengthening after the discovery of accounting discrepancies; this prompted the resignation of the CEO. Meanwhile, supermarket

chain Wm Morrison underperformed as its profits came under pressure from budget chains such as Aldi and Lidl.

We introduced a new holding in Spirent, which specialises in telecoms testing and measurement. We also raised our exposure to high-yielding large-cap stocks that had lagged the market rally in the early part of the period. These included pharmaceuticals companies AstraZeneca and GlaxoSmithKline, and Imperial Tobacco. We sold British American Tobacco, taking profits after a strong performance. The portfolio remains focused on well managed, fundamentally strong businesses.

A monthly distribution of 0.20p/share was paid for both Class 1 Shares and Class Z Shares. Investors converting from Class 1 Shares to Class Z Shares experienced a fall in the monetary value of their monthly dividends due to the price of Class Z Shares being higher than the price of Class 1 Shares. The fall in their monthly dividends was offset by a higher payment at year end. Rates and relative prices will be aligned in the current year to prevent this reoccurring.

The monthly distribution rates for the current year have been set at 0.21p/share for Class 1 and Shares and 0.35p/share for Class Z Shares.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	25,495	20,402
Revenue	3	7,697	6,355
Expenses	4	(2,454)	(1,942)
Net revenue before taxation		5,243	4,413
Taxation	5	–	15
Net revenue after taxation		5,243	4,428
Total return before distributions		30,738	24,830
Finance costs: Distributions	6	(7,195)	(5,865)
Change in net assets attributable to shareholders from investment activities		23,543	18,965

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		208,424	152,477
Other assets			
Debtors	7	3,610	7,104
Cash and bank balances		8,712	3,620
Total other assets		12,322	10,724
Total assets		220,746	163,201
Liabilities			
Derivative liabilities		(17)	(56)
Other liabilities			
Creditors	8	(2,591)	(222)
Bank overdrafts		–	(5)
Distribution payable on income shares		(1,903)	(727)
Total other liabilities		(4,494)	(954)
Total liabilities		(4,511)	(1,010)
Net assets attributable to shareholders		216,235	162,191

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	162,191	131,541
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	53,742	25,377
Amounts payable on the cancellation of shares	(23,173)	(13,732)
	30,569	11,645
Dilution adjustment	46	73
Stamp duty reserve tax	(115)	(37)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	23,543	18,965
Unclaimed distribution monies brought back into account	1	4
Closing net assets attributable to shareholders	216,235	162,191

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2000	–	0.2000	0.2000
08/04/13 to 07/05/13	0.2000	–	0.2000	0.2000
08/05/13 to 07/06/13	0.2000	–	0.2000	0.2000
08/06/13 to 07/07/13	0.2000	–	0.2000	0.2000
08/07/13 to 07/08/13	0.2000	–	0.2000	0.2000
08/08/13 to 07/09/13	0.2000	–	0.2000	0.2000
08/09/13 to 07/10/13	0.2000	–	0.2000	0.2000
08/10/13 to 07/11/13	0.2000	–	0.2000	0.2000
08/11/13 to 07/12/13	0.2000	–	0.2000	0.2000
08/12/13 to 07/01/14	0.2000	–	0.2000	0.2000
08/01/14 to 07/02/14	0.2000	–	0.2000	0.2000
08/02/14 to 07/03/14	0.4939	–	0.4939	0.2913

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Monthly Extra Income Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 2				
08/03/13 to 07/04/13	0.1034	0.0966	0.2000	0.2000
08/04/13 to 07/05/13	–	0.2000	0.2000	0.2000
08/05/13 to 07/06/13	–	0.2000	0.2000	0.2000
08/06/13 to 07/07/13	–	0.2000	0.2000	0.2000
08/07/13 to 07/08/13	–	0.2000	0.2000	0.2000
08/08/13 to 07/09/13	–	0.2000	0.2000	0.2000
08/09/13 to 07/10/13	–	0.2000	0.2000	0.2000
08/10/13 to 07/11/13	–	0.2000	0.2000	0.2000
08/11/13 to 07/12/13	–	0.2000	0.2000	0.2000
08/12/13 to 07/01/14	–	0.2000	0.2000	0.2000
08/01/14 to 07/02/14	–	0.2000	0.2000	0.2000
08/02/14 to 07/03/14	0.0250	0.4689	0.4939	0.2913
Total distributions in the period			2.6939	2.4913

Class Z Shares

Net Income Distribution Period	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2000	–	0.2000	–
08/04/13 to 07/05/13	0.2000	–	0.2000	–
08/05/13 to 07/06/13	0.2000	–	0.2000	–
08/06/13 to 07/07/13	0.2000	–	0.2000	–
08/07/13 to 07/08/13	0.2000	–	0.2000	–
08/08/13 to 07/09/13	0.2000	–	0.2000	–
08/09/13 to 07/10/13	0.2000	–	0.2000	0.0047
08/10/13 to 07/11/13	0.2000	–	0.2000	0.2000
08/11/13 to 07/12/13	0.2000	–	0.2000	0.2000
08/12/13 to 07/01/14	0.2000	–	0.2000	0.2000
08/01/14 to 07/02/14	0.2000	–	0.2000	0.2000
08/02/14 to 07/03/14	2.3095	–	2.3095	0.7556
Group 2				
08/03/13 to 07/04/13	–	0.2000	0.2000	–
08/04/13 to 07/05/13	–	0.2000	0.2000	–
08/05/13 to 07/06/13	–	0.2000	0.2000	–
08/06/13 to 07/07/13	–	0.2000	0.2000	–
08/07/13 to 07/08/13	–	0.2000	0.2000	–
08/08/13 to 07/09/13	–	0.2000	0.2000	–
08/09/13 to 07/10/13	–	0.2000	0.2000	0.0047
08/10/13 to 07/11/13	–	0.2000	0.2000	0.2000
08/11/13 to 07/12/13	–	0.2000	0.2000	0.2000
08/12/13 to 07/01/14	–	0.2000	0.2000	0.2000
08/01/14 to 07/02/14	–	0.2000	0.2000	0.2000
08/02/14 to 07/03/14	–	2.3095	2.3095	0.7556
Total distributions in the period			4.5095	1.5603

Group 2: shares purchased during a distribution period

Threadneedle Monthly Extra Income Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	25,005	20,560
Forward currency contracts	498	(155)
Other (losses)/gains	(4)	1
Transaction costs	(4)	(4)
Net capital gains	25,495	20,402

3 REVENUE

	2014 £000	2013 £000
UK dividends	5,667	4,570
Stock dividends	20	28
Interest on debt securities	1,974	1,707
Interest on short term investments	3	–
Bank interest	16	11
Underwriting commission	–	22
Stocklending commission	17	17
Total revenue	7,697	6,355

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,212)	(1,752)
Registration fees	(205)	(154)
	(2,417)	(1,906)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(18)	(16)
Safe custody fees	(3)	(3)
	(21)	(19)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(10)	(10)
	(16)	(17)
*Total expenses	(2,454)	(1,942)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Adjustments in respect of prior periods	–	15
Total current tax (note 5b)	–	15
Total tax charge for the period	–	15
b) Factors affecting taxation charge for period		
Net revenue before taxation	5,243	4,413
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,049)	(883)
Effects of:		
Revenue not subject to taxation	1,138	920
Excess expenses	(89)	(37)
Adjustments in respect of prior periods	–	15
Current tax charge for period (note 5a)	–	15

The fund has not recognised a deferred tax asset of £126,541 (2013: £37,727) 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:

	2014 £000	2013 £000
Interim	5,619	5,178
Final	1,903	727
	7,522	5,905
Add: Revenue deducted on cancellation of shares	32	67
Deduct: Revenue received on creation of shares	(359)	(107)
Net distribution for the period	7,195	5,865
Net revenue after taxation	5,243	4,428
Annual management charge to capital	2,212	1,752
Tax thereon	(316)	(316)
Equalisation on conversion	56	1
Net distribution for the period	7,195	5,865

Details of the distribution per share are set out in the table on pages 38 and 39.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	2,048	5,968
Accrued revenue	1,562	1,133
Foreign withholding tax recoverable	–	3
Total debtors	3,610	7,104

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(1)	(18)
Purchases awaiting settlement	(2,345)	–
Accrued expenses	(10)	(13)
Amounts payable to ACD	(203)	(159)
Corporation tax payable	(32)	(32)
Total creditors	(2,591)	(222)

Threadneedle Monthly Extra Income 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 8.

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

Monthly Extra Income Fund currently has two share classes; Class 1 and Class Z shares. The charges on each share class are as follows:

Annual management charge

Class 1 shares	1.25%
Class Z shares	0.60%

Registration fees

Class 1 shares	0.110%
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 265. The distribution per share class is given in the distribution table on pages 38 and 39. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Monthly Extra Income Fund has entered into stocklending arrangements. The fund has earned £24,000 (2013: £23,000) of which £2,000 (2013: £2,000) was outstanding at year end. The fund paid fees of £3,000 (2013: £3,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2013: £3,000) of which Nil (2013: 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 £1.87m (2013: £6.11m), whilst the value of collateral held for these arrangements was £1.95m (2013: £6.54m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	1,946	100	6,541	100
	1,946	100	6,541	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2014			
Euro	45	(26)	19
US Dollar	105	(75)	30
Currency 2013	£000	£000	£000
Euro	94	(111)	(17)
US Dollar	(5)	(32)	(37)

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	200	2,191	45	2,436
UK Sterling	7,196	35,538	177,855	220,589
US Dollar	32	4,862	73	4,967
Currency 2013	£000	£000	£000	£000
Euro	138	1,228	–	1,366
UK Sterling	5,783	24,919	132,491	163,193
US Dollar	248	2,304	–	2,552
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	(109)	(2,217)	(91)	(2,417)
UK Sterling	–	–	(4,403)	(4,403)
US Dollar	–	(4,937)	–	(4,937)
Currency 2013	£000	£000	£000	£000
Euro	(48)	(1,335)	–	(1,383)
UK Sterling	–	–	(948)	(948)
US Dollar	(257)	(2,332)	–	(2,589)
	Fixed rate financial assets Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed	
	2014	2013	2014	2013
Currency	%	%	years	years
Euro	7	6	25.22	17.26
UK Sterling	6	7	16.75	15.51
US Dollar	6	6	9.80	10.39

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: Nil).

Threadneedle Monthly Extra Income 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.

Non interest-bearing assets relate to equities which do not have maturity dates and forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of £20,000 (2013: Nil) and a liability value of £17,000 (2013: £56,000).

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

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014	2013
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	55,304	22,319
Commissions	46	–
Taxes	148	63
Total purchase costs	194	63
Gross purchases total	55,498	22,382
Analysis of total sale costs		
Gross sales before transaction costs	23,463	20,632
Commissions	(15)	(4)
Total sale costs	(15)	(4)
Total sales net of transaction costs	23,448	20,628

Threadneedle UK Corporate Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve a high level of income.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in fixed interest investments in the UK and Continental Europe.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Corporate Bond Fund has fallen from 57.20p to 56.94p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +3.06% as compared to a median return of +2.98% over the same period. The fund return equates approximately to +4.65% gross of tax and charges**. (For information the iBoxx £ Non-Gilts (Linked with UBS Warburg All Stocks Investment Grade Index pre 30/06/2003) gave a total return of +3.33% for the same period).

Portfolio Activity

Over the review period, government-bond yields drifted higher, with the yield on the 10-year benchmark UK gilt rising from 2% to 2.8%. This mirrored similar performance in other global government-bond markets, such as the US and Europe, and was also driven by a material improvement in the UK economy over the period. UK GDP grew at a rate of 2.7% and the unemployment rate fell from 8.5% in 2012 to 7.25% at the end of 2013. Together these statistics make a change of direction in interest rates more probable in the coming quarters.

UK corporate bonds fared somewhat better than government bonds, with spreads tightening over the year. In the middle of March 2013, the average spread of non-gilt bonds over similar gilts was around 165 basis points. This spread had reduced to nearer to 115 basis points a year later. All in all, this meant that the market, as measured by the non-gilt index, returned 3.4% from the end of February 2013 to the same date a year later.

The fund was invested with less duration (interest rate risk) than the benchmark index and more credit or corporate bond risk. This reflected the poorer risk-return outlook of gilts, given the low level of real and nominal yields, and corporate-bond spreads which were wider than the historic average, at least at the start of the period.

On a sector-by-sector basis, we had a preference for banks and insurance companies, as well as non-cyclical consumer companies. Key underweight sectors included sovereign and supranationals, as well as healthcare and industrials. This reflected ongoing relative credit improvement in financials and more compelling valuations. There was significant new issue or primary market activity through the year.

Over the 12 months to the end of February 2014, the fund had returned a net 3.1%, which was slightly better than the sector median. On a gross basis versus the secondary IBOXX index, the fund outperformed by around 130 basis points.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(2,804)	48,228
Revenue	3	33,367	34,935
Expenses	4	(4,139)	(4,373)
Finance costs:			
Derivative expense	6	(632)	(154)
Interest	6	–	(24)
Net revenue before taxation		28,596	30,384
Taxation	5	–	–
Net revenue after taxation		28,596	30,384
Total return before distributions		25,792	78,612
Finance costs: Distributions	6	(28,599)	(30,384)
Change in net assets attributable to shareholders from investment activities		(2,807)	48,228

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		645,886	703,453
Other assets			
Debtors	7	24,704	26,946
Cash and bank balances	8	13,593	37,386
Total other assets		38,297	64,332
Total assets		684,183	767,785
Liabilities			
Derivative liabilities		(51)	(3,303)
Other liabilities			
Creditors	9	(11,474)	(21,213)
Bank overdrafts	8	–	(134)
Distribution payable on income shares		(2,020)	(2,546)
Total other liabilities		(13,494)	(23,893)
Total liabilities		(13,545)	(27,196)
Net assets attributable to shareholders		670,638	740,589

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	740,589	606,583
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	52,169	176,224
Amounts payable on the cancellation of shares	(136,587)	(108,493)
	(84,418)	67,731
Dilution adjustment	101	71
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(2,807)	48,228
Retained distribution on accumulation shares	17,163	17,933
Unclaimed distribution monies brought back into account	10	43
Closing net assets attributable to shareholders	670,638	740,589

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares Net Income Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/06/13	0.5530	0.1106	0.4424	–	0.4424	0.4234
08/06/13 to 07/09/13	0.5616	0.1123	0.4493	–	0.4493	0.4413
08/09/13 to 07/12/13	0.5281	0.1056	0.4225	–	0.4225	0.4270
08/12/13 to 07/03/14	0.5305	0.1061	0.4244	–	0.4244	0.4402
Group 2						
08/03/13 to 07/06/13	0.1945	0.0389	0.1556	0.2868	0.4424	0.4234
08/06/13 to 07/09/13	0.2259	0.0452	0.1807	0.2686	0.4493	0.4413
08/09/13 to 07/12/13	0.2229	0.0446	0.1783	0.2442	0.4225	0.4270
08/12/13 to 07/03/14	0.1883	0.0377	0.1506	0.2738	0.4244	0.4402
Total distributions in the period					1.7386	1.7319

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Corporate Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/06/13	0.5533	–	0.5533	0.5296
08/06/13 to 07/09/13	0.5605	–	0.5605	0.5508
08/09/13 to 07/12/13	0.5227	–	0.5227	0.5316
08/12/13 to 07/03/14	0.5264	–	0.5264	0.5464
Group 2				
08/03/13 to 07/06/13	0.3451	0.2082	0.5533	0.5296
08/06/13 to 07/09/13	0.2410	0.3195	0.5605	0.5508
08/09/13 to 07/12/13	0.2657	0.2570	0.5227	0.5316
08/12/13 to 07/03/14	0.1940	0.3324	0.5264	0.5464
Total distributions in the period			2.1629	2.1584

Class 2 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/06/13	0.6100	0.1220	0.4880	–	0.4880	0.4660
08/06/13 to 07/09/13	0.6136	0.1227	0.4909	–	0.4909	0.4852
08/09/13 to 07/12/13	0.5804	0.1161	0.4643	–	0.4643	0.4718
08/12/13 to 07/03/14	0.5829	0.1166	0.4663	–	0.4663	0.4848
Group 2						
08/03/13 to 07/06/13	0.2136	0.0427	0.1709	0.3171	0.4880	0.4660
08/06/13 to 07/09/13	0.2569	0.0514	0.2055	0.2854	0.4909	0.4852
08/09/13 to 07/12/13	0.2195	0.0439	0.1756	0.2887	0.4643	0.4718
08/12/13 to 07/03/14	0.2598	0.0520	0.2078	0.2585	0.4663	0.4848
Total distributions in the period					1.9095	1.9078

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/06/13	0.9833	–	0.9833	0.8994
08/06/13 to 07/09/13	0.9974	–	0.9974	0.9454
08/09/13 to 07/12/13	0.9510	–	0.9510	0.9274
08/12/13 to 07/03/14	0.9626	–	0.9626	0.9597
Group 2				
08/03/13 to 07/06/13	0.4851	0.4982	0.9833	0.8994
08/06/13 to 07/09/13	0.4570	0.5404	0.9974	0.9454
08/09/13 to 07/12/13	0.5523	0.3987	0.9510	0.9274
08/12/13 to 07/03/14	0.3007	0.6619	0.9626	0.9597
Total distributions in the period			3.8943	3.7319

Group 2: shares purchased during a distribution period

Threadneedle UK Corporate Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(12,035)	51,272
Derivative contracts	(571)	1,423
Forward currency contracts	9,970	(4,682)
Other (losses)/gains	(161)	226
Transaction costs	(7)	(11)
Net capital (losses)/gains	(2,804)	48,228

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	33,291	34,742
Interest on short term investments	28	80
Bank interest	14	60
Stocklending commission	34	53
Total revenue	33,367	34,935

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,703)	(3,883)
Registration fees	(364)	(417)
	(4,067)	(4,300)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(24)	(24)
Safe custody fees	(34)	(34)
	(58)	(58)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(8)	(8)
	(14)	(15)
*Total expenses	(4,139)	(4,373)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	28,596	30,384
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,719)	(6,077)
Effects of:		
Prior period expenses utilised	1	–
Distributions treated as tax deductible	5,718	6,077
Current tax charge for period (note 5a)	–	–

The fund does not have an unrecognised deferred tax asset at the year end (2013: £927) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% on net share classes 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:

	2014 £000	2013 £000
Interim	21,381	22,771
Final	6,774	7,724
	28,155	30,495
Add: Revenue deducted on cancellation of shares	716	707
Deduct: Revenue received on creation of shares	(272)	(818)
Net distribution for the period	28,599	30,384
Derivative expenses	632	154
Interest	–	24
Total finance costs	29,231	30,562
Net revenue after taxation	28,596	30,384
Equalisation on conversion	3	–
Net distribution for the period	28,599	30,384

Details of the distribution per share are set out in the table on pages 43 and 44.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	10,570	1,123
Sales awaiting settlement	550	10,428
Accrued revenue	13,584	15,395
Total debtors	24,704	26,946

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	1,123	2,568
Cash and bank balances	12,470	34,818
	13,593	37,386
Bank overdrafts	–	(134)
Total cash and bank balances	13,593	37,252

Threadneedle UK Corporate Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(841)	(3,155)
Purchases awaiting settlement	(9,347)	(16,543)
Accrued expenses	(15)	(19)
Amounts payable to ACD	(297)	(338)
Income tax payable	(974)	(1,158)
Total creditors	(11,474)	(21,213)

10 RELATED PARTY TRANSACTIONS

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

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

UK Corporate Bond 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	0.75%
Class 2 shares	0.50%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 265. The distribution per share class is given in the distribution table on pages 43 and 44. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the UK Corporate Bond Fund has entered into stocklending arrangements. The fund has earned £48,000 (2013: £74,000) of which £5,000 (2013: £7,000) was outstanding at year end. The fund paid fees of £7,000 (2013: £10,000) of which £1,000 (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £7,000 (2013: £11,000) of which £1,000 (2013: £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 £21.57m (2013: £13.85m), whilst the value of collateral held for these arrangements was £22.56m (2013: £14.52m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	22,560	100	14,517	100
	22,560	100	14,517	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 8 and 9.

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
Currency 2014			
Euro	2,498	(2,044)	454
US Dollar	2,236	(1,706)	530

	£000	£000	£000
Currency 2013			
Euro	1,847	(1,000)	847
US Dollar	945	(578)	367

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	7,064	38,050	901	46,015
UK Sterling	64,780	594,983	22,265	682,028
US Dollar	1,178	73,242	1,635	76,055

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	(4,507)	(39,892)	(1,162)	(45,561)
UK Sterling	–	–	(12,374)	(12,374)
US Dollar	(583)	(74,942)	–	(75,525)

	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average interest rate	Weighted average rate is fixed	Weighted average period for which rate is fixed	Weighted average period	Weighted average period	Weighted average period
	2014	2013	2014	2013	2014	2013
Currency	%	%	years	Years	years	Years
Euro	6	5	17.83	13.92	2.35	–
UK Sterling	6	6	16.64	15.24	0.30	–
US Dollar	6	6	13.67	14.98	0.29	–

Threadneedle UK Corporate Bond Fund

Notes to the financial statements

(continued)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: 0.40%).

Non interest-bearing assets relate to credit default swaps, forward foreign exchange contracts and futures and options. Derivatives including forwards, credit default swaps, futures and options are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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 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. At 7 March 2014, the fund had outstanding credit default swaps, open forward foreign exchange contracts and futures and options with an asset value of £1,858,000 (2013: £839,000) and a liability value of £51,000 (2013: £3,303,000).

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.

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.

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.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £271,432,669 (2013: £371,727,502) and proceeds received from sales were £315,728,187 (2013: £271,459,856).

Threadneedle Sterling Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve total return primarily by way of income with some capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in UK Government Securities denominated in Sterling and Sterling denominated securities issued by Governments, Government Agencies and Supranational Borrowers.

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 other fixed interest securities and money market securities). For liquidity purposes it may invest in cash and near cash.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Sterling Bond Fund has fallen from 52.51p to 50.52p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is -2.23% as compared to a median return of -1.73% over the same period. The fund return equates approximately

to -0.82% gross of tax and charges**. (For information the FTSE All Stocks Index gave a total return of -0.85% for the same period).

Portfolio Activity

The year started strongly for risk and equity markets, with gilt yields rising in January. A run of bad economic news saw gilts and other developed bond markets reach their peak in May before a sell-off began after Ben Bernanke, the chairman of the US Federal Reserve, raised the prospect of "tapering" the central bank's asset purchases; the 10-year yield broke through 3% temporarily in September. Gilts rallied after the Fed refrained from tapering in September, when an announcement of a reduction in bond purchases had been widely expected, and then steadily sold off to finish the year yielding near 3%. The UK yield curve flattened dramatically in August and finished the year some 70 basis points lower than at its steepest point in February, as measured by 5-year yields versus 30-year yields.

With gilts still seen as a "safe haven" despite Moody's removal of the UK's triple-A rating, foreign central banks continued to buy shorter-duration issues. Domestic pension funds still had a need for long-duration assets, as evidenced by the issuance of, and strong demand for, the new super-long 3.5% bond that matures in 2068.

The fund performed in line with its benchmark, the FTA All-Stock Gilts index, in 2013. In the first half of the year the fund underperformed the benchmark, mainly because of holding a predominantly long-duration position when yields rose in June.

The overall duration (sensitivity to movements in interest rates) of the fund was kept relatively close to that of the benchmark over the period, deviating by no more than half a year. Our underlying preference was toward short-duration bonds, as the UK economy continued to improve. However, we maintained a tactical approach to duration, taking opportunities as they arose and, on occasion, moving the duration as much as three or four times per month.

The portfolio gained diversification by investing in off-benchmark positions in US Treasuries and bunds, as well as Treasury inflation-protected securities and UK index-linked bonds. At year-end the fund held an overweight position in the 10-15-year part of the curve against an underweight in the 25-year+ maturities, and had allocations to 16-year index-linked bonds and 30-year US Treasuries. Rates should normalise as economic conditions gradually improve, but we expect Bank of England Governor Mark Carney to resist hiking rates for as long as possible.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(4,843)	3,066
Revenue	3	2,964	4,187
Expenses	4	(1,776)	(2,796)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		1,188	1,390
Taxation	5	–	–
Net revenue after taxation		1,188	1,390
Total return before distributions		(3,655)	4,456
Finance costs: Distributions	6	(2,698)	(3,739)
Change in net assets attributable to shareholders from investment activities		(6,353)	717

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		136,779	180,802
Other assets			
Debtors	7	6,836	3,253
Cash and bank balances		2,460	5,136
Total other assets		9,296	8,389
Total assets		146,075	189,191
Liabilities			
Derivative liabilities		–	(40)
Other liabilities			
Creditors	8	(8,930)	(7,652)
Distribution payable on income shares		(702)	(858)
Total other liabilities		(9,632)	(8,510)
Total liabilities		(9,632)	(8,550)
Net assets attributable to shareholders		136,443	180,641

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	180,641	248,446
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	15,580	36,282
Amounts payable on the cancellation of shares	(54,247)	(105,598)
	(38,667)	(69,316)
Dilution adjustment	6	32
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(6,353)	717
Retained distribution on accumulation shares	816	762
Closing net assets attributable to shareholders	136,443	180,641

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares								
Net Income								
Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013		
Group 1								
08/03/13 to 07/09/13	0.4336	0.0867	0.3469	–	0.3469	0.3434		
08/09/13 to 07/03/14	0.4841	0.0968	0.3873	–	0.3873	0.3312		
Group 2								
08/03/13 to 07/09/13	0.2171	0.0434	0.1737	0.1732	0.3469	0.3434		
08/09/13 to 07/03/14	0.1425	0.0285	0.1140	0.2733	0.3873	0.3312		
Total distributions in the period					0.7342	0.6746		
Class 1 Shares								
Gross Accumulation								
Distribution Period	Gross Revenue		Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013			
Group 1								
08/03/13 to 07/09/13	0.8632	–	–	0.8632	0.8423			
08/09/13 to 07/03/14	0.9705	–	–	0.9705	0.8141			
Group 2								
08/03/13 to 07/09/13	0.4675	–	0.3957	0.8632	0.8423			
08/09/13 to 07/03/14	0.5902	–	0.3803	0.9705	0.8141			
Total distributions in the period					1.8337	1.6564		

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Sterling Bond Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	0.8413	0.1683	0.6730	–	0.6730	–
08/09/13 to 07/03/14	0.9348	0.1870	0.7478	–	0.7478	0.6429
Group 2						
08/03/13 to 07/09/13	0.2274	0.0455	0.1819	0.4911	0.6730	–
08/09/13 to 07/03/14	0.3069	0.0614	0.2455	0.5023	0.7478	0.6429
Total distributions in the period					1.4208	0.6429

Class Z Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	0.8486	–	0.8486	–
08/09/13 to 07/03/14	0.9503	–	0.9503	0.7977
Group 2				
08/03/13 to 07/09/13	0.7206	0.1280	0.8486	–
08/09/13 to 07/03/14	0.9503	–	0.9503	0.7977
Total distributions in the period			1.7989	0.7977

Group 2: shares purchased during a distribution period

Threadneedle Sterling Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(5,096)	3,219
Forward currency contracts	273	(122)
Other losses	(15)	(26)
Transaction costs	(5)	(5)
Net capital (losses)/gains	<u>(4,843)</u>	<u>3,066</u>

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	2,932	4,122
Bank interest	9	15
Stocklending commission	23	50
Total revenue	<u>2,964</u>	<u>4,187</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,510)	(2,349)
Registration fees	(234)	(411)
	<u>(1,744)</u>	<u>(2,760)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(16)	(19)
Safe custody fees	(2)	(2)
	<u>(18)</u>	<u>(21)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(8)	(8)
	<u>(14)</u>	<u>(15)</u>
*Total expenses	<u>(1,776)</u>	<u>(2,796)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,188	1,390
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(238)	(278)
Effects of:		
Prior period expenses utilised	238	–
Excess expenses	–	(470)
Distributions treated as tax deductible	–	748
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £6,855,125 (2013: £7,092,761) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% on net share classes 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:

	2014 £000	2013 £000
Interim	1,215	2,049
Final	1,308	1,427
	<u>2,523</u>	<u>3,476</u>
Add: Revenue deducted on cancellation of shares	238	408
Deduct: Revenue received on creation of shares	(63)	(145)
Net distribution for the period	<u>2,698</u>	<u>3,739</u>
Interest	–	1
Total finance costs	<u>2,698</u>	<u>3,740</u>
Net revenue after taxation	1,188	1,390
Annual management charge to capital	1,510	2,349
Net distribution for the period	<u>2,698</u>	<u>3,739</u>

Details of the distribution per share are set out in the table on pages 48 and 49.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	162	147
Sales awaiting settlement	6,142	2,459
Accrued revenue	532	647
Total debtors	<u>6,836</u>	<u>3,253</u>

Threadneedle Sterling Bond Fund

Notes to the financial statements

(continued)

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(426)	(573)
Purchases awaiting settlement	(8,201)	(6,671)
Accrued expenses	(8)	(11)
Amounts payable to ACD	(121)	(163)
Income tax payable	(174)	(234)
Total creditors	(8,930)	(7,652)

9 RELATED PARTY TRANSACTIONS

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

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

The Sterling Bond Fund currently has two share classes; Class 1 and Class Z shares. The charges on each share class are as follows:

Annual management charge

Class 1 shares	1.00%
Class Z shares	0.40%

Registration fees

Class 1 shares	0.150%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 266. The distribution per share class is given in the distribution table on pages 48 and 49. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Sterling Bond Fund has entered into stocklending arrangements. The fund has earned £33,000 (2013: £71,000) of which £3,000 (2013: £7,000) was outstanding at year end. The fund paid fees of £5,000 (2013: £10,000) of which Nil (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £5,000 (2013: £11,000) of which £1,000 (2013: £1,000) was outstanding 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 £17.38m (2013: £77.26m), whilst the value of collateral held for these arrangements was £17.82m (2013: £79.37m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	17,819	100	79,369	100
	17,819	100	79,369	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

Net foreign currency assets

	Monetary exposures £000	Non- monetary exposures £000	Total £000
Currency 2014			
US Dollar	2	–	2
Currency 2013	£000	£000	£000
Australian Dollar	5	–	5
Euro	–	(23)	(23)
US Dollar	45	1,783	1,828

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
UK Sterling	2,458	136,779	6,836	146,073
US Dollar	2	–	–	2
Currency 2013	£000	£000	£000	£000
Australian Dollar	5	–	–	5
UK Sterling	5,103	179,002	3,236	187,341
US Dollar	28	1,800	17	1,845
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(9,632)	(9,632)
Currency 2013	£000	£000	£000	£000
Australian Dollar	(23)	–	–	(23)
UK Sterling	–	–	(8,510)	(8,510)
US Dollar	–	(17)	–	(17)
	Fixed rate financial assets Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed	
Currency	2014 %	2013 %	2014 years	2013 years
UK Sterling	3	3	13.04	13.38
US Dollar	–	3	–	29.71

Threadneedle Sterling 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.

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets. 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of £2,000 (2013: Nil) and a liability value of Nil (2013: £30,000).

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 (2013: 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 £400,587,720 (2013: £779,328,400) and proceeds received from sales were £437,471,441 (2013: £845,964,375).

Threadneedle Sterling Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve a high level of capital security and provide income.

Investment Policy

The ACD's investment policy is to invest the assets of the fund in Sterling denominated cash deposits and certificates of deposit and UK Government issued Treasury Bills. If the ACD considers it desirable it may also invest up to 50% of the total assets of the fund in Sterling denominated commercial paper. The investment policy shall be subject to the following credit rating restrictions:

- Bank deposits shall be held with and certificates of deposit shall be issued by a deposit taking institution with a minimum long term credit rating of either (a) Standard & Poor's AA-, or (b) Moody's AA3;
- Commercial paper issued by institutions with a minimum short term credit rating either (a) Standard & Poor's A1, or (b) Moody's P1, and with a maximum term to maturity of 184 days; and
- UK Government issued treasury bills shall have a maximum term to maturity of 184 days.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Sterling Fund has risen from 99.88p to 99.89p.

The total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +0.13%. (Source: Threadneedle, bid-bid, net income reinvested.)

Portfolio Activity

Having been cut to a historic low back in March 2009, UK interest rates once again remained unchanged at 0.5% throughout the whole period under review.

But as the second quarter of 2013 progressed, economic data in the UK and the US, in particular, showed a marked improvement. This caused markets to consider the possibility of interest-rate rises later in the year.

In early July, the Bank of England announced that interest rates and quantitative easing would remain unchanged. Following this, the new governor, Mark Carney, wasted no time in releasing a statement suggesting that markets were getting ahead of themselves, and that rates were likely to stay unchanged for some time to come. The release of a statement alongside the Monetary Policy Committee's rate decision was quite a rare step, but this policy of 'forward guidance' was taken well by the markets and looked like a sign of how Mr Carney will deal with the markets going forward.

In August, he took this a step further by stating that the bank would not consider raising interest rates until the unemployment rate had fallen to 7% or below. There were several provisos, perhaps the most notable of which was CPI inflation remaining under control. By December the unemployment rate had fallen more rapidly than expected, and markets had to be reassured that any increase in rates was still some way off.

At the beginning of November, the European Central Bank surprised markets by cutting interest rates to an all-time low of 0.25%. Although there have been signs of strengthening

economic activity in Germany, other parts of Europe – including France – have continued to struggle. The unemployment rate remains stubbornly high, and there are fears of a possible descent into deflationary conditions.

In December, the Federal Reserve finally announced its intention to begin "tapering" the US\$85 billion-per-month bond-buying programme by US\$10 billion per month – starting in January 2014. This was alongside a new pledge to keep interest rates low for an extended period, which has been taken as a sign of renewed confidence in the US economic recovery.

During the reporting period, there was little change in the 3-month Libor rate. It rose marginally from 0.51% to 0.52%. As global rates look unlikely to change in the near future, the short-term interest-rate curves for the UK, US and Europe remain fairly flat. There is little benefit in extending the maturity profile of the fund.

At the end of the period, the weighted average maturity profile of the fund was approximately 58 days; the weighted average yield was around 0.46%. The holdings were split roughly along the following lines: 49% bank certificates of deposit, 20% short-dated bank deposits and 31% in euro commercial paper issued by banks or supranationals (i.e. government-backed issuers).

We have kept the fund well diversified and liquid, and have invested in a mixture of well-rated banks and sovereign-backed institutions. We take the financial strength of these banks and financial institutions into consideration when selecting suitable investments. The portfolio will comprise very short-dated instruments, with a view to achieving a competitive rate of interest.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains/(losses)	2	19	(36)
Revenue	3	992	1,264
Expenses	4	(610)	(626)
Net revenue before taxation		382	638
Taxation	5	–	–
Net revenue after taxation		382	638
Total return before distributions		401	602
Finance costs: Distributions	6	(382)	(638)
Change in net assets attributable to shareholders from investment activities		19	(36)

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		187,523	175,616
Other assets			
Debtors	7	1,103	215
Cash and bank balances		46,465	48,069
Total other assets		47,568	48,284
Total assets		235,091	223,900
Liabilities			
Other liabilities			
Creditors	8	(95)	(97)
Distribution payable on income shares		(167)	(175)
Total other liabilities		(262)	(272)
Total liabilities		(262)	(272)
Net assets attributable to shareholders		234,829	223,628

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	223,628	246,260
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	79,385	65,775
Amounts payable on the cancellation of shares	(68,203)	(88,371)
	11,182	(22,596)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	19	(36)
Closing net assets attributable to shareholders	234,829	223,628

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution	
					Paid/Payable 2013/2014	Paid 2012/2013
Class 1 Shares						
Net Income						
Group 1						
08/03/13 to 07/09/13	0.0813	0.0163	0.0650	–	0.0650	0.1427
08/09/13 to 07/03/14	0.0886	0.0177	0.0709	–	0.0709	0.0780
Group 2						
08/03/13 to 07/09/13	0.0340	0.0068	0.0272	0.0378	0.0650	0.1427
08/09/13 to 07/03/14	0.0555	0.0111	0.0444	0.0265	0.0709	0.0780
Total distributions in the period					0.1359	0.2207

Group 2: shares purchased during a distribution period

*In pound Sterling and against UK peer group.

**Please note that the Sterling Fund is currently registered for public offer in the UK only and it is not intended to be registered outside the UK unless otherwise decided by the ACD. Shares in the Sterling Fund must not be marketed to the public in any other jurisdiction. Please refer to pages 263 – 279 for comparative tables.

Threadneedle Sterling Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS/(LOSSES)

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

	2014	2013
	£000	£000
Non-derivative securities	20	(35)
Transaction costs	(1)	(1)
Net capital gains/(losses)	19	(36)

3 REVENUE

	2014	2013
	£000	£000
Interest on debt securities	786	1,004
Interest on short term investments	205	259
Bank interest	1	1
Total revenue	992	1,264

4 EXPENSES

	2014	2013
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(334)	(343)
Registration fees	(245)	(252)
	(579)	(595)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(19)	(19)
Safe custody fees	(5)	(5)
	(24)	(24)
Other expenses:		
Audit fee	(7)	(7)
	(7)	(7)
*Total expenses	(610)	(626)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014	2013
	£000	£000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	382	638
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(76)	(128)
Effects of:		
Distributions treated as tax deductible	76	128
Current tax charge for period (note 5a)	–	–

The fund does not have an unrecognised deferred tax asset at the year end (2013: £25) arising as a result of having unutilised management expenses.

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

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:

	2014	2013
	£000	£000
Interim	167	404
Final	205	217
	372	621
Add: Revenue deducted on cancellation of shares	29	43
Deduct: Revenue received on creation of shares	(19)	(26)
Net distribution for the period	382	638
Total finance costs	382	638

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

7 DEBTORS

	2014	2013
	£000	£000
Amounts receivable for the issue of shares	1,000	–
Accrued revenue	103	215
Total debtors	1,103	215

8 CREDITORS

	2014	2013
	£000	£000
Accrued expenses	(8)	(10)
Amounts payable to ACD	(47)	(45)
Income tax payable	(40)	(42)
Total creditors	(95)	(97)

9 RELATED PARTY TRANSACTIONS

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

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.

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

10 SHAREHOLDER FUNDS

Sterling Fund currently has one share class; Class 1 shares. The charges are as follows:

Annual management charge	
Class 1 shares	0.15%
Registration fees	
Class 1 shares	0.110%

The net asset value, the net asset value per share, and the number of shares are given in the comparative table on page 266. The distribution is given in the distribution table on page 53.

Threadneedle Sterling Fund

Notes to the financial statements

(continued)

11 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 8 and 9.

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
UK Sterling	42	233,946	1,103	235,091
Currency 2013				
UK Sterling	158	223,527	215	223,900

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(262)	(262)
Currency 2013				
UK Sterling	–	–	(272)	(272)

	Fixed rate financial assets Weighted average interest rate 2014	Fixed rate financial assets Weighted average period for which rate is fixed 2013	Fixed rate financial assets Weighted average period for which rate is fixed 2014	Fixed rate financial assets Weighted average period for which rate is fixed 2013
Currency	%	%	years	years
UK Sterling	–	–	0.14	0.14

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.45% (2013: 0.42%).

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

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.

12 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

13 PORTFOLIO TRANSACTION COSTS

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

The total cost of purchases during the period was £691,464,290 (2013: £750,794,619) and proceeds received from sales were £679,578,078 (2013: £752,510,720).

Threadneedle European Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in equities of companies domiciled in Continental Europe or which have significant Continental European operations with growth prospects. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle European Fund has risen from 158.27p to 167.72p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +8.35% as compared to a median return of +15.67% over the same period. (For information the FTSE World Europe ex UK (GBP) Index returned +15.39% over the same period).

Portfolio Activity

European stocks enjoyed a strong year although performance was relatively volatile, with most of the rally occurring between July and January.

The policy of the European Central Bank (ECB), headed by Mario Draghi, continued to support markets, and Italian and Spanish bonds strengthened over the year; investors also increasingly took heart from signs of a recovery in demand and the likelihood of improving GDP in 2014. As against this, a slowing in emerging markets (particularly China; South America has also hit problems) has affected companies with earnings derived from that area, and the Ukrainian crisis caused some concern towards the end of the review period. Deflationary fears are also running high, but the ECB appears to assume that while the growth trend is positive, a mere watching brief over the low levels of inflation is appropriate.

Over the full year, there was little major change in sector positioning. We remained overweight in industrials and consumer sectors, and underweight in financials, telecoms and utilities. Similarly, we remained overweight in Germany, Ireland and Sweden, and underweight in France and the Netherlands.

Major transactions over the year included purchases of ING, the Dutch banking-and-insurance group, where restructuring and divestment offer good prospects for unlocking shareholder value. We switched from DNB to Nordea, taking advantage of a (Swedish) government share-placing in the latter to acquire shares at attractive levels. We took profits in BBVA after the Spanish bank's shares enjoyed a strong rally, and sold Ziggo after the company was subject to a takeover bid.

Rhetoric from the ECB is still supportive and its stance is likely to remain accommodative. The economic backdrop has improved, notably in Germany and, to a lesser extent, in some of the peripheral economies. Nevertheless, political risks remain in parts of the eurozone as resistance to austerity policies continues. The current malaise in emerging markets affects some European companies but is unlikely to impact European growth unless the situation deteriorates further.

We believe that the outlook remains encouraging at the company level, and we continue to find good long-term opportunities in European equities, particularly those with robust earnings, pricing power and strong domestic growth prospects.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	26,534	100,336
Revenue	3	11,865	14,781
Expenses	4	(6,845)	(6,364)
Finance costs: Interest	6	–	(11)
Net revenue before taxation		5,020	8,406
Taxation	5	(1,348)	(1,687)
Net revenue after taxation		3,672	6,719
Total return before distributions		30,206	107,055
Finance costs: Distributions	6	(3,672)	(6,721)
Change in net assets attributable to shareholders from investment activities		26,534	100,334

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		559,578	520,870
Other assets			
Debtors	7	7,856	5,591
Cash and bank balances		1,554	8,208
Total other assets		9,410	13,799
Total assets		568,988	534,669
Liabilities			
Other liabilities			
Creditors	8	(2,124)	(7,888)
Bank overdrafts		–	(2,237)
Total other liabilities		(2,124)	(10,125)
Total liabilities		(2,124)	(10,125)
Net assets attributable to shareholders		566,864	524,544

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	524,544	539,605
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	137,134	89,371
Amounts payable on the cancellation of shares	(107,359)	(126,052)
Amounts payable on in specie transfer	(17,786)	(85,480)
	11,989	(122,161)
Dilution adjustment	125	45
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	26,534	100,334
Retained distribution on accumulation shares	3,672	6,721
Closing net assets attributable to shareholders	566,864	524,544

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

	Net Revenue	Net Revenue Accumulated	Net Revenue Accumulated
Class 1 Shares		2013/2014	2012/2013
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.6485	0.6485	1.2097
Total distributions in the period		0.6485	1.2097
Class 2 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	1.6577	1.6577	3.1157
Total distributions in the period		1.6577	3.1157
Class Z Shares			
Net Income*			

There is no distribution for the accounting period 20 September 2013 to 7 March 2014 as expenses exceed revenue.

Class Z Shares

	Net Revenue	Net Revenue Accumulated	Net Revenue Accumulated
Net Accumulation		2013/2014	2012/2013
Distribution Period			
08/03/13 to 07/03/14	0.5078	0.5078	–
Total distributions in the period		0.5078	–

*Class Z Shares Net Income shares launched on 20 September 2013

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle European Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	27,171	100,654
Forward currency contracts	7	–
Other losses	(632)	(305)
Transaction costs	(12)	(13)
Net capital gains	26,534	100,336

3 REVENUE

	2014 £000	2013 £000
Overseas dividends	11,728	14,320
Interest on short term investments	–	1
Bank interest	1	49
Stocklending commission	136	411
Total revenue	11,865	14,781

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(6,288)	(5,817)
Registration fees	(473)	(471)
	(6,761)	(6,288)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(22)	(22)
Safe custody fees	(43)	(40)
	(65)	(62)
Other expenses:		
Regulatory fee	(12)	(7)
Audit fee	(7)	(7)
	(19)	(14)
*Total expenses	(6,845)	(6,364)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(1,348)	(1,687)
Total current tax (note 5b)	(1,348)	(1,687)
Total tax charge for the period	(1,348)	(1,687)
b) Factors affecting taxation charge for period		
Net revenue before taxation	5,020	8,406
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,004)	(1,681)
Effects of:		
Revenue not subject to taxation	1,700	2,064
Overseas taxes	(1,348)	(1,687)
Overseas taxes expensed	94	119
Excess expenses	(790)	(502)
Current tax charge for period (note 5a)	(1,348)	(1,687)

The fund has not recognised a deferred tax asset of £3,089,807 (2013: £2,299,569) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions and Interest		
Final	3,672	6,721
Net distribution for the period	3,672	6,721
Interest	–	11
Total finance costs	3,672	6,732
Net revenue after taxation	3,672	6,719
Shortfall transfer from capital to revenue	–	2
Net distribution for the period	3,672	6,721

Details of the distribution per share are set out in the table on page 56.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	6,208	2,465
Sales awaiting settlement	392	2,337
Accrued revenue	364	38
Foreign withholding tax recoverable	892	751
Total debtors	7,856	5,591

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(1,544)	(2,728)
Purchases awaiting settlement	–	(4,613)
Accrued expenses	(16)	(18)
Amounts payable to ACD	(564)	(529)
Total creditors	(2,124)	(7,888)

Threadneedle European 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 8.

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

European 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 266.

The distribution per share class is given in the distribution table on page 56. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the European Fund has entered into stocklending arrangements. The fund has earned £191,000 (2013: £579,000) of which £21,000 (2013: £54,000) was outstanding at year end. The fund paid fees of £27,000 (2013: £81,000) of which £3,000 (2013: £8,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £28,000 (2013: £87,000) of which £3,000 (2013: £8,000) 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 £0.52m (2013: £17.32m), whilst the value of collateral held for these arrangements was £0.55m (2013: £18.99m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	552	100	18,989	100
	552	100	18,989	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 8 and 9.

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
Currency 2014			
Danish Krone	–	26,984	26,984
Euro	2,250	380,134	382,384
Norwegian Krone	217	–	217
Swedish Krona	6	64,875	64,881
Swiss Franc	665	87,585	88,250

	£000	£000	£000
Currency 2013			
Canadian Dollar	1	–	1
Danish Krone	–	16,166	16,166
Euro	1,911	352,754	354,665
Norwegian Krone	196	18,874	19,070
Swedish Krona	–	47,669	47,669
Swiss Franc	496	85,418	85,914

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Danish Krone	–	–	26,984	26,984
Euro	1,506	–	380,878	382,384
Norwegian Krone	–	–	217	217
Swedish Krona	–	–	64,881	64,881
Swiss Franc	–	–	88,250	88,250
UK Sterling	48	–	6,224	6,272
Currency 2013				
Canadian Dollar	1	–	–	1
Danish Krone	–	–	18,403	18,403
Euro	4,197	–	352,962	357,159
Norwegian Krone	–	–	19,071	19,071
Swedish Krona	2,118	–	47,669	49,787
Swiss Franc	61	–	85,853	85,914
UK Sterling	1,831	–	2,503	4,334

Threadneedle European Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2014	£000	£000	£000	£000
UK Sterling	–	–	(2,124)	(2,124)
Currency 2013	£000	£000	£000	£000
Danish Krone	(2,237)	–	–	(2,237)
Euro	–	–	(2,495)	(2,495)
Swedish Krona	–	–	(2,118)	(2,118)
UK Sterling	–	–	(3,275)	(3,275)

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	356,764	231,839
Commissions	391	247
Taxes	166	11
Fees	86	30
Total purchase costs	643	288
Gross purchases total	357,407	232,127
Analysis of total sale costs		
Gross sales before transaction costs	346,213	348,913
Commissions	(343)	(276)
Total sale costs	(343)	(276)
Total sales net of transaction costs	345,870	348,637

Threadneedle European Select Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund mainly in a relatively concentrated portfolio of equities of companies domiciled in Continental Europe or which have significant Continental European operations. The select investment 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 in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle European Select Fund has risen from 193.66p to 204.43p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +7.90% as compared to a median return of +15.67% over the same period. (For information the FTSE World Europe ex UK (GBP) Index returned +15.39% over the same period).

Portfolio Activity

European stocks enjoyed a strong year although performance was relatively volatile, with most of the rally occurring between July and January.

The policy of the European Central Bank (ECB), headed by Mario Draghi, continued to support markets, and Italian and Spanish bonds strengthened over the year; investors also increasingly took heart from signs of a recovery in demand and the likelihood of improving GDP in 2014. As against this, a slowing in emerging markets (particularly China; South America has also hit problems) has affected companies with earnings derived from that area, and the Ukrainian crisis caused some concern towards the end of the review period. Deflationary fears are also running high, but the ECB appears to assume that while the growth trend is positive, a mere watching brief over the low levels of inflation is appropriate.

Over the full year, we moved overweight in industrials; we remained overweight in consumer goods and basic materials, and underweight in financials, telecoms and utilities. At the country level, we remained overweight in Germany, Ireland and Sweden, and underweight in France and the Netherlands.

Major transactions over the year included increases in our holding in Bayer, which is attractively valued and has a good drugs pipeline with little exposure to the risk of regulatory decisions. Moreover, the company has useful divisions covering areas such as seeds/agrochemicals

and animal healthcare. We also bought more L'Oréal, the France-based skincare and cosmetics business, which boasts a very strong market position and the ability to penetrate emerging markets. We switched from DNB to Nordea, taking advantage of a (Swedish) government share-placing in the latter to acquire shares at attractive levels. We also switched from Air Liquide into Linde; both are industrial-gases companies, but Linde offers the more attractive valuation and good prospects for improvement in returns. We reduced Fresenius Medical Care, the kidney-disease specialist, where pricing pressures in the US owing to changes in the Medicare scheme are likely to hang over the share price.

Rhetoric from the ECB is still supportive, and its stance is likely to remain accommodative. The economic backdrop has improved, notably in Germany and, to a lesser extent, in some of the peripheral economies. Nevertheless, political risks remain in parts of the eurozone as resistance to austerity policies continues. The current malaise in emerging markets affects some European companies but is unlikely to impact European growth unless the situation deteriorates further.

We believe that the outlook remains encouraging at the company level, and continue to find good long-term opportunities in European equities, particularly those with robust earnings, pricing power and strong long-term growth prospects.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	105,267	403,391
Revenue	3	50,769	27,911
Expenses	4	(28,543)	(18,577)
Finance costs: Interest	6	–	(13)
Net revenue before taxation		22,226	9,321
Taxation	5	(6,080)	(3,178)
Net revenue after taxation		16,146	6,143
Total return before distributions		121,413	409,534
Finance costs: Distributions	6	(16,149)	(6,928)
Change in net assets attributable to shareholders from investment activities		105,264	402,606

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		2,244,683	1,915,104
Other assets			
Debtors	7	12,523	19,748
Cash and bank balances		32,392	29,987
Total other assets		44,915	49,735
Total assets		2,289,598	1,964,839
Liabilities			
Derivative liabilities		(17)	–
Other liabilities			
Creditors	8	(23,724)	(17,907)
Bank overdrafts		–	(13,897)
Distribution payable on income shares		(4,526)	–
Total other liabilities		(28,250)	(31,804)
Total liabilities		(28,267)	(31,804)
Net assets attributable to shareholders		2,261,331	1,933,035

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,933,035	931,275
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	804,753	700,305
Amounts payable on the cancellation of shares	(577,040)	(108,669)
Amounts payable on in-specie transfer	(16,782)	–
	210,931	591,636
Dilution adjustment	477	590
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	105,264	402,606
Retained distribution on accumulation shares	11,624	6,928
Closing net assets attributable to shareholders	2,261,331	1,933,035

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Distribution Period	Net Revenue	Net Revenue Accumulated	
		2013/2014	2012/2013
08/03/13 to 07/03/14	1.1468	1.1468	0.8409
Total distributions in the period		1.1468	0.8409

Class 1 Hedged Shares Net Accumulation**

There is no distribution for the period 10 October 2013 to 7 March 2014 as expenses exceed revenue.

Class 2 Shares

Distribution Period	Net Revenue	Distribution	
		Payable 2013/2014	Paid 2012/2013
08/03/13 to 07/03/14	2.8686	2.8686	–
Total distributions in the period		2.8686	–

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle European Select Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	1.4855	1.4855	1.0076
Total distributions in the period		1.4855	1.0076

Class Z Shares Net income*

There is no distribution for the period 18 September 2013 to 7 March 2014 as expenses exceed revenue.

Class Z Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.3421	0.3421	0.0772
Total distributions in the period		0.3421	0.0772

*Class Z – Net income shares commenced on 18 September 2013

**Class 1 – Net accumulation hedged shares commenced on 10 October 2013

Threadneedle European Select Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	108,216	402,315
Forward currency contracts	(26)	–
Other (losses)/gains	(2,900)	1,092
Transaction costs	(23)	(16)
Net capital gains	<u>105,267</u>	<u>403,391</u>

3 REVENUE

	2014 £000	2013 £000
Overseas dividends	50,202	27,253
Interest on short term investments	1	2
Bank interest	2	46
Stocklending commission	564	610
Total revenue	<u>50,769</u>	<u>27,911</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(26,201)	(16,779)
Registration fees	(2,100)	(1,644)
	<u>(28,301)</u>	<u>(18,423)</u>
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(41)	(31)
Safe custody fees	(181)	(108)
	<u>(222)</u>	<u>(139)</u>
Other expenses:		
Regulatory fee	(11)	(8)
Audit fee	(9)	(7)
	<u>(20)</u>	<u>(15)</u>
*Total expenses	<u>(28,543)</u>	<u>(18,577)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(6,080)	(3,178)
Total current tax (note 5b)	(6,080)	(3,178)
Total tax charge for the period	<u>(6,080)</u>	<u>(3,178)</u>

b) Factors affecting taxation charge for period

Net revenue before taxation	22,226	9,321
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(4,445)	(1,864)
Effects of:		
Revenue not subject to taxation	8,104	4,268
Overseas taxes	(6,080)	(3,178)
Overseas taxes expensed	288	165
Excess expenses	(3,947)	(2,569)
Current tax charge for period (note 5a)	<u>(6,080)</u>	<u>(3,178)</u>

The fund has not recognised a deferred tax asset of £11,066,352 (2013: £7,123,870) 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	2014 £000	2013 £000
Final	16,149	6,928
Net distribution for the period	<u>16,149</u>	<u>6,928</u>
Interest	–	13
Total finance costs	<u>16,149</u>	<u>6,941</u>
Net revenue after taxation	16,146	6,143
Shortfall transfer from capital to revenue	3	785
Net distribution for the period	<u>16,149</u>	<u>6,928</u>

Details of the distribution per share are set out in the table on pages 60 and 61.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	7,972	18,221
Accrued revenue	1,894	706
Foreign withholding tax recoverable	2,657	821
Total debtors	<u>12,523</u>	<u>19,748</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(21,433)	(826)
Purchases awaiting settlement	–	(15,082)
Accrued expenses	(47)	(35)
Amounts payable to ACD	(2,244)	(1,964)
Total creditors	<u>(23,724)</u>	<u>(17,907)</u>

Threadneedle European Select 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 8.

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

European Select 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.060%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175% and for the period 8 March to 7 February 2014 the registration fees for Class Z shares were 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 267. The distribution per share class is given in the distribution table on pages 60 and 61. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the European Select Fund has entered into stocklending arrangements. The fund has earned £795,000 (2013: £859,000) of which £76,000 (2013: £76,000) was outstanding at year end. The fund paid fees of £112,000 (2013: £120,000) of which £10,000 (2013: £11,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £119,000 (2013: £129,000) of which £11,000 (2013: £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 £3.05m (2013: £17.30m), whilst the value of collateral held for these arrangements was £3.26m (2013: £18.35m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	3,256	100	18,345	100
	3,256	100	18,345	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 8 and 9.

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
Currency 2014			
Danish Krone	66	162,307	162,373
Euro	22,095	1,471,773	1,493,868
Norwegian Krone	293	–	293
Singapore Dollar	–	1,365	1,365
Swedish Krona	–	306,450	306,450
Swiss Franc	2,156	302,771	304,927
Currency 2013	£000	£000	£000
Danish Krone	–	55,873	55,873
Euro	15,718	1,270,890	1,286,608
Hungarian Forint	1	–	1
Norwegian Krone	226	65,497	65,723
Swedish Krona	–	181,355	181,355
Swiss Franc	434	341,487	341,921

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Danish Krone	–	–	162,373	162,373
Euro	3,523	16,589	1,475,138	1,495,250
Norwegian Krone	–	–	293	293
Singapore Dollar	1,365	–	–	1,365
Swedish Krona	–	–	306,450	306,450
Swiss Franc	–	–	304,927	304,927
UK Sterling	12,279	–	8,026	20,305
Currency 2013	£000	£000	£000	£000
Danish Krone	1,129	–	55,873	57,002
Euro	6,790	14,761	1,271,704	1,293,255
Hungarian Forint	1	–	–	1
Norwegian Krone	–	–	65,723	65,723
Swedish Krona	5,432	–	181,355	186,787
Swiss Franc	1,874	–	341,921	343,795
UK Sterling	–	–	18,276	18,276
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	–	–	(1,382)	(1,382)
UK Sterling	–	–	(28,250)	(28,250)
Currency 2013	£000	£000	£000	£000
Danish Krone	–	–	(1,129)	(1,129)
Euro	–	–	(6,647)	(6,647)
Swedish Krona	–	–	(5,432)	(5,432)
Swiss Franc	–	–	(1,874)	(1,874)
UK Sterling	(13,897)	–	(2,825)	(16,722)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.01% (2013: 0.25%).

Threadneedle European Select 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.

Non interest-bearing assets relate to equities which do not have maturity dates and forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of Nil (2013: Nil) and a liability value of £17,000 (2013: Nil).

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	1,800,106	1,143,029
Commissions	1,938	1,068
Taxes	375	478
Fees	374	96
Total purchase costs	2,687	1,642
Gross purchases total	1,802,793	1,144,671
Analysis of total sale costs		
Gross sales before transaction costs	1,583,092	566,523
Commissions	(1,663)	(624)
Total sale costs	(1,663)	(624)
Total sales net of transaction costs	1,581,429	565,899

Threadneedle European Smaller Companies Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the equities of smaller companies domiciled in Continental Europe or with significant Continental European operations. If the ACD considers it desirable it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle European Smaller Companies Fund has risen from 456.34p to 500.80p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +9.14% as compared to a median return of +22.08% over the same period. (For information the HSBC European Smaller Companies ex UK Index returned +27.19% over the same period).

Portfolio Activity

European stocks enjoyed a strong year although performance was relatively volatile, with most of the rally

occurring between July and January. Smaller-companies had an especially good year, outperforming their larger counterparts by a wide margin. Despite delivering strong absolute returns, the fund underperformed the smaller-companies benchmark index. This was due to our focus on higher-quality stocks – which meant we did not fully participate in the cyclical rally – and the fact that we have little exposure to some of the smallest stocks in the index, which outperformed.

The policy of the European Central Bank (ECB), headed by Mario Draghi, continued to support markets, and Italian and Spanish bonds strengthened over the year; investors also increasingly took heart from signs of a recovery in demand and the likelihood of improving GDP in 2014. As against this, a slowing in emerging markets (particularly China; South America has also hit problems) has affected companies with earnings derived from that area, and the Ukrainian crisis caused some concern towards the end of the review period. Deflationary fears are also running high, but the ECB appears to assume that while the growth trend is positive, a mere watching brief over the low levels of inflation is appropriate.

Sector and country allocation tends to arise as a derivative of our bottom-up stock-selection process. The emphasis over the year was on finding high-quality domestically focused companies, which can most directly benefit from a recovery in Europe's fortunes.

Major transactions during the review period included the purchase of Partners Group, the Swiss-based private equity firm, which operates predominantly in Europe. We also bought Bank of Ireland and the Spanish bank Bankinter. Both are benefiting from reduced competition and an improved domestic economic environment, including a healthier real-estate market. We sold Ziggo, the Dutch telecom stock, after a takeover bid, and Andritz, a plants and services company, after it recovered to around the price reached before the profits warning earlier in the year. We also sold MTU as it is suffering as a result of the predominance of new engine sales (where it achieves lower margins than in its servicing business).

Rhetoric from the ECB remains supportive and its stance is likely to remain accommodative. The economic backdrop has improved, notably in Germany and, to a lesser extent, in some of the peripheral economies. Nevertheless, political risks remain in parts of the eurozone as resistance to austerity policies continues. The current malaise in emerging markets affects some European companies but is unlikely to impact European growth unless the situation deteriorates further.

We believe that the outlook remains encouraging at the company level, and we continue to find good long-term opportunities in European smaller companies, particularly those with robust earnings, pricing power and the ability to generate and sustain strong returns on capital.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	120,210	345,072
Revenue	3	40,847	24,434
Expenses	4	(20,986)	(15,255)
Finance costs: Interest	6	–	(9)
Net revenue before taxation		19,861	9,170
Taxation	5	(4,446)	(2,586)
Net revenue after taxation		15,415	6,584
Total return before distributions		135,625	351,656
Finance costs: Distributions	6	(15,415)	(6,585)
Change in net assets attributable to shareholders from investment activities		120,210	345,071

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		1,380,816	1,426,508
Other assets			
Debtors	7	5,640	20,067
Cash and bank balances		22,121	23,689
Total other assets		27,761	43,756
Total assets		1,408,577	1,470,264
Liabilities			
Other liabilities			
Creditors	8	(26,660)	(11,163)
Bank overdrafts		(143)	(8,233)
Distribution payable on income shares		(240)	(3)
Total other liabilities		(27,043)	(19,399)
Total liabilities		(27,043)	(19,399)
Net assets attributable to shareholders		1,381,534	1,450,865

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,450,865	948,435
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	509,246	359,355
Amounts payable on the cancellation of shares	(714,703)	(208,657)
	(205,457)	150,698
Dilution adjustment	779	80
Stamp duty reserve tax	(39)	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	120,210	345,071
Retained distribution on accumulation shares	15,176	6,581
Closing net assets attributable to shareholders	1,381,534	1,450,865

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Net Revenue	Distribution Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/03/14	3.6191	3.6191	0.0453
Total distributions in the period		3.6191	0.0453

Class 1 Shares

Net Accumulation

Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	4.0552	4.0552	1.2045
Total distributions in the period		4.0552	1.2045

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle European Smaller Companies Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Accumulation

Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	13.9472	13.9472	4.1041
Total distributions in the period		13.9472	4.1041

Class Z Shares

Net Income *

Distribution Period	Net Revenue	Distribution Payable 2013/2014
26/09/13 to 07/03/14	0.3879	0.3879
Total distributions in the period		0.3879

Class Z Shares

Net Accumulation

Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.1683	0.1683	–
Total distributions in the period		0.1683	–

*Class Z Shares Net Income shares launched on 26 September 2013

Threadneedle European Smaller Companies Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	120,213	345,195
Forward currency contracts	12	–
Other gains/(losses)	14	(77)
Transaction costs	(29)	(46)
Net capital gains	120,210	345,072

3 REVENUE

	2014 £000	2013 £000
Overseas dividends	40,519	23,645
Interest on short term investments	1	2
Bank interest	3	14
Stocklending commission	324	773
Total revenue	40,847	24,434

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(19,134)	(13,811)
Registration fees	(1,658)	(1,294)
	(20,792)	(15,105)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(34)	(28)
Safe custody fees	(141)	(100)
	(175)	(128)
Other expenses:		
Regulatory fee	(12)	(15)
Audit fee	(7)	(7)
	(19)	(22)
*Total expenses	(20,986)	(15,255)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(4,446)	(2,586)
Total current tax (note 5b)	(4,446)	(2,586)
Total tax charge for the period	(4,446)	(2,586)
b) Factors affecting taxation charge for period		
Net revenue before taxation	19,861	9,170
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,972)	(1,834)
Effects of:		
Revenue not subject to taxation	6,962	3,840
Overseas taxes	(4,446)	(2,586)
Overseas taxes expensed	158	94
Excess expenses	(3,148)	(2,100)
Current tax charge for period (note 5a)	(4,446)	(2,586)

The fund has not recognised a deferred tax asset of £9,389,584 (2013: £6,241,787) 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	2014 £000	2013 £000
Final	15,415	6,585
Net distribution for the period	15,415	6,585
Interest	–	9
Total finance costs	15,415	6,594
Net revenue after taxation	15,415	6,584
Shortfall transfer from capital to revenue	–	1
Net distribution for the period	15,415	6,585

Details of the distribution per share are set out in the table on pages 65 and 66.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	1,053	18,837
Sales awaiting settlement	2,369	450
Accrued revenue	386	76
Foreign withholding tax recoverable	1,832	704
Total debtors	5,640	20,067

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(20,196)	(6,886)
Purchases awaiting settlement	(4,925)	(2,699)
Accrued expenses	(38)	(37)
Amounts payable to ACD	(1,501)	(1,541)
Total creditors	(26,660)	(11,163)

Threadneedle European Smaller Companies 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 8.

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

European Smaller Companies 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 267. The distribution per share class is given in the distribution table on pages 65 and 66. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the European Smaller Companies Fund has entered into stocklending arrangements. The fund has earned £456,000 (2013: £1,088,000) of which £49,000 (2013: £107,000) was outstanding at year end. The fund paid fees of £64,000 (2013: £152,000) of which £7,000 (2013: £15,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £68,000 (2013: £163,000) of which £7,000 (2013: £16,000) was outstanding at year end to J.P. Morgan as they security lending agent to process these arrangements and hold collateral. The value of stock on loan at the end of the accounting period was £25.49m (2013: £32.46), whilst the value of collateral held for these arrangements was £26.79m (2013: £34.26). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	26,788	100	34,260	100
	26,788	100	34,260	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 8 and 9.

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
Currency 2014			
Danish Krone	102	89,784	89,886
Euro	17,788	943,386	961,174
Norwegian Krone	307	30,322	30,629
Swedish Krona	47	147,821	147,868
Swiss Franc	302	162,478	162,780
Currency 2013	£000	£000	£000
Canadian Dollar	3	–	3
Danish Krone	43	111,795	111,838
Euro	21,652	986,347	1,007,999
Hungarian Forint	1	–	1
Norwegian Krone	94	69,904	69,998
Swedish Krona	–	122,651	122,651
Swiss Franc	282	135,811	136,093
US Dollar	70	–	70

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Danish Krone	–	–	89,886	89,886
Euro	6,621	12,442	947,036	966,099
Norwegian Krone	–	–	30,629	30,629
Swedish Krona	–	–	148,011	148,011
Swiss Franc	–	–	162,780	162,780
UK Sterling	3,058	–	8,113	11,171
Currency 2013	£000	£000	£000	£000
Canadian Dollar	3	–	–	3
Danish Krone	423	–	111,837	112,260
Euro	13,554	9,638	987,083	1,010,275
Hungarian Forint	1	–	–	1
Norwegian Krone	–	–	69,998	69,998
Swedish Krona	–	–	122,651	122,651
Swiss Franc	–	–	136,093	136,093
UK Sterling	–	–	18,913	18,913
US Dollar	70	–	–	70
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	–	–	(4,925)	(4,925)
Swedish Krona	(143)	–	–	(143)
UK Sterling	–	–	(21,975)	(21,975)
Currency 2013	£000	£000	£000	£000
Danish Krone	–	–	(422)	(422)
Euro	–	–	(2,276)	(2,276)
UK Sterling	(8,233)	–	(8,468)	(16,701)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.00% (2013: 0.01%).

Threadneedle European Smaller Companies 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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014	2013
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	797,685	592,281
Commissions	954	716
Taxes	550	276
Fees	281	93
Total purchase costs	1,785	1,085
Gross purchases total	799,470	593,366
Analysis of total sale costs		
Gross sales before transaction costs	965,998	445,857
Commissions	(989)	(499)
Total sale costs	(989)	(499)
Total sales net of transaction costs	965,009	445,358

Threadneedle Pan European Smaller Companies Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

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

If the ACD considers it desirable it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Pan European Smaller Companies Fund has risen from 141.77p to 158.26p.

The total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +12.24% as compared to a median return of +22.08% over the same period. (For information the Euromoney Smaller Europe Inc UK Index gave a total return of +27.41% for the same period).

Portfolio Activity

European stocks enjoyed a strong year although performance was relatively volatile, with most of the rally

occurring between July and January. Smaller companies had an especially good year, outperforming their larger counterparts by a wide margin. Despite delivering strong absolute returns, the fund underperformed the smaller companies benchmark index. This was due to our focus on higher-quality stocks – which meant we did not fully participate in the cyclical rally – and the fact that we have little exposure to some of the smallest stocks in the index, which outperformed.

The policy of the European Central Bank (ECB), headed by Mario Draghi, continued to support markets, and Italian and Spanish bonds strengthened over the year; investors also increasingly took heart from signs of a recovery in demand and the likelihood of improving GDP in 2014. As against this, a slowing in emerging markets (particularly China; South America has also hit problems) has affected companies with earnings derived from that area, and the Ukrainian crisis caused some concern towards the end of the review period. Deflationary fears are also running high, but the ECB appears to assume that while the growth trend is positive, a mere watching brief over the low levels of inflation is appropriate.

Sector and country allocation tends to arise as a derivative of our bottom-up stock-selection process. The emphasis over the year was on finding high-quality domestically focused companies, which can most directly benefit from a recovery in Europe's fortunes.

Major transactions during the review period included the purchase of Partners Group, the Swiss-based private equity firm, which operates predominantly in Europe. We also bought Bank of Ireland and the Spanish bank Bankinter. Both are benefiting from reduced competition and an improved domestic economic environment, including a healthier real estate market. We sold Ziggo, the Dutch telecom stock, after a takeover bid, and Andritz, a plant and services company, after it recovered to around the price reached before the profit warning earlier in the year. We also sold MTU as it is suffering as a result of the predominance of new engine sales (where it achieves lower margins than in its servicing business).

Rhetoric from the ECB is still supportive and its stance is likely to remain accommodative. The economic backdrop has improved, notably in Germany and, to a lesser extent, in some of the peripheral economies. Nevertheless, political risks remain in parts of the eurozone as resistance to austerity policies continues. The current malaise in emerging markets affects some European companies but is unlikely to impact European growth unless the situation deteriorates further.

We believe that the outlook remains encouraging at the company level, and continue to find good long-term opportunities in European smaller companies, particularly those with robust earnings, pricing power and the ability to generate and sustain strong returns on capital.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	145,718	233,873
Revenue	3	33,123	16,895
Expenses	4	(14,361)	(7,295)
Finance costs: Interest	6	–	(7)
Net revenue before taxation		18,762	9,593
Taxation	5	(2,467)	(1,105)
Net revenue after taxation		16,295	8,488
Total return before distributions		162,013	242,361
Finance costs: Distributions	6	(16,358)	(8,488)
Change in net assets attributable to shareholders from investment activities		145,655	233,873

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		1,509,193	1,144,873
Other assets			
Debtors	7	22,461	18,634
Cash and bank balances		18,837	21,287
Total other assets		41,298	39,921
Total assets		1,550,491	1,184,794
Liabilities			
Other liabilities			
Creditors	8	(19,327)	(12,387)
Bank overdrafts		–	(7,995)
Total other liabilities		(19,327)	(20,382)
Total liabilities		(19,327)	(20,382)
Net assets attributable to shareholders		1,531,164	1,164,412

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,164,412	570,912
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	631,482	555,855
Amounts payable on the cancellation of shares	(428,424)	(207,757)
	203,058	348,098
Dilution adjustment	–	376
Stamp duty reserve tax	(779)	(347)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	145,655	233,873
Retained distribution on accumulation shares	18,818	11,500
Closing net assets attributable to shareholders	1,531,164	1,164,412

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares Net Accumulation Distribution Period	Net Revenue		Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
	Revenue	Equalisation		
Group 1 08/03/13 to 07/03/14	1.0967	–	1.0967	0.7505
Group 2 08/03/13 to 07/03/14	–	1.0967	1.0967	0.7505
Total distributions in the period	1.0967	1.0967	1.0967	0.7505
Class 2 Shares Net Accumulation Distribution Period	Net Revenue		Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
	Revenue	Equalisation		
Group 1 08/03/13 to 07/03/14	2.0852	–	2.0852	1.5590
Group 2 08/03/13 to 07/03/14	–	2.0852	2.0852	1.5590
Total distributions in the period	2.0852	2.0852	2.0852	1.5590

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Pan European Smaller Companies Fund

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation Distribution Period	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/03/14	2.2854	–	2.2854	1.7428
Group 2				
08/03/13 to 07/03/14	0.3002	1.9852	2.2854	1.7428
Total distributions in the period			2.2854	1.7428

Class Z Shares

Net Accumulation Distribution Period	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/03/14	1.6684	–	1.6684	0.6005
Group 2				
08/03/13 to 07/03/14	–	1.6684	1.6684	0.6005
Total distributions in the period			1.6684	0.6005

Group 2: shares purchased during a distribution period

Threadneedle Pan European Smaller Companies Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	147,548	232,884
Forward currency contracts	(4)	–
Other (losses)/gains	(1,809)	1,002
Transaction costs	(17)	(13)
Net capital gains	145,718	233,873

3 REVENUE

	2014 £000	2013 £000
UK dividends	8,893	5,119
Overseas dividends	23,991	11,352
Interest on short term investments	1	2
Bank interest	3	9
Stocklending commission	235	413
Total revenue	33,123	16,895

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(13,007)	(6,597)
Registration fees	(1,220)	(606)
	(14,227)	(7,203)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(31)	(25)
Safe custody fees	(89)	(52)
	(120)	(77)
Other expenses:		
Regulatory fee	(7)	(8)
Audit fee	(7)	(7)
	(14)	(15)
*Total expenses	(14,361)	(7,295)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(2,467)	(1,105)
Total current tax (note 5b)	(2,467)	(1,105)
Total tax charge for the period	(2,467)	(1,105)
b) Factors affecting taxation charge for period		
Net revenue before taxation	18,762	9,593
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,752)	(1,919)
Effects of:		
Revenue not subject to taxation	5,805	2,836
Overseas taxes	(2,467)	(1,105)
Overseas taxes expensed	111	49
Excess expenses	(2,164)	(966)
Current tax charge for period (note 5a)	(2,467)	(1,105)

The fund has not recognised a deferred tax asset of £4,610,658 (2013: £2,446,601) 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:

	2014 £000	2013 £000
Final	18,818	11,500
Add: Revenue deducted on cancellation of shares	5,247	2,194
Deduct: Revenue received on creation of shares	(7,707)	(5,206)
Net distribution for the period	16,358	8,488
Interest	–	7
Total finance costs	16,358	8,495
Net revenue after taxation	16,295	8,488
Equalisation on conversion	63	–
Net distribution for the period	16,358	8,488

Details of the distribution per share are set out in the table on pages 70 and 71.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	6,163	17,690
Sales awaiting settlement	14,383	–
Accrued revenue	722	479
Foreign withholding tax recoverable	1,193	465
Total debtors	22,461	18,634

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(11,211)	(1,494)
Purchases awaiting settlement	(6,884)	(9,940)
Accrued expenses	(27)	(23)
Amounts payable to ACD	(1,205)	(930)
Total creditors	(19,327)	(12,387)

Threadneedle Pan European Smaller Companies 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 8.

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 Smaller Companies 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	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 268. The distribution per share class is given in the distribution table on pages 70 and 71. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Pan European Smaller Companies Fund has entered into stocklending arrangements. The fund has earned £331,000 (2013: £582,000) of which £34,000 (2013: £56,000) was outstanding at year end. The fund paid fees of £46,000 (2013: £82,000) of which £5,000 (2013: £8,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £50,000 (2013: £87,000) of which £5,000 (2013: £8,000) 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 £24.36m (2013: £61.55m), whilst the value of collateral held for these arrangements was £25.88m (2013: £66.47m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	25,877	100	66,466	100
	25,877	100	66,466	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 8 and 9.

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
Currency 2014			
Danish Krone	35	90,328	90,363
Euro	23,273	746,848	770,121
Norwegian Krone	373	20,991	21,364
Swedish Krona	24	51,785	51,809
Swiss Franc	10	76,755	76,765

	£000	£000	£000
Currency 2013			
Canadian Dollar	3	–	3
Danish Krone	17	62,595	62,612
Euro	16,855	625,240	642,095
Norwegian Krone	247	47,110	47,357
Swedish Krona	–	58,752	58,752
Swiss Franc	8	34,598	34,606

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Danish Krone	–	–	90,363	90,363
Euro	4,830	8,295	762,360	775,485
Norwegian Krone	–	–	21,364	21,364
Swedish Krona	–	–	51,809	51,809
Swiss Franc	–	–	76,765	76,765
UK Sterling	5,712	–	528,993	534,705
Currency 2013	£000	£000	£000	£000
Canadian Dollar	3	–	–	3
Danish Krone	341	–	62,613	62,954
Euro	11,245	8,683	625,434	645,362
Norwegian Krone	–	–	47,357	47,357
Swedish Krona	1,015	–	58,752	59,767
Swiss Franc	–	–	34,606	34,606
UK Sterling	–	–	334,745	334,745

Threadneedle Pan European Smaller Companies Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2014	£000	£000	£000	£000
Euro	–	–	(5,364)	(5,364)
UK Sterling	–	–	(13,963)	(13,963)
Currency 2013	£000	£000	£000	£000
Danish Krone	–	–	(342)	(342)
Euro	–	–	(3,267)	(3,267)
Swedish Krona	–	–	(1,015)	(1,015)
UK Sterling	(7,995)	–	(7,763)	(15,758)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.03% (2013: 0.01%).

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	680,204	495,321
Commissions	777	612
Taxes	1,066	889
Fees	259	67
Total purchase costs	2,102	1,568
Gross purchases total	682,306	496,889
Analysis of total sale costs		
Gross sales before transaction costs	465,334	148,802
Commissions	(525)	(176)
Total sale costs	(525)	(176)
Total sales net of transaction costs	464,809	148,626

Threadneedle Pan European Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the equity of large companies domiciled in Continental Europe or the UK or with significant Continental European or UK activities. The ACD may, however, invest in the equity of smaller companies.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Pan European Fund has risen from 114.53p to 131.23p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +17.71% as compared to a median return of +14.68% over the same period. (For information the MSCI World Europe Index returned +14.34% over the same period).

Portfolio Activity

European stocks enjoyed a strong year although performance was relatively volatile, with most of the rally occurring between July and January.

The policy of the European Central Bank (ECB), headed by Mario Draghi, continued to support markets, and Italian and Spanish bonds strengthened over the year; investors also increasingly took heart from signs of a recovery in demand and the likelihood of improving GDP in 2014. As against this, a slowing in emerging markets (particularly China; South America has also hit problems) has affected companies with earnings derived from that area, and the Ukrainian crisis caused some concern towards the end of the review period. Deflationary fears are also running high, but the ECB appears to assume that while the growth trend is positive, a mere watching brief over the low levels of inflation is appropriate.

Over the full year, we moved underweight in consumer goods and basic materials, and reduced our weighting in industrials. We moved overweight in financials and telecoms. At the country level, we reduced our overweight position in Germany, and moved overweight in France; we remained underweight in the UK.

Major transactions over the year included reductions in our indirect exposure to emerging markets, achieved by selling stocks such as Nestlé and Unilever; for similar reasons we realised our profits in the longstanding holding in Swatch. We bought Vodafone, which is a beneficiary of the restructuring and consolidation of

the European telecoms industry – the shares performed well after the company divested its US interests. We switched from Novartis to Roche, as the latter's portfolio of cancer drugs offers good prospects for continuing strong returns.

Rhetoric from the ECB is still supportive, and its stance is likely to remain accommodative. The economic backdrop has improved, notably in Germany and, to a lesser extent, in some of the peripheral economies. Nevertheless, political risks remain in parts of the eurozone as resistance to austerity policies continues. The current malaise in emerging markets affects some European companies but is unlikely to impact European growth unless the situation deteriorates further.

We believe that the outlook remains encouraging at the company level, and continue to find good long-term opportunities in European equities, particularly those with robust earnings, pricing power and strong domestic growth prospects.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	32,536	40,295
Revenue	3	5,778	5,226
Expenses	4	(2,607)	(2,100)
Finance costs: Interest	6	(1)	(1)
Net revenue before taxation		3,170	3,125
Taxation	5	(536)	(500)
Net revenue after taxation		2,634	2,625
Total return before distributions		35,170	42,920
Finance costs: Distributions	6	(2,651)	(2,626)
Change in net assets attributable to shareholders from investment activities		32,519	40,294

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		309,512	239,486
Other assets			
Debtors	7	13,441	7,128
Cash and bank balances		5,384	4,512
Total other assets		18,825	11,640
Total assets		328,337	251,126
Liabilities			
Other liabilities			
Creditors	8	(13,447)	(8,873)
Bank overdrafts		–	(467)
Total other liabilities		(13,447)	(9,340)
Total liabilities		(13,447)	(9,340)
Net assets attributable to shareholders		314,890	241,786

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	241,786	190,764
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	177,087	67,094
Amounts payable on the cancellation of shares	(139,316)	(58,996)
	37,771	8,098
Dilution adjustment	293	89
Stamp duty reserve tax	(130)	(85)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	32,519	40,294
Retained distribution on accumulation shares	2,651	2,626
Closing net assets attributable to shareholders	314,890	241,786

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Class 1 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.6005	0.6005	0.7327
Total distributions in the period		0.6005	0.7327
Class 2 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	1.1945	1.1945	1.4468
Total distributions in the period		1.1945	1.4468
Class 2i Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.0880	0.0880	1.5804
Total distributions in the period		0.0880	1.5804

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Pan European Fund

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	2.5894	2.5894	1.9523
Total distributions in the period		2.5894	1.9523

Class Z Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: 0.0443).

Class Z Shares

Net Income* Distribution Period	Net Revenue	Distribution Payable 2013/2014
20/09/13 to 07/03/14	0.0044	0.0044
Total distributions in the period		0.0044

*Class Z Shares Net Income shares launched on 20 September 2013

Threadneedle Pan European Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	32,574	40,360
Forward currency contracts	(5)	6
Other losses	(13)	(58)
Transaction costs	(20)	(13)
Net capital gains	32,536	40,295

3 REVENUE

	2014 £000	2013 £000
UK dividends	2,180	1,439
Overseas dividends	3,526	3,534
Stock dividends	–	139
Bank interest	6	8
Stocklending commission	66	106
Total revenue	5,778	5,226

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,379)	(1,909)
Registration fees	(180)	(148)
	(2,559)	(2,057)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(19)	(18)
Safe custody fees	(14)	(11)
	(33)	(29)
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(8)	(7)
	(15)	(14)
*Total expenses	(2,607)	(2,100)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(536)	(500)
Total current tax (note 5b)	(536)	(500)
Total tax charge for the period	(536)	(500)
b) Factors affecting taxation charge for period		
Net revenue before taxation	3,170	3,125
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(634)	(625)
Effects of:		
Revenue not subject to taxation	947	717
Overseas taxes	(536)	(500)
Overseas taxes expensed	29	35
Excess expenses	(342)	(127)
Current tax charge for period (note 5a)	(536)	(500)

The fund has not recognised a deferred tax asset of £1,097,837 (2013: £755,693) 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

	2014 £000	2013 £000
Final	2,651	2,626
Net distribution for the period	2,651	2,626
Interest	1	1
Total finance costs	2,652	2,627
Net revenue after taxation	2,634	2,625
Shortfall transfer from capital to revenue	17	–
Net distribution for the period	2,651	2,625

Details of the distribution per share are set out in the table on pages 75 and 76.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	12,387	742
Sales awaiting settlement	129	6,083
Accrued revenue	693	200
Foreign withholding tax recoverable	232	103
Total debtors	13,441	7,128

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(7,760)	(721)
Purchases awaiting settlement	(5,434)	(7,960)
Accrued expenses	(13)	(13)
Amounts payable to ACD	(240)	(179)
Total creditors	(13,447)	(8,873)

Threadneedle Pan European 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 8.

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 Fund currently has five share classes; Class 1, Class 2, Class 2i, 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 2i shares	1.00%
Class X shares	–
Class Z shares	0.75%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class 2i shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

Initial Service Charge

Class 2i shares	3.00%
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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 268.

The distribution per share class is given in the distribution table on pages 75 and 76. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Pan European Fund has entered into stocklending arrangements. The fund has earned £93,000 (2013: £149,000) of which £9,000 (2013: £13,000) was outstanding at year end. The fund paid fees of £13,000 (2013: £21,000) of which £1,000 (2013: £2,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £14,000 (2013: £22,000) of which £2,000 (2013: £2,000) 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 £1.04m (2013: £4.47m), whilst the value of collateral held for these arrangements was £1.1m (2013: £4.84m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	1,103	100	4,839	100
	1,103	100	4,839	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 8 and 9.

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
Currency 2014			
Danish Krone	–	9,864	9,864
Euro	264	170,251	170,515
Norwegian Krone	22	3,666	3,688
Swedish Krona	5	9,987	9,992
Swiss Franc	287	29,921	30,208
US Dollar	5	3,397	3,402
Currency 2013	£000	£000	£000
Danish Krone	–	4,657	4,657
Euro	96	124,800	124,896
Norwegian Krone	26	1,405	1,431
Swedish Krona	–	4,603	4,603
Swiss Franc	38	37,378	37,416
US Dollar	3	–	3

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Danish Krone	–	–	9,864	9,864
Euro	657	–	170,489	171,146
Norwegian Krone	–	–	3,688	3,688
Swedish Krona	–	–	9,992	9,992
Swiss Franc	948	–	30,208	31,156
UK Sterling	3,779	–	95,310	99,089
US Dollar	–	–	3,402	3,402
Currency 2013	£000	£000	£000	£000
Danish Krone	–	–	4,657	4,657
Euro	3,722	–	124,838	128,560
Norwegian Krone	–	–	1,431	1,431
Swedish Krona	788	–	4,602	5,390
Swiss Franc	–	–	37,416	37,416
UK Sterling	–	–	73,669	73,669
US Dollar	1	–	2	3
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	–	–	(631)	(631)
Swiss Franc	–	–	(948)	(948)
UK Sterling	–	–	(11,868)	(11,868)
Currency 2013	£000	£000	£000	£000
Euro	–	–	(3,664)	(3,664)
Swiss Franc	–	–	(787)	(787)
UK Sterling	(467)	–	(4,422)	(4,889)

Threadneedle Pan European 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.

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014	2013
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	266,587	188,411
Commissions	287	205
Taxes	374	312
Total purchase costs	661	517
Gross purchases total	267,248	188,928
Analysis of total sale costs		
Gross sales before transaction costs	228,225	177,358
Commissions	(192)	(189)
Total sale costs	(192)	(189)
Total sales net of transaction costs	228,033	177,169

Threadneedle European Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve total return primarily by way of income with some capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund in European public sector sovereign bonds and corporate bonds, issued by companies domiciled in Europe or with significant European operations, denominated in a range of European currencies or other Euro denominated public sector sovereign bonds and corporate bonds. The fund has the flexibility to invest in bonds issued by Eastern European issuers.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle European Bond Fund has fallen from 71.68p to 69.70p.

The sterling total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is -0.05%, which equates approximately to +1.55% gross of tax and charges**. For information the ML Pan Euro Large Cap. Index returned +0.19% over the same period.

Portfolio Activity

In terms of exposure to interest-rate risk, the fund was broadly defensive during the period and was underweight duration. We adjusted this positioning tactically as yields moved; for example, we increased duration in June after yields rose and decreased it in August after yields fell. Going into 2014, we again moved to reduce interest-rate risk, via the sale of German bond futures, on the prospect of a strengthening economic outlook.

At the country-allocation level, the fund maintained an underweight position in French sovereign bonds throughout the period. Larger changes in country allocation occurred through changing levels of exposure to southern European bonds during the period. We reduced exposure to Italian and Spanish government bonds in the second half of 2013, in anticipation of weakness into year-end, but increased it again in early 2014, along with a purchase of Portuguese government bonds. We sold the fund's holding in Irish government bonds in December, after the price reached our target.

The fund maintained an overweight exposure to corporate bonds throughout the period because of the prospect for spread tightening. We also maintained

selective exposure to emerging-market sovereign-bonds, although this sector proved more volatile. One example of this would be an off-benchmark holding in Polish zloty bonds. We added a position in June 2013, but sold it in September before adding it once again in February 2014.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(2,243)	13,612
Revenue	3	5,004	5,244
Expenses	4	(2,153)	(2,052)
Finance costs:			
Derivative expense		(10)	(26)
Interest	6	–	(6)
Net revenue before taxation		2,841	3,160
Taxation	5	–	–
Net revenue after taxation		2,841	3,160
Total return before distributions		598	16,772
Finance costs: Distributions	6	(4,671)	(4,877)
Change in net assets attributable to shareholders from investment activities		(4,073)	11,895

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		199,782	170,370
Other assets			
Debtors	7	8,772	4,044
Cash and bank balances	8	25,649	2,560
Total other assets		34,421	6,604
Total assets		234,203	176,974
Liabilities			
Derivative liabilities		(137)	(24)
Other liabilities			
Creditors	9	(27,087)	(828)
Bank overdrafts	8	–	(678)
Distribution payable on income shares		(545)	(654)
Total other liabilities		(27,632)	(2,160)
Total liabilities		(27,769)	(2,184)
Net assets attributable to shareholders		206,434	174,790

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	174,790	207,856
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	67,251	40,977
Amounts payable on the cancellation of shares	(35,116)	(89,189)
	32,135	(48,212)
Dilution adjustment	73	165
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(4,073)	11,895
Retained distribution on accumulation shares	3,509	3,085
Unclaimed distribution monies brought back into account	–	1
Closing net assets attributable to shareholders	206,434	174,790

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	0.9109	0.1822	0.7287	–	0.7287	0.6811
08/09/13 to 07/03/14	0.8588	0.1718	0.6870	–	0.6870	0.7981
Group 2						
08/03/13 to 07/09/13	0.4803	0.0961	0.3842	0.3445	0.7287	0.6811
08/09/13 to 07/03/14	0.4686	0.0937	0.3749	0.3121	0.6870	0.7981
Total distributions in the period					1.4157	1.4792

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle European Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	1.6688	–	1.6688	1.5178
08/09/13 to 07/03/14	1.5895	–	1.5895	1.7978
Group 2				
08/03/13 to 07/09/13	0.6254	1.0434	1.6688	1.5178
08/09/13 to 07/03/14	0.5029	1.0866	1.5895	1.7978
Total distributions in the period			3.2583	3.3156

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	1.5515	–	1.5515	1.4217
08/09/13 to 07/03/14	1.3493	–	1.3493	1.6790
Group 2				
08/03/13 to 07/09/13	0.6901	0.8614	1.5515	1.4217
08/09/13 to 07/03/14	0.0893	1.2600	1.3493	1.6790
Total distributions in the period			2.9008	3.1007

Class Z Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	1.3101	0.2620	1.0481	–	1.0481	–
08/09/13 to 07/03/14	1.2373	0.2475	0.9898	–	0.9898	1.1292
Group 2						
08/03/13 to 07/09/13	0.1989	0.0398	0.1591	0.8890	1.0481	–
08/09/13 to 07/03/14	0.5871	0.1174	0.4697	0.5201	0.9898	1.1292
Total distributions in the period					2.0379	1.1292

Group 2: shares purchased during a distribution period

Threadneedle European Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(1,976)	14,319
Derivative contracts	(230)	38
Forward currency contracts	382	(855)
Other (losses)/gains	(411)	119
Transaction costs	(8)	(9)
Net capital (losses)/gains	(2,243)	13,612

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	4,970	5,201
Bank interest	9	22
Stocklending commission	25	21
Total revenue	5,004	5,244

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,830)	(1,716)
Registration fees	(281)	(296)
	(2,111)	(2,012)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(18)	(17)
Safe custody fees	(9)	(8)
	(27)	(25)
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(8)	(8)
	(15)	(15)
*Total expenses	(2,153)	(2,052)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	2,841	3,160
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(568)	(632)
Effects of:		
Prior period expenses utilised	568	–
Excess expenses	–	(343)
Distributions treated as tax deductible	–	975
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £1,958,830 (2013: £2,527,096) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% on net share classes 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:

	2014 £000	2013 £000
Interim	2,378	2,175
Final	2,537	2,438
	4,915	4,613
Add: Revenue deducted on cancellation of shares	307	584
Deduct: Revenue received on creation of shares	(551)	(320)
Net distribution for the period	4,671	4,877
Derivative expense	10	26
Interest	–	6
Total finance costs	4,681	4,909
Net revenue after taxation	2,841	3,160
Annual management charge to capital	1,830	1,716
Movement in revenue carried forward	–	1
Net distribution for the period	4,671	4,877

Details of the distribution per share are set out in the table on pages 80 and 81.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	1,343	1,193
Sales awaiting settlement	4,753	–
Accrued revenue	2,676	2,851
Total debtors	8,772	4,044

Threadneedle European Bond Fund

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	–	270
Cash and bank balances	25,649	2,290
	25,649	2,560
Bank overdrafts	–	(678)
Total cash and bank balances	25,649	1,882

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(11,360)	(499)
Purchases awaiting settlement	(15,394)	–
Accrued expenses	(10)	(12)
Amounts payable to ACD	(187)	(153)
Income tax payable	(136)	(164)
Total creditors	(27,087)	(828)

10 RELATED PARTY TRANSACTIONS

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

The aggregated 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

The European Bond 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	1.00%
Class 2 shares	0.50%
Class Z shares	0.50%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 269. The distribution per share class is given in the distribution table on pages 80 and 81. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the European Bond Fund has entered into stocklending arrangements. The fund has earned £35,000 (2013: £29,000) of which £3,000 (2013: £3,000) was outstanding at year end. The fund paid fees of £5,000 (2013: £4,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £5,000 (2013: £4,000) of which Nil (2013: 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 £8.15m (2013: £18.75m), whilst the value of collateral held for these arrangements was £8.37m (2013: £19.12m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	8,369	100	19,116	100
	8,369	100	19,116	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 8 and 9.

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
Currency 2014			
Euro	11,716	166,539	178,255
Hungarian Forint	199	–	199
Polish Zloty	1,608	(1,463)	145
Swedish Krona	90	–	90
Currency 2013	£000	£000	£000
Euro	4,444	133,005	137,449
Polish Zloty	85	4,701	4,786
Swedish Krona	276	996	1,272

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	6,606	179,670	5,206	191,482
Hungarian Forint	199	–	–	199
Polish Zloty	–	3,278	1,608	4,886
Swedish Krona	90	–	–	90
UK Sterling	7,783	32,543	1,979	42,305
Currency 2013	£000	£000	£000	£000
Euro	2,744	132,456	2,249	137,449
Polish Zloty	–	4,701	85	4,786
Swedish Krona	94	7,688	182	7,964
UK Sterling	3,794	28,121	1,528	33,443

Threadneedle European Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2014	£000	£000	£000	£000
Euro	–	–	(13,227)	(13,227)
Polish Zloty	–	(4,741)	–	(4,741)
UK Sterling	–	–	(14,560)	(14,560)
Currency 2013	£000	£000	£000	£000
Swedish Krona	–	(6,692)	–	(6,692)
UK Sterling	(678)	–	(1,482)	(2,160)

	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average		Weighted average period		Weighted average period	
Currency	2014	2013	2014	2013	2014	2013
	%	%	years	years	years	years
Euro	4	4	8.87	8.73	4.79	–
Polish Zloty	5	5	7.64	6.26	–	–
Swedish Krona	–	3	–	9.24	–	–
UK Sterling	4	4	13.88	13.50	–	–

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.01% (2013: Nil).

Non interest-bearing assets relate to credit default swaps and forward foreign exchange contracts. Derivatives including credit default swaps and forward foreign exchange contracts are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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 and forward foreign exchange contracts during this accounting period. At 7 March 2014, the fund had outstanding open credit default swaps and forward foreign exchange contracts with an asset value of £33,000 (2013: Nil) and a liability value of £137,000 (2013: £24,000).

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.

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.

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.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £450,933,599 (2013: £298,936,444) and proceeds received from sales were £418,425,033 (2013: £321,656,079).

Threadneedle European Corporate Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve total return.

Investment Policy

The ACD's investment policy is to invest the assets of the fund in a managed portfolio of fixed interest securities which are primarily Euro denominated. The portfolio will consist primarily of a broad range of investment grade corporate fixed interest investments in companies domiciled in Europe or which have significant European operations. From time to time, it may also invest in securities issued by investment grade sovereign and supranational borrowers. However, it is intended that the portfolio will not be more than 25% invested in securities rated AAA (Standard & Poor's) or equivalent rating by another leading rating agency. A maximum of 10% of the portfolio can be invested in below investment grade securities. Where securities are non-Euro denominated it is intended that they will typically be hedged into Euro.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle European Corporate Bond Fund has fallen from 95.01p to 94.31p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is

-0.55%. The fund return equates approximately to +1.15% gross of tax and charges**. (For information the iBoxx European All Corporate Bond Index gave a total return of -0.32% for the same period).

Portfolio Activity

For most of the period under review, the European Corporate Bond Fund was positioned with a long-spread beta against the index. This investment view was based on a combination of fundamental, structural and valuation factors.

Investment-grade corporate fundamentals were considered to be moderately positive overall. Positive, but low, global growth generally provides a supportive backdrop to investment-grade spreads. The outlook for growth in Europe continued to improve following the European Central Banks's announcement of the outright monetary transactions programme in late 2012, which has helped peripheral government-bond spreads to tighten relative to bunds. This growth backdrop was supportive to European corporate earnings, although improvement in corporate balance sheets has slowed. European banks remain in balance-sheet-strengthening mode, however, so on aggregate, bottom-up fundamentals were also considered to be supportive.

In addition to these fundamental considerations, we viewed the market technical indicators as being positive. Ongoing 0% central-bank rates, combined with liquidity

provision, helped to create a strong "search-for-income" dynamic and strong demand for the asset class. This was coupled with a negative net-supply outlook as banks, in particular, continued to reduce the size of their balance sheets. Although the market yield going into the period was just 2%, the spread over bunds at 138 basis points remained slightly above long-run averages. The long-spread beta position helped relative performance, as European corporate spreads tightened from +138 basis points to +113 basis points over the period.

At a sector level, our principal strategy and activity was in the bank sector. The fund ran a large underweight in senior, unsecured bank bonds. This part of the capital structure will become explicitly "bail-in-able" (subject to write-downs) under the EU bail-in directive; as such, we think it will increasingly be seen as lower-beta bank capital. We offset this by holding an overweight in covered bonds and bank-capital bonds, which brought the overall bank-sector risk to neutral. We believe that covered bonds will continue to benefit from strong regulatory support. Bank capital outperformed senior, unsecured bank paper on a risk-adjusted basis. We continue to run this position.

In addition, we rotated some of our favoured bank balance-sheet-improvement ideas from the US, UK and Switzerland into banks based in eurozone countries such as Belgium and Austria. While banks in the US, UK and Switzerland continue to retain earnings to build balance-sheet strength, the pace of this improvement has slowed.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(1,548)	7,458
Revenue	3	2,263	2,281
Expenses	4	(744)	(613)
Finance costs: Interest	6	-	(2)
Net revenue before taxation		1,519	1,666
Taxation	5	-	-
Net revenue after taxation		1,519	1,666
Total return before distributions		(29)	9,124
Finance costs: Distributions	6	(1,519)	(1,666)
Change in net assets attributable to shareholders from investment activities		(1,548)	7,458

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		75,976	66,282
Other assets			
Debtors	7	1,399	1,231
Cash and bank balances	8	2,583	160
Total other assets		3,982	1,391
Total assets		79,958	67,673
Liabilities			
Derivative liabilities		(27)	(259)
Other liabilities			
Creditors	9	(947)	(184)
Bank overdrafts	8	-	(18)
Total other liabilities		(947)	(202)
Total liabilities		(974)	(461)
Net assets attributable to shareholders		78,984	67,212

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	67,212	48,811
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	28,553	36,802
Amounts payable on the cancellation of shares	(16,640)	(27,501)
	11,913	9,301
Dilution adjustment	67	150
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(1,548)	7,458
Retained distribution on accumulation shares	1,340	1,492
Closing net assets attributable to shareholders	78,984	67,212

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares				Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Net Accumulation Distribution Period	Gross Revenue	Income Tax	Net Revenue		
08/03/13 to 07/09/13	0.9326	0.1865	0.7461	0.7461	0.9696
08/09/13 to 07/03/14	0.8960	0.1792	0.7168	0.7168	0.8725
Total distributions in the period				1.4629	1.8421
Class 1 Shares				Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Gross Accumulation Distribution Period	Gross Revenue				
08/03/13 to 07/09/13	1.0672			1.0672	1.1617
08/09/13 to 07/03/14	1.0066			1.0066	1.1165
Total distributions in the period				2.0738	2.2782

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle European Corporate Bond Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Gross Accumulation Distribution Period	Gross Revenue	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
08/03/13 to 07/09/13	1.8779	1.8779	1.3875
08/09/13 to 07/03/14	1.1680	1.1680	2.4156
Total distributions in the period		3.0459	3.8031

Class Z Shares

Net Accumulation* Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2013/2014
26/09/13 to 07/03/14	0.6630	0.1326	0.5304	0.5304
Total distributions in the period				0.5304

*Class Z – Net Accumulation shares launched on 26 September 2013

Threadneedle European Corporate Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(1,053)	6,870
Derivative contracts	(4)	72
Forward currency contracts	(499)	475
Other gains	18	49
Transaction costs	(10)	(8)
Net capital (losses)/gains	(1,548)	7,458

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	2,250	2,258
Derivative revenue	2	12
Bank interest	1	4
Stocklending commission	10	7
Total revenue	2,263	2,281

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(625)	(504)
Registration fees	(89)	(79)
	(714)	(583)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(13)	(12)
Safe custody fees	(3)	(3)
	(16)	(15)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(8)	(8)
	(14)	(15)
*Total expenses	(744)	(613)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,519	1,666
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(304)	(333)
Effects of:		
Distributions treated as tax deductible	304	333
Current tax charge for period (note 5a)	–	–

The fund does not have an unrecognised deferred tax asset at the year end (2013: £40) arising as a result of having unutilised management expenses. Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% on net share classes will be accounted for on shareholders' behalf to the HM Revenue & Customs.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions		
Interim	762	771
Final	757	895
	1,519	1,666
Net distribution for the period	1,519	1,666
Interest	–	2
Total finance costs	1,519	1,668

Details of the distribution per share are set out in the table on pages 85 and 86.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	132	12
Sales awaiting settlement	85	–
Accrued revenue	1,182	1,219
Total debtors	1,399	1,231

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	134	158
Cash and bank balances	2,449	2
	2,583	160
Bank overdraft	–	(18)
Total cash and bank balances	2,583	142

Threadneedle European Corporate Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014	2013
	£000	£000
Amounts payable for the cancellation of shares	(102)	(20)
Purchases awaiting settlement	(687)	–
Accrued expenses	(9)	(11)
Amounts payable to ACD	(59)	(56)
Income tax payable	(90)	(97)
Total creditors	(947)	(184)

10 RELATED PARTY TRANSACTIONS

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

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

European Corporate Bond 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	1.00%
Class 2 shares	0.50%
Class Z shares	0.50%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 269. The distribution per share class is given in the distribution table on pages 85 and 86. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the European Corporate Bond Fund has entered into stocklending arrangements. The fund has earned £14,000 (2013: £10,000) of which £1,000 (2013: £1,000) was outstanding at year end. They have paid fees of £2,000 (2013: £1,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2013: £2,000) of which Nil (2013: 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 £6.73m (2013: £7.46m), whilst the value of collateral held for these arrangements was £6.90m (2013: £7.62m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	6,897	100	7,622	100
	6,897	100	7,622	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 8 and 9.

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	Non-monetary exposures	Total
	£000	£000	£000
Currency 2014			
Euro	2,882	76,176	79,058
Currency 2013	£000	£000	£000
Euro	997	66,265	67,262

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 7 March 2014 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
Euro	4,114	74,174	1,183	79,471
UK Sterling	496	9,747	336	10,579
Currency 2013	£000	£000	£000	£000
Euro	1,353	65,065	1,118	67,536
UK Sterling	1,319	9,496	216	11,031

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
Euro	–	–	(413)	(413)
UK Sterling	(148)	(9,971)	(533)	(10,652)
Currency 2013	£000	£000	£000	£000
Euro	(18)	–	(256)	(274)
UK Sterling	(1,185)	(9,712)	(184)	(11,081)

	Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed		Non interest bearing assets Weighted average period	
	2014	2013	2014	2013	2014	2013
	%	%	years	years	years	years
Currency						
Euro	4	4	7.58	8.47	–	4.77
UK Sterling	6	6	8.76	5.69	–	–

Threadneedle European Corporate 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.

Non interest-bearing assets relate to credit default swaps and forward foreign exchange contracts. Derivatives including credit default swaps and forward foreign exchange contracts are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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 and forward foreign exchange contracts during this accounting period. At 7 March 2014, the fund had outstanding open credit default swaps and forward foreign exchange contracts with an asset value of £111,000 (2013: £613,000) and a liability value of £27,000 (2013: £259,000).

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

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.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £114,355,057 (2013: £80,630,806) and proceeds received from sales were £102,845,214 (2013: £68,964,777).

Threadneedle European High Yield Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve total return. Over time this will be predominantly by way of income.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in corporate fixed interest securities of corporates with higher risk (that is non-investment grade credit) issued predominantly in Euro or Sterling. Where securities are non-Euro denominated it is intended they will typically be hedged into Euro. The ACD will invest predominantly in issues issued by companies domiciled in Europe, or with significant European operations. If the ACD considers it desirable it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle European High Yield Bond Fund has risen from 130.67p to 135.10p.

The sterling total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +3.65%, which equates approximately to +5.80% gross of tax and charges** and compares against a return of +5.44% for the Merrill Lynch European Currency High Yield Index 3% constrained ex sub-financials (100% hedged to euros). The gross returns equate to approximately

+10.56% for the fund and +10.19% for the index when quoted in Euros**.

Portfolio Activity

European high yield performed well in 2013, especially when compared with other fixed-income asset classes. Government bonds suffered after the US Federal Reserve discussed the possibility of tapering its quantitative-easing programme in May 2013, eventually reducing monthly purchases by US\$10 billion towards the end of the period under review. High yield was no stranger to the volatility experienced in May, but did not sell off as much as other fixed-income asset classes. In the second half of 2013, the asset class rallied with other risk assets, accompanied by expectations of a better macro outlook in Europe.

New issuance was at record highs for European high yield in 2013. This, together with the continued search for yield and the increasing pace of inflows into the year-end, saw European high yield return almost 9% in 2013 alone.

Throughout most of 2013, the fund steadily outperformed the index, thanks to an overweight beta positioning, our credit-rating positioning and overweight position in financials. We recognised that the volatility in May and June was a buying opportunity and tactically increased exposure to cyclical (especially autos) through the year. For 2014 so far, our return is slightly behind the index. This has been largely attributable to our positioning in the higher-quality end of single-B credits, where February's risk-on tone has seen the riskier names outperform.

Throughout the year, we maintained our strategy of investing in robust companies in the higher end of the single-B rated credit space, while we remain underweight double-B's relative to the index. We were busy in the primary market over the period; an abundance of new issues spoilt investors for choice, but we maintained a selective approach in how we added to our portfolio. Compared with last year, 2014 has been reasonably benign in the new-issue market.

The outlook for Europe continues to improve, as evidenced by high-frequency macro data. Fourth-quarter European GDP was confirmed at 0.3%, and activity indicators suggest that the pace of growth has picked up since the beginning of the year. We feel that this will be generally reflected in corporate earnings, while medium-term headwinds to European growth still remain. High levels of unemployment and low levels of inflationary pressure will keep the European Central Bank on high alert, and we expect interest rates to remain low in the region.

High yield continues to be supported by the expectation of an increase in corporate events (M&A or IPOs), with UK retail in the spotlight for IPOs and European telecommunication companies benefiting from M&A speculation. Furthermore, we believe default rates in this environment will stay low. Spreads, however, have tightened significantly over the last year, and we remain conscious that spreads are unlikely to tighten further.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

Notes	2014 £000	2013 £000
Income		
Net capital (losses)/gains	2 (11,849)	66,525
Revenue	3 56,899	54,503
Expenses	4 (8,640)	(7,172)
Finance costs: Interest	6 (1)	(33)
Net revenue before taxation	48,258	47,298
Taxation	5 (25)	–
Net revenue after taxation	48,233	47,298
Total return before distributions	36,384	113,823
Finance costs: Distributions	6 (48,233)	(47,298)
Change in net assets attributable to shareholders from investment activities	(11,849)	66,525

BALANCE SHEET

as at 7 March 2014

Notes	2014 £000	2013 £000
Assets		
Investment assets	808,754	748,543
Other assets		
Debtors	7 46,786	26,916
Cash and bank balances	8 58,930	38,300
Total other assets	105,716	65,216
Total assets	914,470	813,759
Liabilities		
Derivative liabilities	(366)	(671)
Other liabilities		
Creditors	9 (10,908)	(7,320)
Bank overdrafts	8 (4,440)	(1,074)
Distribution payable on income shares	(3,294)	(1,693)
Total other liabilities	(18,642)	(10,087)
Total liabilities	(19,008)	(10,758)
Net assets attributable to shareholders	895,462	803,001

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	803,001	700,486
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	388,507	347,355
Amounts payable on the cancellation of shares	(328,933)	(323,065)
Amounts payable on in specie transfer	–	(34,983)
	59,574	(10,693)
Dilution adjustment	173	1,499
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(11,849)	66,525
Retained distribution on accumulation shares	44,563	45,184
Closing net assets attributable to shareholders	895,462	803,001

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	5.9046	1.1809	4.7237	4.7237	5.9344
Total distributions in the period			4.7237	4.7237	5.9344
Distribution Period	Gross Revenue			Distribution Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/03/14	5.5092			5.5092	6.4218
Total distributions in the period				5.5092	6.4218

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle European High Yield Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Accumulation Distribution Period	Gross Revenue	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	8.7243	8.7243	8.2994
Total distributions in the period		8.7243	8.2994

Class 2 Shares

Gross Income Distribution Period	Gross Revenue	Distribution Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/03/14	4.3301	4.3301	0.5483
Total distributions in the period		4.3301	0.5483

Class 2 Shares

Gross Accumulation Distribution Period	Gross Revenue	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	11.3428	11.3428	11.9032
Total distributions in the period		11.3428	11.9032

Class 2 Hedged Shares

Gross Accumulation Distribution Period	Gross Revenue	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	41.7259	41.7259	7.1507
Total distributions in the period		41.7259	7.1507

Class X Shares

Gross Accumulation Distribution Period	Gross Revenue	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	7.8334	7.8334	7.1541
Total distributions in the period		7.8334	7.1541

Class Z Shares

Gross Income Distribution Period	Gross Revenue	Distribution Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/03/14	2.0515	2.0515	1.8221
Total distributions in the period		2.0515	1.8221

Class Z Shares

Net Accumulation* Distribution Period	Gross Revenue	Income Tax	Net Revenue	Net Revenue Accumulated 2013/2014
26/09/13 to 07/03/14	4.2165	0.8433	3.3732	3.3732
Total distributions in the period				3.3732

Class Z Shares

Gross Accumulation Distribution Period	Gross Revenue	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	2.4306	2.4306	3.3965
Total distributions in the period		2.4306	3.3965

*Class Z Shares Net Accumulation shares launched on 26 September 2013

Threadneedle European High Yield Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(5,284)	55,957
Derivative contracts	2,406	2,210
Forward currency contracts	(5,771)	5,880
Other (losses)/gains	(3,191)	2,493
Transaction costs	(9)	(15)
Net capital (losses)/gains	(11,849)	66,525

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	55,711	53,748
Interest on short term investments	3	8
Derivative revenue	755	267
Bank interest	69	45
Stocklending commission	361	435
Total revenue	56,899	54,503

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(7,735)	(6,324)
Registration fees	(818)	(771)
	(8,553)	(7,095)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(26)	(24)
Safe custody fees	(40)	(32)
	(66)	(56)
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(14)	(14)
	(21)	(21)
*Total expenses	(8,640)	(7,172)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(25)	–
Total current tax (note 5b)	(25)	–
Total tax charge for the period	(25)	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	48,258	47,298
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(9,652)	(9,460)
Effects of:		
Overseas taxes	25	–
Prior period expenses utilised	14	–
Distributions treated as tax deductible	9,638	9,460
Current tax charge for period (note 5a)	25	–

The fund does not have an unrecognised deferred tax asset at the year end (2013: £14,361) arising as a result of having unutilised management expenses.

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

6 FINANCE COSTS

Distributions and Interest

	2014 £000	2013 £000
Final	48,233	47,298
Net distribution for the period	48,233	47,298
Interest	1	33
Total finance costs	48,234	47,331

Details of the distribution per share are set out in the table on pages 90 and 91.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	27,798	8,839
Sales awaiting settlement	2,014	1,521
Accrued revenue	16,974	16,528
Foreign withholding tax recoverable	–	28
Total debtors	46,786	26,916

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	580	360
Cash and bank balances	58,350	37,940
	58,930	38,300
Bank overdraft	(4,440)	(1,074)
Total cash and bank balances	54,490	37,226

Threadneedle European High Yield Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(297)	(4,003)
Purchases awaiting settlement	(9,523)	(2,218)
Accrued expenses	(22)	(25)
Amounts payable to ACD	(691)	(652)
Income tax payable	(375)	(422)
Total creditors	(10,908)	(7,320)

10 RELATED PARTY TRANSACTIONS

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

The aggregated 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

The European High Yield Bond 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	1.25%
Class 2 shares	0.75%
Class X shares	–
Class Z shares	0.60%
Registration fees	
Class 1 shares	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 270. The distribution per share class is given in the distribution table on pages 90 and 91. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the European High Yield Bond Fund has entered into stocklending arrangements. The fund has earned £508,000 (2013: £613,000) of which £50,000 (2013: £60,000) was outstanding at year end. The fund paid fees of £71,000 (2013: £86,000) of which £7,000 (2013: £9,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £76,000 (2013: £92,000) of which £7,000 (2013: £9,000) 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 £114.25m (2013: £140.42m), whilst the value of collateral held for these arrangements was £117.98m (2013: £145.70m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	117,975	100	145,697	100
	117,975	100	145,697	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 8 and 9.

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
Currency 2014			
Euro	63,083	825,438	888,521
Swiss Franc	190	275	465
US Dollar	3,790	(3,547)	243
Currency 2013	£000	£000	£000
Euro	50,127	747,031	797,158
Swiss Franc	63	2,596	2,659
US Dollar	661	1,134	1,795

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	76,842	804,023	14,025	894,890
Swiss Franc	721	11,276	180	12,177
UK Sterling	7,779	174,423	31,685	213,887
US Dollar	5,816	40,165	1,587	47,568
Currency 2013	£000	£000	£000	£000
Euro	35,989	748,431	14,956	799,376
Swiss Franc	1,110	7,678	58	8,846
UK Sterling	1,991	144,731	11,788	158,510
US Dollar	4,710	23,847	590	29,147
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	–	–	(6,369)	(6,369)
Swiss Franc	(695)	(11,017)	–	(11,712)
UK Sterling	(12,228)	(187,612)	(7,812)	(207,652)
US Dollar	(3,523)	(43,446)	(356)	(47,325)
Currency 2013	£000	£000	£000	£000
Euro	–	–	(2,218)	(2,218)
Swiss Franc	(779)	(5,408)	–	(6,187)
UK Sterling	(2,745)	(147,581)	(6,795)	(157,121)
US Dollar	(4,455)	(22,897)	–	(27,352)

Threadneedle European High Yield Bond Fund

Notes to the financial statements

(continued)

Currency	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	
	2014	2013	2014	2013	2014	2013
Euro	7	8	7.20	6.10	4.59	4.55
Norwegian Krone	–	9	–	0.72	–	–
Swiss Franc	7	6	5.58	4.62	–	–
UK Sterling	8	9	10.63	8.14	–	–
US Dollar	8	7	15.15	4.26	–	–

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.03% (2013: 0.01%).

Non interest-bearing assets relate to credit default swaps and forward foreign exchange contracts. Derivatives including credit default swaps and forward foreign exchange contracts are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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 and forward foreign exchange contracts during this accounting period. At 7 March 2014, the fund had outstanding open credit default swaps and forward foreign exchange contracts with an asset value of £2,375,000 (2013: £1,930,000) and a liability value of £366,000 (2013: £671,000).

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.

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.

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.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £356,752,471 (2013: £363,492,091) and proceeds received from sales were £294,659,885 (2013: £325,052,112).

Threadneedle Strategic Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve total return principally by way of income. Income will be paid monthly.

Investment Policy

The ACD's investment policy is to primarily invest the assets of the fund directly or indirectly in UK and European debt securities.

The ACD's strategic investment approach allocates the fund's investments between corporate investment grade and non-investment grade, sovereign and supranational debt.

The ACD may invest up to one third of the assets of the fund in money market instruments, cash or near cash and other securities (other than equities) including non-UK and non-European debt.

The ACD may invest in derivatives and forward transactions. The ACD may take long and short positions through derivatives.

Where securities are non-Sterling denominated it is intended that they will typically be hedged back into Sterling.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Strategic Bond Fund has fallen from 48.69p to 48.49p.

The total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is

+4.19%, which equates approximately to +6.88% gross of tax and charges**. This compares against a return of +5.73% for a composite index of 60% iBoxx Sterling Non Gilts Index and 40% Merrill Lynch European Currency High Yield Index 3% constrained B-BB (100% hedged to Sterling).

Portfolio Activity

The year under review was a difficult period for many areas of the fixed-income market. Government bonds suffered and corporate bond spreads widened after the US Federal Reserve discussed the possibility of tapering (reducing) its quantitative-easing programme in May 2013. The decision to reduce monthly purchases by US\$10 billion was announced towards the end of the period covered by this report. Overall, high yield was the best-performing area; while it was no stranger to volatility, it did not sell off as much as other fixed-income asset classes in May. In the second half of 2013, fixed income rallied on expectations of a better macro outlook. As in the US, the economic recovery in the UK looks stronger, although in other parts of Europe the recovery is more fragile.

We retain a preference for credit risk relative to interest-rate risk (duration). We remain underweight gilts and supranational bonds, with an overweight in higher-yielding, lower-rated corporate bonds (primarily investment grade). On a sector basis, we have a preference for insurance and banks as well as consumer-goods companies. We offset this with a lower weighting in healthcare and industrials within the investment-grade portion of the fund.

The outlook for Europe continues to improve, as evidenced by high-frequency macro data. Fourth-quarter European GDP was confirmed at 0.3%, and activity indicators suggest that the pace of growth has picked up since the beginning of the year. We feel that this will be generally reflected in corporate earnings, although European growth still faces medium-term headwinds.

High yield continues to be supported by the expectation of an increase in corporate events (M&A or IPOs), with UK retail in the spotlight for IPOs and European telecommunication companies benefiting from M&A speculation. Furthermore, we believe default rates in this environment will stay low. Spreads, however, have tightened significantly over the last year, and we remain conscious that spreads are unlikely to tighten further. If the economic improvement continues, pressure will mount for interest rates to rise, which will also undermine the performance of government bonds.

The demand for income remains a key theme driving financial markets. Given that interest rates are likely to remain low for some time to come and gilt yields, though higher, still do not offer much value, we expect demand for corporate and high-yield bonds to remain robust and to outstrip the fairly meagre supply of sterling corporate bonds we have seen and expect to continue. Corporate valuations look reasonable compared with gilts and current cash rates, although yields are low in absolute terms. We expect corporate and high-yield bonds to outperform gilts, while it looks likely that total returns from the market will be positive but modest.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	3,692	22,062
Revenue	3	22,728	26,373
Expenses	4	(4,307)	(4,853)
Finance costs:			
Derivative expense	6	(1,390)	(543)
Interest	6	(2)	(25)
Net revenue before taxation		17,029	20,952
Net revenue after taxation		17,029	20,952
Total return before distributions		20,721	43,014
Finance costs: Distributions	6	(20,884)	(25,252)
Change in net assets attributable to shareholders from investment activities		(163)	17,762

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		360,262	386,762
Other assets			
Debtors	7	7,910	11,260
Cash and bank balances	8	11,423	3,295
Total other assets		19,333	14,555
Total assets		379,595	401,317
Liabilities			
Derivative liabilities		(2,776)	(3,441)
Other liabilities			
Creditors	9	(4,131)	(6,517)
Bank overdrafts	8	(308)	–
Distribution payable on income shares		(814)	(1,083)
Total other liabilities		(5,253)	(7,600)
Total liabilities		(8,029)	(11,041)
Net assets attributable to shareholders		371,566	390,276

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	390,276	396,964
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	47,893	34,474
Amounts payable on the cancellation of shares	(73,475)	(67,030)
	(25,582)	(32,556)
Dilution adjustment	89	–
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(163)	17,762
Retained distribution on accumulation shares	6,942	8,084
Unclaimed distribution monies brought back into account	4	22
Closing net assets attributable to shareholders	371,566	390,276

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/04/13	0.2041	0.0408	0.1633	–	0.1633	0.1820
08/04/13 to 07/05/13	0.2559	0.0512	0.2047	–	0.2047	0.1829
08/05/13 to 07/06/13	0.2366	0.0473	0.1893	–	0.1893	0.2238
08/06/13 to 07/07/13	0.2231	0.0446	0.1785	–	0.1785	0.1864
08/07/13 to 07/08/13	0.2411	0.0482	0.1929	–	0.1929	0.1994
08/08/13 to 07/09/13	0.2060	0.0412	0.1648	–	0.1648	0.1894
08/09/13 to 07/10/13	0.2305	0.0461	0.1844	–	0.1844	0.1852
08/10/13 to 07/11/13	0.2301	0.0460	0.1841	–	0.1841	0.2170
08/11/13 to 07/12/13	0.2061	0.0412	0.1649	–	0.1649	0.1953
08/12/13 to 07/01/14	0.2221	0.0444	0.1777	–	0.1777	0.1956
08/01/14 to 07/02/14	0.2240	0.0448	0.1792	–	0.1792	0.2099
08/02/14 to 07/03/14	0.1944	0.0389	0.1555	–	0.1555	0.1897

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Strategic Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 2						
08/03/13 to 07/04/13	0.1358	0.0272	0.1086	0.0547	0.1633	0.1820
08/04/13 to 07/05/13	0.1440	0.0288	0.1152	0.0895	0.2047	0.1829
08/05/13 to 07/06/13	0.1055	0.0211	0.0844	0.1049	0.1853	0.2238
08/06/13 to 07/07/13	0.0930	0.0186	0.0744	0.1041	0.1785	0.1864
08/07/13 to 07/08/13	0.1046	0.0209	0.0837	0.1092	0.1929	0.1994
08/08/13 to 07/09/13	0.0833	0.0167	0.0666	0.0982	0.1648	0.1852
08/09/13 to 07/10/13	0.0869	0.0178	0.0711	0.1133	0.1844	0.1852
08/10/13 to 07/11/13	0.1233	0.0247	0.0986	0.0855	0.1841	0.2170
08/11/13 to 07/12/13	0.0864	0.0177	0.0707	0.0942	0.1649	0.1953
08/12/13 to 07/01/14	0.1049	0.0210	0.0839	0.0938	0.1777	0.1956
08/01/14 to 07/02/14	0.0915	0.0183	0.0732	0.1060	0.1792	0.2099
08/02/14 to 07/03/14	0.0645	0.0129	0.0516	0.1039	0.1555	0.1897
Total distributions in the period					2.1393	2.3566

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2044	–	0.2044	0.2278
08/04/13 to 07/05/13	0.2563	–	0.2563	0.2289
08/05/13 to 07/06/13	0.2368	–	0.2368	0.2801
08/06/13 to 07/07/13	0.2230	–	0.2230	0.2328
08/07/13 to 07/08/13	0.2406	–	0.2406	0.2488
08/08/13 to 07/09/13	0.2055	–	0.2055	0.2360
08/09/13 to 07/10/13	0.2295	–	0.2295	0.2305
08/10/13 to 07/11/13	0.2290	–	0.2290	0.2699
08/11/13 to 07/12/13	0.2049	–	0.2049	0.2426
08/12/13 to 07/01/14	0.2203	–	0.2203	0.2427
08/01/14 to 07/02/14	0.2220	–	0.2220	0.2602
08/02/14 to 07/03/14	0.1925	–	0.1925	0.2345
Total distributions in the period				

Group 2

08/03/13 to 07/04/13	0.1001	0.1043	0.2044	0.2278
08/04/13 to 07/05/13	0.1430	0.1133	0.2563	0.2289
08/05/13 to 07/06/13	0.0842	0.1526	0.2368	0.2801
08/06/13 to 07/07/13	0.1068	0.1162	0.2230	0.2328
08/07/13 to 07/08/13	0.1334	0.1072	0.2406	0.2488
08/08/13 to 07/09/13	0.1286	0.0769	0.2055	0.2360
08/09/13 to 07/10/13	0.0948	0.1347	0.2295	0.2305
08/10/13 to 07/11/13	0.1065	0.1225	0.2290	0.2699
08/11/13 to 07/12/13	0.0835	0.1214	0.2049	0.2426
08/12/13 to 07/01/14	0.1033	0.1170	0.2203	0.2427
08/01/14 to 07/02/14	0.0876	0.1344	0.2220	0.2602
08/02/14 to 07/03/14	0.1361	0.0564	0.1925	0.2345
Total distributions in the period			2.6648	2.9348

Class 2 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/04/13	0.2218	0.0444	0.1774	–	0.1774	0.1960
08/04/13 to 07/05/13	0.2773	0.0555	0.2218	–	0.2218	0.1969
08/05/13 to 07/06/13	0.2559	0.0512	0.2047	–	0.2047	0.2410
08/06/13 to 07/07/13	0.2409	0.0482	0.1927	–	0.1927	0.2008
08/07/13 to 07/08/13	0.2608	0.0522	0.2086	–	0.2086	0.2152
08/08/13 to 07/09/13	0.2233	0.0447	0.1786	–	0.1786	0.2047
08/09/13 to 07/10/13	0.2493	0.0499	0.1994	–	0.1994	0.1997
08/10/13 to 07/11/13	0.2491	0.0498	0.1993	–	0.1993	0.2344
08/11/13 to 07/12/13	0.2234	0.0447	0.1787	–	0.1787	0.2109
08/12/13 to 07/01/14	0.2408	0.0482	0.1926	–	0.1926	0.2116
08/01/14 to 07/02/14	0.2428	0.0486	0.1942	–	0.1942	0.2267
08/02/14 to 07/03/14	0.2108	0.0422	0.1686	–	0.1686	0.2050
Group 2						
08/03/13 to 07/04/13	0.0785	0.0157	0.0628	0.1146	0.1774	0.1960
08/04/13 to 07/05/13	0.0846	0.0169	0.0677	0.1541	0.2218	0.1969
08/05/13 to 07/06/13	0.1285	0.0257	0.1028	0.1019	0.2047	0.2410
08/06/13 to 07/07/13	0.1106	0.0221	0.0885	0.1042	0.1927	0.2008
08/07/13 to 07/08/13	0.0803	0.0161	0.0642	0.1444	0.2086	0.2152
08/08/13 to 07/09/13	0.1095	0.0219	0.0876	0.0910	0.1786	0.2047
08/09/13 to 07/10/13	0.0803	0.0161	0.0642	0.1352	0.1994	0.1997
08/10/13 to 07/11/13	0.1100	0.0220	0.0880	0.1113	0.1993	0.2344
08/11/13 to 07/12/13	0.0843	0.0169	0.0674	0.1113	0.1787	0.2109
08/12/13 to 07/01/14	0.0960	0.0192	0.0768	0.1158	0.1926	0.2116
08/01/14 to 07/02/14	0.1418	0.0284	0.1134	0.0808	0.1942	0.2267
08/02/14 to 07/03/14	0.1609	0.0322	0.1287	0.0399	0.1686	0.2050
Total distributions in the period					2.3166	2.5429

Class 2 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2340	–	0.2340	0.2588
08/04/13 to 07/05/13	0.2928	–	0.2928	0.2599
08/05/13 to 07/06/13	0.2700	–	0.2700	0.3179
08/06/13 to 07/07/13	0.2537	–	0.2537	0.2650
08/07/13 to 07/08/13	0.2746	–	0.2746	0.2831
08/08/13 to 07/09/13	0.2348	–	0.2348	0.2692
08/09/13 to 07/10/13	0.2619	–	0.2619	0.2646
08/10/13 to 07/11/13	0.2616	–	0.2616	0.3074
08/11/13 to 07/12/13	0.2343	–	0.2343	0.2767
08/12/13 to 07/01/14	0.2510	–	0.2510	0.2769
08/01/14 to 07/02/14	0.2539	–	0.2539	0.2966
08/02/14 to 07/03/14	0.2212	–	0.2212	0.2671
Group 2				
08/03/13 to 07/04/13	0.1435	0.0905	0.2340	0.2588
08/04/13 to 07/05/13	0.1628	0.1300	0.2928	0.2599
08/05/13 to 07/06/13	0.0600	0.2100	0.2700	0.3179
08/06/13 to 07/07/13	0.2537	–	0.2537	0.2650
08/07/13 to 07/08/13	0.0628	0.2118	0.2746	0.2831
08/08/13 to 07/09/13	0.2348	–	0.2348	0.2692
08/09/13 to 07/10/13	0.0283	0.2336	0.2619	0.2646
08/10/13 to 07/11/13	0.1820	0.0796	0.2616	0.3074
08/11/13 to 07/12/13	0.1669	0.0674	0.2343	0.2767
08/12/13 to 07/01/14	0.0010	0.2500	0.2510	0.2769
08/01/14 to 07/02/14	0.0510	0.2029	0.2539	0.2966
08/02/14 to 07/03/14	0.0212	0.2000	0.2212	0.2671
Total distributions in the period				

Group 2

08/03/13 to 07/04/13	0.1435	0.0905	0.2340	0.2588
08/04/13 to 07/05/13	0.1628	0.1300	0.2928	0.2599
08/05/13 to 07/06/13	0.0600	0.2100	0.2700	0.3179
08/06/13 to 07/07/13	0.2537	–	0.2537	0.2650
08/07/13 to 07/08/13	0.0628	0.2118	0.2746	0.2831
08/08/13 to 07/09/13	0.2348	–	0.2348	0.2692
08/09/13 to 07/10/13	0.0283	0.2336	0.2619	0.2646
08/10/13 to 07/11/13	0.1820	0.0796	0.2616	0.3074
08/11/13 to 07/12/13	0.1669	0.0674	0.2343	0.2767
08/12/13 to 07/01/14	0.0010	0.2500	0.2510	0.2769
08/01/14 to 07/02/14	0.0510	0.2029	0.2539	0.2966
08/02/14 to 07/03/14	0.0212	0.2000	0.2212	0.2671
Total distributions in the period			3.0438	3.3432

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/04/13	0.4138	–	0.4138	0.4294
08/04/13 to 07/05/13	0.5196	–	0.5196	0.4333
08/05/13 to 07/06/13	0.4815	–	0.4815	0.5327
08/06/13 to 07/07/13	0.4549	–	0.4549	0.4461
08/07/13 to 07/08/13	0.4945	–	0.4945	0.4800
08/08/13 to 07/09/13	0.4254	–	0.4254	0.4583
08/09/13 to 07/10/13	0.4763	–	0.4763	0.4492
08/10/13 to 07/11/13	0.4781	–	0.4781	0.5291
08/11/13 to 07/12/13	0.4304	–	0.4304	0.4786
08/12/13 to 07/01/14	0.4652	–	0.4652	0.4818
08/01/14 to 07/02/14	0.4709	–	0.4709	0.5187
08/02/14 to 07/03/14	0.4105	–	0.4105	0.4709
Group 2				
08/03/13 to 07/04/13	0.3901	0.0237	0.4138	0.4294
08/04/13 to 07/05/13	0.4380	0.0816	0.5196	0.4333
08/05/13 to 07/06/13	0.2175	0.2640	0.4815	0.5327
08/06/13 to 07/07/13	0.1624	0.2925	0.4549	0.4461
08/07/13 to 07/08/13	0.2986	0.1959	0.4945	0.4800
08/08/13 to 07/09/13	0.2072	0.2182	0.4254	0.4583
08/09/13 to 07/10/13	0.3073	0.1690	0.4763	0.4492
08/10/13 to 07/11/13	0.0934	0.3847	0.4781	0.5291
08/11/13 to 07/12/13	0.0695	0.3609	0.4304	0.4786
08/12/13 to 07/01/14	0.2016	0.2636	0.4652	0.4818
08/01/14 to 07/02/14	0.0224	0.4485	0.4709	0.5187
08/02/14 to 07/03/14	0.0285	0.3820	0.4105	0.4709
Total distributions in the period			5.5211	5.7081

Class Z Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/04/13	0.4336					

Threadneedle Strategic Bond Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.4333	–	0.4333	–
08/04/13 to 07/05/13	0.5429	–	0.5429	–
08/05/13 to 07/06/13	0.4978	–	0.4978	–
08/06/13 to 07/07/13	0.4713	–	0.4713	–
08/07/13 to 07/08/13	0.5091	–	0.5091	–
08/08/13 to 07/09/13	0.4343	–	0.4343	–
08/09/13 to 07/10/13	0.4853	–	0.4853	0.1556
08/10/13 to 07/11/13	0.4840	–	0.4840	0.5708
08/11/13 to 07/12/13	0.4357	–	0.4357	0.5121
08/12/13 to 07/01/14	0.4673	–	0.4673	0.5131
08/01/14 to 07/02/14	0.4715	–	0.4715	0.5523
08/02/14 to 07/03/14	0.4085	–	0.4085	0.4981
Group 2				
08/03/13 to 07/04/13	0.4333	–	0.4333	–
08/04/13 to 07/05/13	0.1679	0.3750	0.5429	–
08/05/13 to 07/06/13	0.1337	0.3641	0.4978	–
08/06/13 to 07/07/13	0.3734	0.0979	0.4713	–
08/07/13 to 07/08/13	0.1003	0.4088	0.5091	–
08/08/13 to 07/09/13	0.3097	0.1246	0.4343	–
08/09/13 to 07/10/13	0.3452	0.1401	0.4853	0.1556
08/10/13 to 07/11/13	0.1312	0.3528	0.4840	0.5708
08/11/13 to 07/12/13	0.1662	0.2695	0.4357	0.5121
08/12/13 to 07/01/14	0.2677	0.1996	0.4673	0.5131
08/01/14 to 07/02/14	0.2499	0.2216	0.4715	0.5523
08/02/14 to 07/03/14	0.2100	0.1985	0.4085	0.4981
Total distributions in the period			5.6410	2.8020

Total distributions in the period

Class Z Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/04/13	0.4448	–	0.4448	–
08/04/13 to 07/05/13	0.5602	–	0.5602	–
08/05/13 to 07/06/13	0.5203	–	0.5203	–
08/06/13 to 07/07/13	0.4941	–	0.4941	–
08/07/13 to 07/08/13	0.5351	–	0.5351	–
08/08/13 to 07/09/13	0.3822	–	0.3822	–
08/09/13 to 07/10/13	0.5138	–	0.5138	0.1556
08/10/13 to 07/11/13	0.5151	–	0.5151	0.5714
08/11/13 to 07/12/13	0.4636	–	0.4636	0.5174
08/12/13 to 07/01/14	0.5008	–	0.5008	0.5198
08/01/14 to 07/02/14	0.5073	–	0.5073	0.5608
08/02/14 to 07/03/14	0.4419	–	0.4419	0.5078
Group 2				
08/03/13 to 07/04/13	0.2548	0.1900	0.4448	–
08/04/13 to 07/05/13	0.5602	–	0.5602	–
08/05/13 to 07/06/13	0.3619	0.1584	0.5203	–
08/06/13 to 07/07/13	0.4941	–	0.4941	–
08/07/13 to 07/08/13	0.3852	0.1499	0.5351	–
08/08/13 to 07/09/13	0.0254	0.3568	0.3822	–
08/09/13 to 07/10/13	0.4635	0.0503	0.5138	0.1556
08/10/13 to 07/11/13	0.2819	0.2332	0.5151	0.5714
08/11/13 to 07/12/13	0.2134	0.2502	0.4636	0.5174
08/12/13 to 07/01/14	0.1612	0.3396	0.5008	0.5198
08/01/14 to 07/02/14	0.2278	0.2795	0.5073	0.5608
08/02/14 to 07/03/14	0.1593	0.2826	0.4419	0.5078
Total distributions in the period			5.8792	2.8328

Group 2: shares purchased during a distribution period

Threadneedle Strategic Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	(5,856)	31,161
Derivative contracts	(921)	(2,023)
Forward currency contracts	10,606	(7,103)
Other (losses)/gains	(120)	40
Transaction costs	(17)	(13)
Net capital gains	3,692	22,062

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	22,640	26,241
Interest on short term investments	2	18
Bank interest	13	41
Stocklending commission	73	73
Total revenue	22,728	26,373

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(3,856)	(4,300)
Registration fees	(397)	(496)
	(4,253)	(4,796)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(20)	(21)
Safe custody fees	(18)	(19)
	(38)	(40)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(9)	(9)
Miscellaneous expenses	(1)	(1)
	(16)	(17)
*Total expenses	(4,307)	(4,853)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	17,029	20,952
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(3,406)	(4,190)
Effects of:		
Prior period expenses utilised	3,406	–
Excess expenses	–	(860)
Distributions treated as tax deductible	–	5,050
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £5,282,438 (2013: £8,688,214) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on 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:

	2014 £000	2013 £000
Interim	19,365	23,271
Final	1,503	1,919
	20,868	25,190
Add: Revenue deducted on cancellation of shares	153	155
Deduct: Revenue received on creation of shares	(137)	(93)
Net distribution for the period	20,884	25,252
Derivative expense	1,390	543
Interest	2	25
Total finance costs	22,276	25,820
Net revenue after taxation	17,029	20,952
Annual management charge to capital	3,856	4,300
Equalisation on conversion	(1)	–
Net distribution for the period	20,884	25,252

Details of the distribution per share are set out in the table on pages 95 – 97.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	386	423
Sales awaiting settlement	223	2,607
Accrued revenue	7,301	8,224
Other debtors	–	6
Total debtors	7,910	11,260

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	2,358	2,184
Cash and bank balances	8,757	1,111
Total cash and bank balances	11,115	3,295

Threadneedle Strategic Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(1,047)	(2,261)
Purchases awaiting settlement	(2,113)	(3,065)
Accrued expenses	(13)	(17)
Amounts payable to ACD	(315)	(356)
Income tax payable	(643)	(818)
Total creditors	(4,131)	(6,517)

10 RELATED PARTY TRANSACTIONS

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

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

The Strategic Bond 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	1.25%
Class 2 shares	0.75%
Class Z shares	0.60%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 271.

The distribution per share class is given in the distribution table on pages 95 – 97.

All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the Strategic Bond Fund has entered into stocklending arrangements. The fund has earned £103,000 (2013: £102,000) of which £10,000 (2013: £9,000) was outstanding at year end. The fund paid fees of £14,000 (2013: £14,000) of which £1,000 (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £16,000 (2013: £15,000) of which £1,000 (2013: £2,000) 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 £29.72m (2013: £33.88m), whilst the value of collateral held for these arrangements was £30.72m (2013: £34.82). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	30,719	100	34,820	100
	30,719	100	34,820	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 8 and 9.

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
Currency 2014			
Euro	390	(3,030)	(2,640)
Japanese Yen	(308)	–	(308)
Swiss Franc	2	(3)	(1)
US Dollar	869	(1,077)	(208)
Currency 2013	£000	£000	£000
Euro	3,394	(3,234)	160
Swiss Franc	19	6	25
US Dollar	783	552	1,335

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	9,389	137,281	781	147,451
Swiss Franc	190	1,691	–	1,881
UK Sterling	33,591	337,440	7,574	378,605
US Dollar	1,747	31,901	138	33,786
Currency 2013	£000	£000	£000	£000
Euro	7,000	147,455	3,576	158,031
Swiss Franc	299	1,747	12	2,058
UK Sterling	28,432	360,032	5,420	393,884
US Dollar	2,991	21,382	2,484	26,857
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	(8,188)	(138,150)	(3,753)	(150,091)
Japanese Yen	(308)	–	–	(308)
Swiss Franc	(188)	(1,694)	–	(1,882)
UK Sterling	–	–	(3,882)	(3,882)
US Dollar	(1,049)	(32,945)	–	(33,994)
Currency 2013	£000	£000	£000	£000
Euro	(6,483)	(149,216)	(2,172)	(157,871)
Swiss Franc	(291)	(1,742)	–	(2,033)
UK Sterling	–	–	(5,128)	(5,128)
US Dollar	(2,700)	(20,894)	(1,928)	(25,522)
	Fixed rate financial assets Weighted average interest rate	Fixed rate financial assets Weighted average period for which rate is fixed		
	2014	2013	2014	2013
Currency	%	%	years	years
Euro	7	8	7.10	6.89
Swiss Franc	7	7	0.00	5.47
US Dollar	6	6	13.48	14.01
UK Sterling	6	7	15.10	11.79

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: Nil).

Threadneedle Strategic 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.

Non interest-bearing assets relate to forward foreign exchange contracts, credit default swaps, interest rate swaps, futures and options. Derivatives including forward foreign exchange contracts, credit default swaps, interest rate swaps and futures and options are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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 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 7 March 2014, the fund had outstanding open credit default swaps, open forward foreign exchange contracts, futures and interest rate swaps with an asset value of £549,000 (2013: £51,000) and a liability value of £2,776,000 (2013: £3,441,000).

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

Sensitivity or value at risk is not shown since the fund holds no derivatives that could impact the fund significantly.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £149,720,329 (2013: £155,743,355) and proceeds received from sales were £169,705,429 (2013: £173,933,279).

Threadneedle American Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the stock of medium to large companies domiciled in North America or which have significant North American operations. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle American Fund has risen from 140.85p to 160.32p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +16.50% as compared to a median return of +13.89% over the same period. (For information the S&P 500 Composite Index returned +13.56% over the same period).

Portfolio Activity

During the twelve months under review, the American Fund outperformed the S&P 500 index by a considerable margin. The US equity market was buoyed by further signs of recovery in the domestic and global economy, improving US corporate results and continued low interest rates. US equities were also boosted by the Federal Reserve's asset-purchase programme; despite fears to the contrary, the equity market remained resilient after the Fed announced in December that economic stimulus would gradually be withdrawn.

The fund's activity was dictated by stock-level opportunities. We added to our holding in IT hardware firm Apple, which was benefiting from optimism over a new product cycle, and subsequently reduced our position after the company issued more cautious revenue guidance. We bought Gilead, the biotech company, which was boosted by expectations of potential revenue from its new hepatitis C drug, and increased our holding in JPMorgan Chase, in the view that the financial services group would benefit from gathering momentum in the US economy. We later took profits in a number of companies including JPMorgan, Gilead and Johnson & Johnson, the consumer-products

group. We sold our holding in CBS, the broadcaster, after strong performance on the back of robust earnings and consolidation in the media sector.

An accommodative policy stance and a pick-up in non-inflationary economic growth should continue to support corporate profits, creating a favourable backdrop for US equities. Nevertheless, markets are likely to remain volatile as investors try to anticipate the Fed's decisions on monetary policy, especially if inflationary pressures resurface. Although we view US equities as fairly valued at current levels in aggregate, this assessment masks a bifurcation in the market. We are still finding value in certain cyclical sectors and stocks, while focusing on companies with quality growth prospects and high levels of free cash flow.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	284,734	370,888
Revenue	3	33,555	33,321
Expenses	4	(29,220)	(26,929)
Finance costs: Interest	6	(2)	(5)
Net revenue before taxation		4,333	6,387
Taxation	5	(4,116)	(4,257)
Net revenue after taxation		217	2,130
Total return before distributions		284,951	373,018
Finance costs: Distributions	6	(3,605)	(4,168)
Change in net assets attributable to shareholders from investment activities		281,346	368,850

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		2,091,791	2,201,104
Other assets			
Debtors	7	16,220	18,492
Cash and bank balances	8	57,254	30,321
Total other assets		73,474	48,813
Total assets		2,165,265	2,249,917
Liabilities			
Derivative liabilities		(5)	(1,253)
Other liabilities			
Creditors	9	(42,428)	(18,375)
Bank overdrafts	8	(11,603)	(10,664)
Distribution payable on income shares		(337)	(94)
Total other liabilities		(54,368)	(29,133)
Total liabilities		(54,373)	(30,386)
Net assets attributable to shareholders		2,110,892	2,219,531

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	2,219,531	1,802,553
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	548,764	619,286
Amounts payable on the cancellation of shares	(909,837)	(575,223)
Amounts payable on inspecie transfers	(32,779)	–
	(393,852)	44,063
Dilution adjustment	599	–
Stamp duty reserve tax	–	(7)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	281,346	368,850
Retained distribution on accumulation shares	3,268	4,072
Closing net assets attributable to shareholders	2,110,892	2,219,531

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 1 Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 1 Hedged Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle American Fund

DISTRIBUTION TABLE

(continued)

Class 2 Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.5194	0.5194	0.6536
Total distributions in the period		0.5194	0.6536

Class X Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	3.0971	3.0971	2.1118
Total distributions in the period		3.0971	2.1118

Class Z Shares

Net Income Distribution Period	Net Revenue	Distribution Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/03/14	1.1718	1.1718	0.1673
Total distributions in the period		1.1718	0.1673

Class Z Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.2312	0.2312	0.0646
Total distributions in the period		0.2312	0.0646

Class Z Hedged Shares

Net Accumulation* Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014
20/09/13 to 07/03/14	0.1821	0.1821
Total distributions in the period		0.1821

*Class Z Hedged Shares Net Accumulation shares launched on 20 September 2013

Threadneedle American Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	289,640	371,400
Forward currency contracts	10	173
Other losses	(4,908)	(678)
Transaction costs	(8)	(7)
Net capital gains	<u>284,734</u>	<u>370,888</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	–	100
Overseas dividends	33,525	33,172
Interest on short term investments	30	27
Bank interest	2	11
Stocklending commission	(2)	11
Total revenue	<u>33,555</u>	<u>33,321</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(26,959)	(24,713)
Registration fees	(2,170)	(2,133)
	<u>(29,129)</u>	<u>(26,846)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(43)	(40)
Safe custody fees	(33)	(28)
	<u>(76)</u>	<u>(68)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(9)	(8)
	<u>(15)</u>	<u>(15)</u>
*Total expenses	<u>(29,220)</u>	<u>(26,929)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(4,116)	(4,257)
Total current tax (note 5b)	<u>(4,116)</u>	<u>(4,257)</u>
Total tax charge for the period	<u>(4,116)</u>	<u>(4,257)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	<u>4,333</u>	<u>6,387</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(867)	(1,277)
Effects of:		
Revenue not subject to taxation	6,707	6,656
Overseas taxes	(4,116)	(4,257)
Excess expenses	<u>(5,840)</u>	<u>(5,379)</u>
Current tax charge for period (note 5a)	<u>(4,116)</u>	<u>(4,257)</u>

The fund has not recognised a deferred tax asset of £21,969,646 (2013: £16,129,416) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions and Interest		
Final	3,605	4,168
Net distribution for the period	<u>3,605</u>	<u>4,168</u>
Interest	2	5
Total finance costs	<u>3,607</u>	<u>4,173</u>
Net revenue after taxation	217	2,130
Shortfall transfer from capital to revenue	<u>3,388</u>	<u>2,038</u>
Net distribution for the period	<u>3,605</u>	<u>4,168</u>

Details of the distribution per share are set out in the table on pages 101 and 102.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	3,380	15,727
Sales awaiting settlement	10,773	–
Accrued revenue	1,988	2,691
Foreign withholding tax recoverable	79	74
Total debtors	<u>16,220</u>	<u>18,492</u>

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at future clearing houses and brokers	–	1,192
Cash and bank balances	<u>57,254</u>	<u>29,129</u>
	<u>57,254</u>	<u>30,321</u>
Bank overdrafts	<u>(11,603)</u>	<u>(10,664)</u>
Total cash and bank balances	<u>45,651</u>	<u>19,657</u>

Threadneedle American Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(30,175)	(2,488)
Purchases awaiting settlement	(10,182)	(13,624)
Accrued expenses	(17)	(18)
Amounts payable to ACD	(2,054)	(2,245)
Total creditors	(42,428)	(18,375)

10 RELATED PARTY TRANSACTIONS

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

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

The American Fund currently has six share classes; Class 1, Class 1 Hedged, Class 2, Class X, Class Z and Class Z Hedged 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	1.00%
Class X shares	–
Class Z shares	0.75%
Class Z Hedged shares	0.75%

Registration fees

Class 1 shares	0.150%
Class Hedged 1 shares	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.060%
Class Z Hedged shares	0.060%

For the period 8 March to 7 May 2013 the registration fees for Class 1 and Class 1 Hedged shares were 0.175% and for the period 8 March to 7 February 2014 the registration fees for Class Z and Class Z Hedged shares were 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 272. The distribution per share class is given in the distribution table on pages 101 and 102. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the American Fund has entered into stocklending arrangements. The fund has earned £2,000 (2013: £15,000) of which Nil (2013: £2,000) was outstanding at year end. The fund paid fees of Nil (2013: £2,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of Nil (2013: £2,000) of which Nil (2013: 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 Nil (2013: Nil), whilst the value of collateral held for these arrangements was Nil (2013: 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.

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 8 and 9.

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
Currency 2014			
Euro	2	7,927	7,929
US Dollar	25,057	2,080,160	2,105,217
Currency 2013	£000	£000	£000
Euro	17	99,501	99,518
US Dollar	19,444	2,100,350	2,119,794

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	7,929	–	–	7,929
UK Sterling	26,948	–	3,380	30,328
US Dollar	–	34,003	2,104,514	2,138,517
Currency 2013	£000	£000	£000	£000
Euro	99,518	–	–	99,518
UK Sterling	–	–	15,728	15,728
US Dollar	30,304	–	2,203,867	2,234,171

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(32,581)	(32,581)
US Dollar	(11,603)	–	(21,696)	(33,299)
Currency 2013	£000	£000	£000	£000
UK Sterling	(10,664)	–	(4,845)	(15,509)
US Dollar	–	–	(114,377)	(114,377)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.06% (2013: Nil).

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.

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets. 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of £117,000 (2013: £1,000) and a liability value of £5,000 (2013: £1,253,000). 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.

Threadneedle American Fund

Notes to the financial statements

(continued)

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

15 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	924,767	2,222,698
Commissions	1,069	1,947
Total purchase costs	1,069	1,947
Gross purchases total	925,836	2,224,645
Analysis of total sale costs		
Gross sales before transaction costs	1,325,698	2,120,501
Commissions	(1,413)	(1,889)
Taxes	(4)	(34)
Total sale costs	(1,417)	(1,923)
Total sales net of transaction costs	1,324,281	2,118,578

Threadneedle American Select Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund in companies domiciled in North America or which have significant North American operations. These include smaller and emerging growth companies, those with potential for merger or takeover, those with new management recovery situations and exploration companies. There will be no particular specialisation. The select investment approach means that the ACD has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle American Select Fund has risen from 153.06p to 172.94p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +16.03% as compared to a median return

of +13.89% over the same period. (For information the S&P 500 Composite Index returned +13.56% over the same period, and the NASDAQ Composite Index returned +25.09%).

Portfolio Activity

During the twelve months under review, the American Select Fund outperformed the S&P 500 index by a considerable margin. The US equity market was buoyed by further signs of recovery in the domestic and global economy, improving US corporate results and continued low interest rates. US equities were also boosted by the Federal Reserve's asset-purchase programme; despite fears to the contrary, the equity market remained resilient after the Fed announced in December that economic stimulus would gradually be withdrawn.

The fund's activity was dictated by stock-level opportunities. We added to our holding in IT hardware firm Apple, which was benefiting from optimism over a new product cycle, and subsequently reduced our position after the company issued more cautious revenue guidance. We bought Gilead, the biotech company, which was boosted by expectations of potential revenue from its new Hepatitis C drug.

We added to our holding in JPMorgan Chase, and initiated a new holding in Prudential Financial, in the view that these financial services companies would benefit from gathering momentum in the US economy. We later took profits in a number of stocks following strong performance, including Gilead, JPMorgan and Pfizer, the pharmaceutical company.

An accommodative policy stance and a pick-up in non-inflationary economic growth should continue to support corporate profits, creating a favourable backdrop for US equities. Nevertheless, markets are likely to remain volatile as investors try to anticipate the Fed's decisions on monetary policy, especially if inflationary pressures resurface. Although we view US equities as fairly valued at current levels in aggregate, this assessment masks a bifurcation in the market. We are still finding value in certain cyclical sectors and stocks, while focusing on companies with quality growth prospects and high levels of free cash flow.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	273,726	325,060
Revenue	3	24,531	25,356
Expenses	4	(29,119)	(25,260)
Finance costs: Interest	6	(2)	(2)
Net (expenses)/revenue before taxation		(4,590)	94
Taxation	5	(3,098)	(3,121)
Net expenses after taxation		(7,688)	(3,027)
Total return before distributions		266,038	322,033
Finance costs: Distributions	6	(295)	(1,451)
Change in net assets attributable to shareholders from investment activities		265,743	320,582

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		1,983,053	2,052,057
Other assets			
Debtors	7	38,369	103,115
Cash and bank balances	8	32,489	159,482
Total other assets		70,858	262,597
Total assets		2,053,911	2,314,654
Liabilities			
Derivative liabilities		(48)	(731)
Creditors	9	(42,740)	(181,033)
Bank overdrafts	8	(3,115)	(96,089)
Distribution payable on income shares		(93)	(3)
Total other liabilities		(45,948)	(277,125)
Total liabilities		(45,996)	(277,856)
Net assets attributable to shareholders		2,007,915	2,036,798

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	2,036,798	1,649,985
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	909,139	607,361
Amounts payable on the cancellation of shares	(1,204,933)	(494,429)
Amounts payable on inspecie transfer	—	(48,498)
	(295,794)	64,434
Dilution adjustment	995	370
Stamp duty reserve tax	(29)	(21)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	265,743	320,582
Retained distribution on accumulation shares	202	1,448
Closing net assets attributable to shareholders	2,007,915	2,036,798

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 1 Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 1 Hedged Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 2 Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: 0.3379).

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle American Select Fund

DISTRIBUTION TABLE

(continued)

Class 2 Hedged Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: 0.2222).

Class Z Shares

Net Income

Distribution Period	Net Revenue	Distribution Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/03/14	0.0948	0.0948	0.0662
Total distributions in the period		0.0948	0.0662

Class Z Shares

Net Accumulation

Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.0755	0.0755	0.1031
Total distributions in the period		0.0755	0.1031

Class Z Hedged Shares

Net Accumulation*

Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014
20/09/13 to 07/03/14	0.0855	0.0855
Total distributions in the period		0.0855

* Class Z Hedged Shares Net Accumulation shares launched on 20 September 2013

Threadneedle American Select Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	274,217	324,732
Forward currency contracts	3,549	(2,506)
Other (losses)/gains	(4,029)	2,844
Transaction costs	(11)	(10)
Net capital gains	273,726	325,060

3 REVENUE

	2014 £000	2013 £000
UK dividends	–	246
Overseas dividends	24,361	24,945
Interest on short term investments	21	31
Bank interest	1	8
Stocklending commission	148	126
Total revenue	24,531	25,356

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(26,729)	(22,970)
Registration fees	(2,299)	(2,212)
	(29,028)	(25,182)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(42)	(37)
Safe custody fees	(33)	(25)
	(75)	(62)
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(9)	(9)
	(16)	(16)
*Total expenses	(29,119)	(25,260)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(3,098)	(3,121)
Total current tax (note 5b)	(3,098)	(3,121)
Total tax charge for the period	(3,098)	(3,121)
b) Factors affecting taxation charge for period		
Net (expenses)/revenue before taxation	(4,590)	94
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	918	(19)
Effects of:		
Revenue not subject to taxation	4,875	5,038
Overseas taxes	(3,098)	(3,121)
Excess expenses	(5,793)	(5,019)
Current tax charge for period (note 5a)	(3,098)	(3,121)

The fund has not recognised a deferred tax asset of £26,194,134 (2013: £20,401,480) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions and Interest		
Final	295	1,451
Net distribution for the period	295	1,451
Interest	2	2
Total finance costs	297	1,453
Net expenses after taxation	(7,688)	(3,027)
Shortfall transfer from capital to revenue	7,983	4,478
Net distribution for the period	295	1,451
Details of the distribution per share are set out in the table on pages 106 and 107.		

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	976	101,030
Sales awaiting settlement	36,071	–
Accrued revenue	1,191	1,989
Foreign withholding tax recoverable	131	96
Total debtors	38,369	103,115

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at future clearing houses and brokers	–	786
Cash and bank balances	32,489	158,697
	32,489	159,483
Bank overdrafts	(3,115)	(96,089)
Total cash and bank balances	29,374	63,394

Threadneedle American Select Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(25,955)	(2,979)
Purchases awaiting settlement	(14,796)	(175,955)
Accrued expenses	(17)	(17)
Amounts payable to ACD	(1,972)	(2,082)
Total creditors	(42,740)	(181,033)

10 RELATED PARTY TRANSACTIONS

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

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

The American Select Fund currently has six share classes; Class 1, Class 1 Hedged, Class 2, Class 2 Hedged, Class Z and Class Z hedged 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	1.00%
Class 2 Hedged shares	1.00%
Class Z shares	0.75%
Class Z shares Hedged	0.75%

Registration fees

Class 1 shares	0.150%
Class 1 Hedged shares	0.150%
Class 2 shares	0.035%
Class 2 Hedged shares	0.035%
Class Z shares	0.060%
Class Z Hedged shares	0.060%

For the period 8 March to 7 May 2013 the registration fees for Class 1 and Class 1 Hedged shares were 0.175% and for the period 8 March to 7 February 2014 the registration fees for Class Z and Class Z Hedged shares were 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 273.

The distribution per share class is given in the distribution table on pages 106 and 107. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the American Select Fund has entered into stocklending arrangements. The fund has earned £208,000 (2013: £178,000) of which Nil (2013: £4,000) was outstanding at year end. The fund paid fees of £29,000 (2013: £25,000) of which Nil (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £31,000 (2013: £27,000) of which Nil (2013: £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 Nil (2013: Nil), whilst the value of collateral held for these arrangements was Nil (2013: 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.

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 8 and 9.

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
Currency 2014			
Euro	3	54,305	54,308
US Dollar	29,878	1,926,214	1,956,092
Currency 2013	£000	£000	£000
Canadian Dollar	3	–	3
Euro	27	57,625	57,652
US Dollar	161,439	1,993,702	2,155,141

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	54,308	–	–	54,308
UK Sterling	24,831	–	721	25,552
US Dollar	–	10,141	2,019,998	2,030,139
Currency 2013	£000	£000	£000	£000
Canadian Dollar	3	–	–	3
Euro	57,652	–	–	57,652
UK Sterling	–	–	101,128	101,128
US Dollar	135,438	24,014	2,054,041	2,213,493
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(28,037)	(28,037)
US Dollar	(3,115)	–	(70,932)	(74,047)
Currency 2013	£000	£000	£000	£000
UK Sterling	(96,089)	–	(181,037)	(277,126)
US Dollar	–	–	(58,352)	(58,352)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.10% (2013: 0.10%).

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.

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets. 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 forward foreign exchange 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 7 March 2014 the fund had outstanding open forward foreign exchange contracts with an asset value of £703,000 (2013: £3,000) and a liability value of £48,000 (2013: £731,000). Cash balances are held in floating rate accounts where interest is calculated with reference to prevailing market rates.

Threadneedle American Select Fund

Notes to the financial statements

(continued)

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

15 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	2,580,293	3,169,593
Commissions	3,057	3,021
Total purchase costs	3,057	3,021
Gross purchases total	2,583,350	3,172,614
Analysis of total sale costs		
Gross sales before transaction costs	2,928,857	2,994,166
Commissions	(3,360)	(2,862)
Taxes	(8)	(48)
Total sale costs	(3,368)	(2,910)
Total sales net of transaction costs	2,925,489	2,991,256

16 POST BALANCE SHEET EVENT

Subsequent to year end, market fluctuations have resulted in the NAV of the Class Z Hedged Net Accumulation share class increasing by 17.08% from 114.47p at 7 March 2014 to 134.02p at 6 May 2014.

Threadneedle American Smaller Companies Fund (US)

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the equities of smaller companies that are domiciled in the US or have significant US operations.

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). For liquidity purposes it may invest in cash and near cash.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle American Smaller Companies Fund (US) has risen from 160.46p to 188.03p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +19.77% as compared to a median return of +18.19% over the same period. (For information the

S&P 400 Mid Cap Index returned +14.65% over the same period).

Portfolio Activity

During the period under review, the American Smaller Companies Fund outperformed its benchmark index by a considerable margin. The US equity market was buoyed by further signs of recovery in the domestic and global economy, improving US corporate results and continued low interest rates. US equities were also boosted by the Federal Reserve's asset-purchase programme; despite fears to the contrary, the equity market remained resilient after the Fed announced in December that economic stimulus would gradually be withdrawn.

The fund's activity was dictated by stock-level opportunities. We initiated a holding in Synaptics, which makes touch controllers for consumer electronics and smartphones. The company is seeing strong revenue growth and has recently acquired fingerprint-sensing technology. We also bought diagnostics and life-sciences firm PerkinElmer; the company is benefiting from strengthening end-markets and recent operational changes should improve margins. Other purchases included Eagle Materials, a wallboard

and cement firm, which is achieving price increases and witnessing increased demand for sand used in hydraulic fracking. Elsewhere, we took profits in a number of holdings including Spirit Airlines, the low-cost airline which had performed strongly, and we sold regional bank Zions following a rally in the share price.

An accommodative policy stance and a pick-up in non-inflationary economic growth should continue to support corporate profits, creating a favourable backdrop for US equities. Nevertheless, markets are likely to remain volatile as investors try to anticipate the Fed's decisions on monetary policy, especially if inflationary pressures resurface. Although we view US equities as fairly valued at current levels in aggregate, and small and mid-caps trade at a slight premium to their larger peers, this assessment masks a bifurcation in the market. We are still finding value in certain cyclical sectors and stocks, while focusing on companies with quality growth prospects.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	87,261	72,305
Revenue	3	4,631	3,419
Expenses	4	(7,130)	(4,237)
Finance costs: Interest	6	–	(1)
Net expenses before taxation		(2,499)	(819)
Taxation	5	(610)	(431)
Net expenses after taxation		(3,109)	(1,250)
Total return before distributions		84,152	71,055
Finance costs: Distributions	6	(1)	(15)
Change in net assets attributable to shareholders from investment activities		84,151	71,040

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		606,434	378,043
Other assets			
Debtors	7	10,043	4,516
Cash and bank balances		22,344	22,750
Total other assets		32,387	27,266
Total assets		638,821	405,309
Liabilities			
Other liabilities			
Creditors	8	(13,142)	(5,925)
Bank overdrafts		–	(1,450)
Total other liabilities		(13,142)	(7,375)
Total liabilities		(13,142)	(7,375)
Net assets attributable to shareholders		625,679	397,934

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	397,934	328,046
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	353,017	97,044
Amounts payable on the cancellation of shares	(209,732)	(98,270)
	143,285	(1,226)
Dilution adjustment	308	59
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	84,151	71,040
Retained distribution on accumulation shares	1	15
Closing net assets attributable to shareholders	625,679	397,934

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares

Net Income

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 1 Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

Class 2 Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: Nil).

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle American Smaller Companies Fund (US)

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation

Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	19.3791	19.3791	38.4120
Total distributions in the period		19.3791	38.4120

Class Z Shares

Net Income*

There is no distribution for the accounting period 18 September 2013 to 7 March 2014, as expenses exceed revenue.

Class Z Shares

Net Accumulation

There is no distribution for the accounting period 8 March 2013 to 7 March 2014, as expenses exceed revenue (2013: 0.0036).

*Class Z – Net income shares commenced on 18 September 2013

Threadneedle American Smaller Companies Fund (US)

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	90,464	70,789
Forward currency contracts	9	–
Other (losses)/gains	(3,205)	1,522
Transaction costs	(7)	(6)
Net capital gains	<u>87,261</u>	<u>72,305</u>

3 REVENUE

	2014 £000	2013 £000
Overseas dividends	4,148	3,129
Interest on short term investments	15	7
Bank interest	1	4
Stocklending commission	467	279
Total revenue	<u>4,631</u>	<u>3,419</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(6,607)	(3,901)
Registration fees	(477)	(297)
	<u>(7,084)</u>	<u>(4,198)</u>
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(23)	(20)
Safe custody fees	(8)	(5)
	<u>(31)</u>	<u>(25)</u>
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(8)	(7)
	<u>(15)</u>	<u>(14)</u>
*Total expenses	<u>(7,130)</u>	<u>(4,237)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(610)	(431)
Total current tax (note 5b)	(610)	(431)
Total tax charge for the period	<u>(610)</u>	<u>(431)</u>
b) Factors affecting taxation charge for period		
Net expense before taxation	(2,499)	(819)
Net expense before taxation multiplied by the standard rate of corporation tax of 20%	500	164
Effects of:		
Revenue not subject to taxation	834	624
Overseas taxes	(610)	(431)
Excess expenses	(1,334)	(788)
Current tax charge for period (note 5a)	<u>(610)</u>	<u>(431)</u>

The fund has not recognised a deferred tax asset of £4,950,444 (2013: £3,616,982) 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	2014 £000	2013 £000
Final	1	15
Net distribution for the period	<u>1</u>	<u>15</u>
Interest	–	1
Total finance costs	<u>1</u>	<u>16</u>
Net expenses after taxation	(3,109)	(1,250)
Shortfall transfer from capital to revenue	<u>3,110</u>	<u>1,265</u>
Net distribution for the period	<u>1</u>	<u>15</u>

Details of the distribution per share and any share class with a shortfall are set out in the table on pages 111 and 112.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	2,712	4,110
Sales awaiting settlement	6,717	–
Accrued revenue	436	222
Foreign withholding tax recoverable	178	184
Total debtors	<u>10,043</u>	<u>4,516</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(4,543)	(1,503)
Purchases awaiting settlement	(7,968)	(4,039)
Accrued expenses	(10)	(11)
Amounts payable to ACD	(621)	(372)
Total creditors	<u>(13,142)</u>	<u>(5,925)</u>

Threadneedle American Smaller Companies Fund (US)

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 8.

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

American Smaller Companies Fund (US) 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	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 274. The distribution per share class is given in the distribution table on pages 111 and 112. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the American Smaller Companies Fund (US) has entered into stocklending arrangements. The fund has earned £649,000 (2013: £393,000) of which £12,000 (2013: £8,000) was outstanding at year end. The fund paid fees of £88,000 (2013: £55,000) of which £2,000 (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £94,000 (2013: £59,000) of which £2,000 (2013: £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 £10.66m (2013: £12.22m), whilst the value of collateral held for these arrangements was £11.38m (2013: £13.18m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	11,384	100	13,179	100
	11,384	100	13,179	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 8 and 9.

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
Currency 2014			
US Dollar	21,116	603,625	624,741
Currency 2013	£000	£000	£000
US Dollar	19,098	378,043	397,141

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
UK Sterling	3,392	–	2,721	6,113
US Dollar	7,442	14,319	613,746	635,507
Currency 2013	£000	£000	£000	£000
UK Sterling	–	–	4,116	4,116
US Dollar	7,404	15,346	378,443	401,193
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(5,175)	(5,175)
US Dollar	–	–	(10,766)	(10,766)
Currency 2013	£000	£000	£000	£000
UK Sterling	(1,450)	–	(1,886)	(3,336)
US Dollar	–	–	(4,039)	(4,039)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.10% (2013: 0.09%).

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.

Non interest-bearing assets relate to equities which do not have maturity dates and forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of £12,000 (2013: Nil) and liability value of Nil (2013: Nil).

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

Threadneedle American Smaller Companies Fund (US)

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014	2013
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	484,735	273,478
Commissions	452	234
Total purchase costs	452	234
Gross purchases total	485,187	273,712
Analysis of total sale costs		
Gross sales before transaction costs	347,589	294,565
Commissions	(317)	(276)
Taxes	(1)	(5)
Total sale costs	(318)	(281)
Total sales net of transaction costs	347,271	294,284

Threadneedle Dollar Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve total return primarily by way of income with some capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in US Government Securities denominated in Dollar and Dollar denominated securities issued by Governments, Government Agencies, Corporations and Supranational Borrowers.

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 other fixed interest securities and money market securities). For liquidity purposes it may invest in cash and near cash.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Dollar Bond Fund has fallen from 55.80p to 48.66p.

The sterling total return on the fund for the twelve months ending 28 February 2014, including gross

reinvested income, is -8.13% gross of tax and charges**. (For information the 50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master Index gave a total return of -9.55% in sterling terms for the same period).

Portfolio Activity

Over the 12-month review period, US government bond yields drifted higher, with the 10-year benchmark Treasury yield rising from 1.85% to 2.65%. This mirrored similar performance in other global government-bond markets, such as the UK and Europe, and was driven by an improvement in the US and other developed market economies over the period. Notably, US GDP growth is running at a rate of around 2.7% year-on-year and the unemployment rate, which peaked at around 10% in 2009, had fallen to 6.7% by the end of 2013.

US corporate bonds fared somewhat better than government bonds, with spreads tightening over the year. At the end of February 2013, spreads were around 150 basis points more than government bonds but a year later this spread had narrowed to closer to 120 basis points. Emerging market debt had a relatively turbulent time, with spreads failing to compress in

line with other areas of the market as signs of slowing growth and weakening exchange rates undermined investor confidence.

The US Dollar Bond Fund was invested with lower interest rate (duration) risk than the market and with substantially more non-government debt. This overweight consisted of corporate and emerging market issuers. This was a generally successful strategy, though an overweight in emerging markets was costly to the fund's returns. We were also very active in the new issuance market where spreads were often relatively cheap compared to the secondary market.

US bond market total returns were positive over the year. The US Dollar Bond Fund outperformed both the peer group and the secondary index benchmark over the 12-month period. The fund was approximately 25 basis points higher in total return than the median fund in the GIFS Offshore Diversified peer group and around 160 basis points better than the secondary index benchmark.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(9,023)	5,196
Revenue	3	2,019	2,088
Expenses	4	(818)	(882)
Finance costs:			
Derivative expense	6	(115)	(55)
Interest	6	–	(1)
Net revenue before taxation		1,086	1,150
Taxation	5	–	–
Net revenue after taxation		1,086	1,150
Total return before distributions		(7,937)	6,346
Finance costs: Distributions	6	(1,768)	(1,876)
Change in net assets attributable to shareholders from investment activities		(9,705)	4,470

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		61,087	69,941
Other assets			
Debtors	7	896	2,253
Cash and bank balances	8	2,819	4,268
Total other assets		3,715	6,521
Total assets		64,802	76,462
Liabilities			
Other liabilities			
Creditors	9	(1,408)	(1,318)
Bank overdrafts	8	(138)	(29)
Distribution payable on income shares		(513)	(550)
Total other liabilities		(2,059)	(1,897)
Total liabilities		(2,059)	(1,897)
Net assets attributable to shareholders		62,743	74,565

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	74,565	71,447
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	8,684	33,184
Amounts payable on the cancellation of shares	(11,221)	(35,132)
	(2,537)	(1,948)
Dilution adjustment	–	93
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(9,705)	4,470
Retained distribution on accumulation shares	420	503
Closing net assets attributable to shareholders	62,743	74,565

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	0.6555	0.1311	0.5244	–	0.5244	0.5476
08/09/13 to 07/03/14	0.6573	0.1315	0.5258	–	0.5258	0.5399
Group 2						
08/03/13 to 07/09/13	0.3524	0.0705	0.2819	0.2425	0.5244	0.5476
08/09/13 to 07/03/14	0.4080	0.0816	0.3264	0.1994	0.5258	0.5399
Total distributions in the period					1.0502	1.0875

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Dollar Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	1.2913	–	1.2913	1.3159
08/09/13 to 07/03/14	1.3068	–	1.3068	1.3097
Group 2				
08/03/13 to 07/09/13	0.6172	0.6741	1.2913	1.3159
08/09/13 to 07/03/14	0.5328	0.7740	1.3068	1.3097
Total distributions in the period			2.5981	2.6256

Class Z Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	1.2440	0.2488	0.9952	–	0.9952	–
08/09/13 to 07/03/14	1.2386	0.2477	0.9909	–	0.9909	1.0056
Group 2						
08/03/13 to 07/09/13	0.7023	0.1405	0.5618	0.4334	0.9952	–
08/09/13 to 07/03/14	0.7014	0.1403	0.5611	0.4298	0.9909	1.0056
Total distributions in the period					1.9861	1.0056

Class Z Shares

Gross Accumulation*

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014
Group 1			
18/09/13 to 07/03/14	1.3100	–	1.3100
Total distributions in the period			1.3100

Group 2: shares purchased during a distribution period

*Class Z Shares Gross Accumulation shares launched on 18 September 2013

Threadneedle Dollar Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(8,686)	5,060
Derivative contracts	(73)	43
Other (losses)/gains	(258)	97
Transaction costs	(6)	(4)
Net capital (losses)/gains	<u>(9,023)</u>	<u>5,196</u>

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	2,012	2,080
Interest on short term investments	1	–
Bank interest	1	2
Stocklending commission	5	6
Total revenue	<u>2,019</u>	<u>2,088</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(682)	(726)
Registration fees	(106)	(127)
	<u>(788)</u>	<u>(853)</u>
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(13)	(13)
Safe custody fees	(2)	(2)
	<u>(15)</u>	<u>(15)</u>
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(8)	(7)
	<u>(15)</u>	<u>(14)</u>
*Total expenses	<u>(818)</u>	<u>(882)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	<u>–</u>	<u>–</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	1,086	1,150
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(217)	(230)
Effects of:		
Prior period expenses utilised	217	–
Excess expenses	–	(145)
Distributions treated as tax deductible	<u>–</u>	<u>375</u>
Current tax charge for period (note 5a)	<u>–</u>	<u>–</u>

The fund has not recognised a deferred tax asset of £1,496,944 (2013 £1,714,138) arising as a result of having unutilised management expenses.

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

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:

	2014 £000	2013 £000
Interim	898	981
Final	853	907
	<u>1,751</u>	<u>1,888</u>
Add: Revenue deducted on cancellation of shares	44	179
Deduct: Revenue received on creation of shares	(27)	(191)
Net distribution for the period	<u>1,768</u>	<u>1,876</u>
Derivative expense	115	55
Interest	–	1
Total finance costs	<u>1,883</u>	<u>1,932</u>
Net revenue after taxation	1,086	1,150
Annual management charge to capital	<u>682</u>	<u>726</u>
Net distribution for the period	<u>1,768</u>	<u>1,876</u>

Details of the distribution per share are set out in the table on pages 116 and 117.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	219	307
Sales awaiting settlement	138	1,329
Accrued revenue	539	617
Total debtors	<u>896</u>	<u>2,253</u>

Threadneedle Dollar Bond Fund

Notes to the financial statements

(continued)

8 CASH AND BANK BALANCES

	2014	2013
	£000	£000
Amounts held at futures clearing houses and brokers	107	65
Cash and bank balances	2,712	4,203
	2,819	4,268
Amounts held at futures clearing houses and brokers	(138)	(29)
Total cash and bank balances	2,681	4,239

9 CREDITORS

	2014	2013
	£000	£000
Amounts payable for the cancellation of shares	(78)	(38)
Purchases awaiting settlement	(1,140)	(1,069)
Accrued expenses	(8)	(9)
Amounts payable to ACD	(54)	(66)
Income tax payable	(128)	(136)
Total creditors	(1,408)	(1,318)

10 RELATED PARTY TRANSACTIONS

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

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

The Dollar Bond Fund currently has two share classes; Class 1 and Class Z shares. The charges on each share class are as follows:

Annual management charge

Class 1 shares	1.00%
Class Z shares	0.50%

Registration fees

Class 1 shares	0.150%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 274. The distribution per share class is given in the distribution table on pages 116 and 117.

All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the Dollar Bond Fund has entered into stocklending arrangements. The fund has earned £7,000 (2013 : £8,000) of which £1,000 (2013: £1,000) was outstanding at year end. The fund paid fees of £1,000 (2013 : £1,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £1,000 (2013 : £1,000) of which Nil (2013: 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 £1.21m (2013: £2.67m), whilst the value of collateral held for these arrangements was £1.28m (2013: £2.79m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	1,278	100	2,788	100
	1,278	100	2,788	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 8 and 9.

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	Non-monetary exposures	Total
	£000	£000	£000
Currency 2014			
US Dollar	2,355	61,087	63,442
Currency 2013	£000	£000	£000
US Dollar	4,996	69,941	74,937

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 7 March 2014 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
UK Sterling	—	—	220	220
US Dollar	3,433	60,471	678	64,582
Currency 2013	£000	£000	£000	£000
UK Sterling	120	—	307	427
US Dollar	5,839	68,237	1,959	76,035

Threadneedle Dollar Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
UK Sterling	(138)	–	(781)	(919)
US Dollar	–	–	(1,140)	(1,140)
Currency 2013				
UK Sterling	–	–	(799)	(799)
US Dollar	(29)	–	(1,069)	(1,098)

	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	
Currency	2014	2013	2014	2013	2014	2013
	%	%	%	%	%	%
US Dollar	4.00	3.00	9.36	9.21	0.28	0.28

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. At 7 March 2014, the fund had outstanding futures with a asset value of £2,000 (2013: £13,000) and an liability value of Nil (2013: Nil).

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

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.

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 (2013: 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 £79,615,030 (2013: £74,533,155) and proceeds received from sales were £79,514,131 (2013: £72,506,191).

Threadneedle Japan Fund

Investment Report Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the equities of companies domiciled in Japan or with significant Japanese operations.

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, warrants and convertible bonds, other equities and money market securities). For liquidity purposes it may invest in cash and near cash.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Japan Fund has risen from 37.15p to 37.62p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +3.93% as compared to a median return

of +4.01% over the same period. (For information the TOPIX Index returned +3.65% over the same period).

Portfolio Activity

In reports written since November 2012 we have been discussing the impact of Shinzo Abe's election as Japan's Prime Minister and the response to his policy platform. Mr Abe's policies, dubbed "Abenomics", are focused on returning Japan to a growth path and bringing an end to deflation.

Mr Abe's choice of governor for the Bank of Japan, Haruhiko Kuroda, has been far more aggressive in pursuing these goals than his predecessors. Thus far, one unambiguously successful outcome has been a weaker yen, which helps drive export competitiveness and corporate profitability, increase tax revenues, and boost wages and bonus payments for employees.

At the time of our interim report last September the market had been somewhat more volatile than during the first months of an enthusiastically bullish response to Abenomics. However, the underlying trend had continued to be very positive, and on the very last day of the interim-reporting period Tokyo won its bid to host the 2020 Olympics, which should provide a further boost to Mr Abe's growth agenda. Since then

the market has continued its upward trend: in the 12 months to 7 March 2014 Topix has risen over 20% in local currency and, more notably, every single one of its 33 sub-sectors has made gains. This indicates a broad-ranging and healthy rise.

We are now approaching the fiscal year-end and corporate profits have grown very strongly indeed. This, we feel, is a response to the weaker yen and raised domestic consumption levels, meaning that valuations are not yet stretched. Activity in the portfolio has focused on stock-specific issues, underpinned by an ongoing belief that Japan is better off with Abenomics than without it.

Over the past year new names added to the portfolio include several exporters, such as Hitachi, Shimadzu and Alps Electric, for whom the weaker currency is helping management carry out existing improvements in profitability or growth plans. Within non-manufacturers we have added Ono Pharmaceutical, which is at the forefront of new research into cancer treatments. We also bought the newly listed Suntory Beverage, which is using strong domestic cash flow to fund a global M&A strategy.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(752)	7,878
Revenue	3	3,537	4,668
Expenses	4	(2,545)	(2,166)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		992	2,501
Taxation	5	(286)	(324)
Net revenue after taxation		706	2,177
Total return before distributions		(46)	10,055
Finance costs: Distributions	6	(706)	(2,177)
Change in net assets attributable to shareholders from investment activities		(752)	7,878

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		214,632	147,044
Other assets			
Debtors	7	10,015	6,909
Cash and bank balances		8,282	4,041
Total other assets		18,297	10,950
Total assets		232,929	157,994
Liabilities			
Derivative liabilities		(9)	–
Other liabilities			
Creditors	8	(12,172)	(6,431)
Bank overdrafts		(4,768)	(4,259)
Total other liabilities		(16,940)	(10,690)
Total liabilities		(16,949)	(10,690)
Net assets attributable to shareholders		215,980	147,304

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	147,304	198,455
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	210,321	93,373
Amounts payable on the cancellation of shares	(141,921)	(119,992)
Amounts payable on inspecie transfer	–	(34,857)
	68,400	(61,476)
Dilution adjustment	322	270
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(752)	7,878
Retained distribution on accumulation shares	706	2,177
Closing net assets attributable to shareholders	215,980	147,304

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Class 1 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.0166	0.0166	0.2458
Total distributions in the period		0.0166	0.2458
Class 2 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.2112	0.2112	0.8227
Total distributions in the period		0.2112	0.8227
Class Z Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.6344	0.6344	–
Total distributions in the period		0.6344	–

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Japan Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014	2013
	£000	£000
Non-derivative securities	(520)	7,925
Forward currency contracts	36	–
Other losses	(255)	(35)
Transaction costs	(13)	(12)
Net capital (losses)/gains	<u>(752)</u>	<u>7,878</u>

3 REVENUE

	2014	2013
	£000	£000
Overseas dividends	3,525	4,640
Bank interest	–	2
Stocklending commission	12	26
Total revenue	<u>3,537</u>	<u>4,668</u>

4 EXPENSES

	2014	2013
	£000	£000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,339)	(1,987)
Registration fees	(159)	(135)
	<u>(2,498)</u>	<u>(2,122)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(18)	(17)
Safe custody fees	(15)	(13)
	<u>(33)</u>	<u>(30)</u>
Other expenses:		
Regulatory fee	(7)	(7)
Audit fee	(7)	(7)
	<u>(14)</u>	<u>(14)</u>
*Total expenses	<u>(2,545)</u>	<u>(2,166)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014	2013
	£000	£000
a) Analysis of charge in period		
Overseas taxes	(286)	(324)
Total current tax (note 5b)	<u>(286)</u>	<u>(324)</u>
Total tax charge for the period	<u>(286)</u>	<u>(324)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	992	2,501
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(198)	(500)
Effects of:		
Revenue not subject to taxation	705	928
Overseas taxes	(286)	(324)
Excess expenses	(507)	(428)
Current tax charge for period (note 5a)	<u>(286)</u>	<u>(324)</u>

The fund has not recognised a deferred tax asset of £3,856,709 (2013: £3,350,288) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014	2013
	£000	£000
Distributions and Interest		
Final	706	2,177
Net distribution for the period	<u>706</u>	<u>2,177</u>
Interest	–	1
Total finance costs	<u>706</u>	<u>2,178</u>

Details of the distribution per share are set out in the table on page 121.

7 DEBTORS

	2014	2013
	£000	£000
Amounts receivable for the issue of shares	7,648	4,574
Sales awaiting settlement	2,107	2,066
Accrued revenue	260	269
Total debtors	<u>10,015</u>	<u>6,909</u>

8 CREDITORS

	2014	2013
	£000	£000
Amounts payable for the cancellation of shares	(3,232)	(534)
Purchases awaiting settlement	(8,724)	(5,746)
Accrued expenses	(11)	(13)
Amounts payable to ACD	(205)	(138)
Total creditors	<u>(12,172)</u>	<u>(6,431)</u>

Threadneedle Japan 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 8.

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

Japan 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 275.

The distribution per share class is given in the distribution table on page 121. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Japan Fund has entered into stocklending arrangements. The fund has earned £17,000 (2013: £36,000) of which £2,000 (2013: £3,000) was outstanding at year end. The fund paid fees of £2,000 (2013: £5,000) of which Nil (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £3,000 (2013: £5,000) of which Nil (2013: £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 £6.63m (2013: £5.57m), whilst the value of collateral held for these arrangements was £7.02m (2013: £6.16m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	7,017	100	6,159	100
	7,017	100	6,159	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 8 and 9.

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
Currency 2014			
Japanese Yen	1,923	215,226	217,149
Currency 2013	£000	£000	£000
Japanese Yen	628	147,044	147,672

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Japanese Yen	8,282	–	217,591	225,873
UK Sterling	–	–	7,650	7,650
Currency 2013	£000	£000	£000	£000
Japanese Yen	4,041	–	149,377	153,418
UK Sterling	–	–	4,576	4,576
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Japanese Yen	–	–	(8,724)	(8,724)
UK Sterling	(5,371)	–	(3,448)	(8,819)
Currency 2013	£000	£000	£000	£000
Japanese Yen	–	–	(5,746)	(5,746)
UK Sterling	(4,259)	–	(685)	(4,944)

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.

Non interest-bearing assets relate to equities which do not have maturity dates and forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of Nil (2013: Nil) and a liability value of £9,000 (2013: Nil).

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

Threadneedle Japan Fund

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014	2013
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs	265,880	144,124
Commissions	254	132
Total purchase costs	254	132
Gross purchases total	266,134	144,256
Analysis of total sale costs		
Gross sales before transaction costs	198,236	199,854
Commissions	(210)	(138)
Fees	-	(3)
Total sale costs	(210)	(141)
Total sales net of transaction costs	198,026	199,713

Threadneedle Asia Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the equity of companies domiciled in Asia (with the exclusion of Japan) or with significant Asian (excluding Japan) operations. It may further invest in other securities including fixed interest securities, other equities and money market securities.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Asia Fund has fallen from 141.05p to 131.21p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is -7.00% as compared to a median return of -9.64% over the same period.

(For information the MSCI AC Asia Pacific Ex Japan Index returned -10.08% over the same period).

Portfolio Activity

The region's stock markets suffered heavy foreign selling during the period under review. Driving this were concerns over the extent of the economic slowdown in India and China and the impact on domestic liquidity of the tapering of quantitative easing in the US. No market delivered positive returns in sterling terms. India and the ASEAN markets of Indonesia, Thailand and the Philippines were the worst performers on the back of weakness in their respective bond markets and, in some cases, widening current-account deficits.

In response to the prospect of a tightening in liquidity, the fund reduced its exposure to the financial sector, particularly to property stocks in Hong Kong and Singapore. Funds were redeployed, primarily in the technology space, by investing in companies that stand to benefit from a recovery in global economic activity. We lowered exposure to the energy sector in favour of the utilities sector in Korea and Malaysia,

and the healthcare sector in India and Australia, where the earnings outlook is more visible. The net result of this activity was that the fund's exposure to the markets of Australia, Taiwan and the Philippines was increased, while its exposure to Korea, India, Indonesia and Singapore was reduced.

Asset allocation drove the fund's outperformance during the period. The portfolio was overweight in the technology and consumer-discretionary sectors, which outperformed, and underweight in the more cyclical areas of financials, energy and materials, which underperformed. Strong stock selection in the utilities, consumer discretionary, technology, telecommunications and financials sectors added value, while stock selection in China, Hong Kong, India, Taiwan and Thailand also contributed to outperformance.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(57,081)	107,926
Revenue	3	16,187	19,313
Expenses	4	(7,627)	(8,942)
Finance costs: Interest	6	-	(5)
Net revenue before taxation		8,560	10,366
Taxation	5	(1,068)	(1,507)
Net revenue after taxation		7,492	8,859
Total return before distributions		(49,589)	116,785
Finance costs: Distributions	6	(7,752)	(9,191)
Change in net assets attributable to shareholders from investment activities		(57,341)	107,594

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		416,850	773,422
Other assets			
Debtors	7	3,855	8,416
Cash and bank balances		12,214	11,311
Total other assets		16,069	19,727
Total assets		432,919	793,149
Liabilities			
Other liabilities			
Creditors	8	(4,652)	(4,298)
Bank overdrafts		-	(3,658)
Total other liabilities		(4,652)	(7,956)
Total liabilities		(4,652)	(7,956)
Net assets attributable to shareholders		428,267	785,193

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	785,193	713,934
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	44,405	87,601
Amounts payable on the cancellation of shares	(233,347)	(133,214)
Amounts payable on in specie transfers	(118,979)	-
	(307,921)	(45,613)
Dilution adjustment	584	87
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(57,341)	107,594
Retained distribution on accumulation shares	7,752	9,191
Closing net assets attributable to shareholders	428,267	785,193

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Class 1 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	1.4666	1.4666	1.1743
Total distributions in the period		1.4666	1.1743
Class 2 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	3.1866	3.1866	2.0012
Total distributions in the period		3.1866	2.0012
Class Z Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	1.2412	1.2412	0.8697
Total distributions in the period		1.2412	0.8697

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Asia Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(56,091)	107,565
Forward currency contracts	–	2
Other (losses)/gains	(972)	376
Transaction costs	(18)	(17)
Net capital (losses)/gains	(57,081)	107,926

3 REVENUE

	2014 £000	2013 £000
UK dividends	242	190
Overseas dividends	15,657	18,823
Interest on short term investments	3	2
Bank interest	11	14
Stocklending commission	15	17
Management fee rebate on collective investment scheme holdings	259	267
Total revenue	16,187	19,313

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(6,896)	(8,051)
Registration fees	(435)	(545)
	(7,331)	(8,596)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(23)	(24)
Safe custody fees	(229)	(262)
Revenue collection expenses	(18)	(3)
	(270)	(289)
Other expenses:		
Regulatory fee	(19)	(50)
Audit fee	(7)	(7)
	(26)	(57)
*Total expenses	(7,627)	(8,942)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(808)	(1,175)
Total current tax (note 5b)	(808)	(1,175)
Capital gains tax (note 5c)	(260)	(332)
Total tax charge for the period	(1,068)	(1,507)
b) Factors affecting taxation charge for period		
Net revenue before taxation	8,560	10,366
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,712)	(2,074)
Effects of:		
Revenue not subject to taxation	3,180	3,805
Overseas taxes	(808)	(1,175)
Overseas taxes expensed	–	(2)
Excess expenses	(1,468)	(1,729)
Current tax charge for period (note 5a)	(808)	(1,175)
c) Capital gains tax		
Provision at start of period	(741)	(409)
Capital gains tax charge in statement of total return for period (note 5a)	(260)	(332)
Exchange loss on capital tax refund	42	–
Capital gains tax payments made within period	481	–
Provision at end of period	(478)	(741)

The fund has not recognised a deferred tax asset of £10,715,413 (2013: £9,245,089) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions and interest		
Final	7,752	9,191
Net distribution for the period	7,752	9,191
Interest	–	5
Total finance costs	7,752	9,196
Net revenue after taxation	7,973	8,859
Capital gains tax	(221)	332
Net distribution for the period	7,752	9,191

Details of the distribution per share are set out in the table on page 125.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	338	1,362
Sales awaiting settlement	1,674	4,118
Accrued revenue	1,843	2,922
United Kingdom income tax recoverable	–	14
Total debtors	3,855	8,416

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(1,305)	(999)
Purchases awaiting settlement	(1,210)	(818)
Accrued expenses	(66)	(62)
Amounts payable to ACD	(414)	(717)
Corporation tax payable	(1,179)	(1,179)
Capital gains tax provision	(478)	(523)
Total creditors	(4,652)	(4,298)

Threadneedle Asia 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 8.

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.

The fund invests in a sub-fund of Threadneedle Specialist Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investment are shown in the portfolio statement. The fund has received £242,000 (2013: £190,000) UK dividends and £259,000 (2013: £267,000) Management fee rebate on collective investment scheme.

In addition this investment has produced a non-derivative security gain of £1,759,000 (2013: £4,655,000).

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

10 SHAREHOLDER FUNDS

Asia 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	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 275.

The distribution per share class is given in the distribution table on page 125.

All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Asia Fund has entered into stocklending arrangements. The fund has earned £21,000 (2013: £24,000) of which £2,000 (2013: £4,000) was outstanding at year end. The fund paid fees of £3,000 (2013: £3,000) of which Nil (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £3,000 (2013: £4,000) of which Nil (2013: £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 £0.06m (2013: £8.97m), whilst the value of collateral held for these arrangements was £0.06m (2013: £9.85m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	60	100	9,853	100
	60	100	9,853	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 8 and 9.

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
Currency 2014			
Australian Dollar	985	90,576	91,561
Hong Kong Dollar	–	119,030	119,030
Indian Rupee	184	26,486	26,670
Indonesian Rupiah	–	7,840	7,840
Malaysian Ringgit	–	6,823	6,823
Philippines Peso	52	15,733	15,785
Singapore Dollar	320	9,544	9,864
South Korean Won	1,577	50,986	52,563
Taiwan Dollar	1,050	49,018	50,068
Thai Baht	536	14,160	14,696
US Dollar	8,499	9,427	17,926

	£000	£000	£000
Currency 2013			
Australian Dollar	1,648	150,268	151,916
Hong Kong Dollar	–	209,471	209,471
Indian Rupee	–	53,482	53,482
Indonesian Rupiah	25	25,661	25,686
Malaysian Ringgit	–	3,593	3,593
Philippines Peso	43	21,602	21,645
Singapore Dollar	–	42,415	42,415
South Korean Won	694	112,295	112,989
Taiwan Dollar	91	64,907	64,998
Thai Baht	288	36,772	37,060
US Dollar	8,328	22,321	30,649

Threadneedle Asia 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 7 March 2014 was:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
Australian Dollar	–	–	91,561	91,561
Hong Kong Dollar	–	–	119,030	119,030
Indian Rupee	184	–	26,486	26,670
Indonesian Rupiah	–	–	7,840	7,840
Malaysian Ringgit	–	–	6,823	6,823
Philippines Peso	–	–	15,785	15,785
Singapore Dollar	–	–	9,864	9,864
South Korean Won	–	–	52,563	52,563
Taiwan Dollar	2,260	–	49,018	51,278
Thai Baht	–	–	14,696	14,696
UK Sterling	1,270	–	17,613	18,883
US Dollar	2,534	5,965	9,427	17,926
Currency 2013	£000	£000	£000	£000
Australian Dollar	–	–	153,742	153,742
Hong Kong Dollar	–	–	211,303	211,303
Indian Rupee	–	–	53,482	53,482
Indonesian Rupiah	–	–	26,120	26,120
Malaysian Ringgit	–	–	3,593	3,593
Philippines Peso	–	–	21,645	21,645
Singapore Dollar	–	–	42,415	42,415
South Korean Won	–	–	112,989	112,989
Taiwan Dollar	475	–	64,907	65,382
Thai Baht	–	–	37,060	37,060
UK Sterling	2,506	–	32,263	34,769
US Dollar	4,326	4,002	22,321	30,649

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
Taiwan Dollar	–	–	(1,210)	(1,210)
UK Sterling	–	–	(3,442)	(3,442)
Currency 2013	£000	£000	£000	£000
Australian Dollar	(1,826)	–	–	(1,826)
Hong Kong Dollar	(1,832)	–	–	(1,832)
Indonesian Rupiah	–	–	(434)	(434)
Taiwan Dollar	–	–	(384)	(384)
UK Sterling	–	–	(3,480)	(3,480)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.04% (2013: 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.

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	199,640	265,609
Commissions	416	539
Taxes	10	84
Fees	53	37
Total purchase costs	479	660
Gross purchases total	200,119	266,269
Analysis of total sale costs		
Gross sales before transaction costs	501,734	303,009
Commissions	(593)	(539)
Taxes	(28)	(98)
Fees	(513)	(211)
Total sale costs	(1,134)	(848)
Total sales net of transaction costs	500,600	302,161

Threadneedle Latin America Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund mainly in equities of companies domiciled in Latin America or which have significant Latin American operations and it may further invest in fixed income securities such as sovereign and corporate Latin American debt, other equities and money market securities.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2013, the published share price of the Threadneedle Latin America Fund has fallen from 312.81p to 216.83p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is -28.44%. (For information the MSCI 10/40 Latin America Index returned -28.09% over the same period).

Portfolio Activity

Within the Latin American region, the Mexican market was the main outperformer. Although the Mexican economy did not grow as expected during 2013, the structural reform agenda has been giving positive momentum to the stock market. On the other hand, Brazil underperformed due to a lack of policies that could reinvigorate economic growth. The country's consumption-fuelled growth model seems exhausted, and its replacement by a more investment-focused growth model remains unproven. Additionally, Chile was the worst performer as markets responded nervously to a new government that is perceived as being less business-friendly. At a sector level, energy, materials and utilities underperformed.

During the period under review, the fund benefited from successful stock selection in Mexico and off-index stocks, an underweight in Chile, stock selection in materials and industrials, and an underweight in utilities. On the negative side, stock selection in Brazil, financials and information technology along with an underweight in telecoms detracted from performance.

At a country level, we increased the fund's exposure to Mexico while reducing the positions in Brazil and Chile. With regard to sectors, we reduced our weightings in consumer discretionary, financials and materials and increased our exposure to consumer staples and information technology. We purchased holdings in Brazilian food producer BRF, Brazilian supermarket CBD, and Mexican toll-road operator OHL Mexico. In addition, we sold Mexican petrochemicals producers Alpek and Mexichem, Brazilian retailers Hering and Lojas Renner, Chilean copper producer Antofagasta, and Brazilian property companies BR Malls and BR Properties.

The fund is focused on non-credit-related consumer-staples stocks and retains a significant exposure to companies operating in sectors less affected by regulations within Latin America. In particular, the fund owns food retailers, financials, industrials, and food & beverage stocks. The fund has no exposure to utilities and limited exposure to telecoms where the risk of unfavourable government intervention remains high.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(264,327)	26,347
Revenue	3	18,601	23,514
Expenses	4	(9,352)	(11,911)
Finance costs: Interest	6	-	(14)
Net revenue before taxation		9,249	11,589
Taxation	5	(1,996)	(1,082)
Net revenue after taxation		7,253	10,507
Total return before distributions		(257,074)	36,854
Finance costs: Distributions	6	(7,253)	(10,349)
Change in net assets attributable to shareholders from investment activities		(264,327)	26,505

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		508,703	879,367
Other assets			
Debtors	7	7,856	19,267
Cash and bank balances		20,808	33,323
Total other assets		28,664	52,590
Total assets		537,367	931,957
Liabilities			
Other liabilities			
Creditors	8	(9,530)	(16,236)
Bank overdrafts		-	(939)
Total other liabilities		(9,530)	(17,175)
Total liabilities		(9,530)	(17,175)
Net assets attributable to shareholders		527,837	914,782

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	914,782	1,008,664
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	25,623	36,822
Amounts payable on the cancellation of shares	(155,493)	(167,657)
	(129,870)	(130,835)
Dilution adjustment	-	111
Stamp duty reserve tax	(1)	(12)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(264,327)	26,505
Retained distribution on accumulation shares	7,253	10,349
Closing net assets attributable to shareholders	527,837	914,782

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Class 1 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	2.0463	2.0463	2.4164
Total distributions in the period		2.0463	2.4164
Class 2 Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	3.7114	3.7114	4.5200
Total distributions in the period		3.7114	4.5200
Class X Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	2.5179	2.5179	3.9482
Total distributions in the period		2.5179	3.9482
Class Z Shares			
Net Accumulation			
Distribution Period			
08/03/13 to 07/03/14	0.9140	0.9140	0.2894
Total distributions in the period		0.9140	0.2894

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Latin America Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(262,263)	26,293
Forward currency contracts	5	19
Other (losses)/gains	(2,021)	45
Transaction costs	(48)	(10)
Net capital (losses)/gains	<u>(264,327)</u>	<u>26,347</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	–	386
Overseas dividends	18,574	22,778
Stock dividends	–	296
Interest on short term investments	7	4
Bank interest	4	21
Stocklending commission	16	29
Total revenue	<u>18,601</u>	<u>23,514</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,175)	(10,468)
Registration fees	(544)	(774)
	<u>(8,719)</u>	<u>(11,242)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(24)	(26)
Safe custody fees	(254)	(315)
Revenue collection expenses	(342)	(314)
	<u>(620)</u>	<u>(655)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(7)	(7)
	<u>(13)</u>	<u>(14)</u>
*Total expenses	<u>(9,352)</u>	<u>(11,911)</u>

*Total expenses

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(1,996)	(1,241)
Capital gains tax (note 5c)	–	159
Total current tax (note 5b)	<u>(1,996)</u>	<u>(1,082)</u>
Total tax charge for the period	<u>(1,996)</u>	<u>(1,082)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	<u>9,249</u>	<u>11,589</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(1,850)	(2,318)
Effects of:		
Revenue not subject to taxation	3,715	4,692
Overseas taxes	(1,996)	(1,241)
Excess expenses	(1,865)	(2,374)
Capital gains tax (note 5a)	–	159
Current tax charge for period (note 5a)	<u>(1,996)</u>	<u>(1,082)</u>
c) Capital gains tax		
Provision at start of period	–	(719)
Capital gains tax charge in statement of total return for period (note 5a)	–	159
Capital gains tax paid in year	–	560
Provision at end of period	<u>–</u>	<u>–</u>

The fund has not recognised a deferred tax asset of £11,186,095 (2013: £9,320,899) 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

	2014 £000	2013 £000
Final	7,253	10,349
Net distribution for the period	<u>7,253</u>	<u>10,349</u>
Interest	–	14
Total finance costs	<u>7,253</u>	<u>10,363</u>
Net revenue after taxation	7,253	10,507
Capital gains tax credit	–	(159)
Movement in income carried forward	–	1
Net distribution for the period	<u>7,253</u>	<u>10,349</u>

Details of the distribution per share are set out in the table on page 129.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	96	79
Sales awaiting settlement	5,897	15,465
Accrued revenue	1,859	3,723
Foreign withholding tax recoverable	4	–
Total debtors	<u>7,856</u>	<u>19,267</u>

Threadneedle Latin America Fund

Notes to the financial statements

(continued)

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(2,367)	(2,589)
Purchases awaiting settlement	(4,703)	(10,805)
Accrued expenses	(49)	(64)
Amounts payable to ACD	(501)	(868)
Corporation tax payable	(1,910)	(1,910)
Total creditors	(9,530)	(16,236)

9 RELATED PARTY TRANSACTIONS

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

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

Latin America 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	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 275. The distribution per share class is given in the distribution table on page 129. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Latin America Fund has entered into stocklending arrangements. The fund has earned £23,000 (2013: £41,000) of which £2,000 (2013: £3,000) as outstanding at year end. The fund paid fees of £3,000 (2013: £6,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid £4,000 (2013: £6,000) of which Nil (2013: £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 £0.56m (2013: £10.69m), whilst the value of collateral held for these arrangements was £0.59m (2013: £11.65m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	588	100	11,649	100
	588	100	11,649	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 8 and 9.

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
Currency 2014			
Brazilian Real	622	101,332	101,954
Canadian Dollar	–	7,835	7,835
Chilean Peso	–	18,675	18,675
Mexican Peso	4	97,251	97,255
US Dollar	21,029	283,155	304,184

	£000	£000	£000
Currency 2013			
Brazilian Real	2,879	218,314	221,193
Canadian Dollar	17	19,020	19,037
Chilean Peso	(2,820)	30,656	27,836
Mexican Peso	151	126,500	126,651
US Dollar	36,717	471,414	508,131

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Brazilian Real	–	–	103,099	103,099
Canadian Dollar	–	–	7,835	7,835
Chilean Peso	–	–	18,675	18,675
Mexican Peso	1,461	–	99,351	100,812
UK Sterling	2,663	–	98	2,761
US Dollar	136	17,002	287,498	304,636
Currency 2013				
Brazilian Real	–	–	223,501	223,501
Canadian Dollar	17	–	19,020	19,037
Chilean Peso	–	–	30,656	30,656
Mexican Peso	–	–	129,841	129,841
UK Sterling	1,135	–	16,230	17,365
US Dollar	5,490	26,681	479,386	511,557

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Brazilian Real	–	–	(1,145)	(1,145)
Mexican Peso	–	–	(3,557)	(3,557)
UK Sterling	–	–	(4,827)	(4,827)
US Dollar	–	–	(452)	(452)
Currency 2013				
Brazilian Real	–	–	(2,308)	(2,308)
Chilean Peso	–	–	(2,820)	(2,820)
Mexican Peso	(939)	–	(2,251)	(3,190)
UK Sterling	–	–	(5,431)	(5,431)
US Dollar	–	–	(3,426)	(3,426)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.03% (2013: 0.06%).

Threadneedle Latin America 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.

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including forwards are used in this portfolio to take active positions in FX markets. 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 forward foreign exchange 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 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of £2,000 (2013: Nil) and a liability value of Nil (2013: Nil).

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	245,226	294,168
Commissions	442	395
Taxes	–	6
Fees	–	4
Total purchase costs	442	405
Gross purchases total	245,668	294,573
Analysis of total sale costs		
Gross sales before transaction costs	354,765	444,873
Commissions	(695)	(736)
Taxes	–	(3)
Fees	–	(7)
Total sale costs	(695)	(746)
Total sales net of transaction costs	354,070	444,127

Threadneedle Emerging Market Bond Fund

Investment Report

Investment Objective

The investment objective of this 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 invest the assets of the fund primarily in high yielding public sector sovereign and corporate bonds issued by emerging market borrowers. Emerging Market countries are those characterised as developing or emerging by either the World Bank, the United Nations or the JPMorgan Global Diversified Emerging Market Bond Index.

If the ACD considers it desirable it may further invest up to one third of the total assets of the fund in other fixed interest securities, including bonds issued by countries making up the G7, deposits, cash and near cash. In addition, the ACD may use derivatives (including currency, interest rate and credit default swaps) and forward transactions for purposes that are limited to EPM techniques.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Emerging Market Bond Fund has fallen from 68.29p to 54.28p.

The sterling total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is -15.56%. The fund return equates approximately to -13.79% gross of tax and charges**. (For information the JP Morgan Emerging Market Bonds Global Index gave a total return of -12.16% for the same period).

Portfolio Activity

The expectation that the US Federal Reserve's asset-purchase scheme would be tapered in 2013 dominated bond markets in the period under review. Markets paid close attention to signals from the Fed, which contributed to bond-market sell-offs in both May and August. After the Fed confounded expectations by leaving its bond-buying programme unchanged in September, emerging indices rose through October, when the Fed again decided against a reduction. In November, however, markets fell after Fed officials suggested that tapering would occur in the near future. This proved the case in December, when the Fed reduced its monthly asset purchases by US\$10 billion, to US\$75 billion, prompting a sell-off in countries with current-account deficits.

We began the period under review by rebalancing positions among some of the bigger countries in the portfolio and closing our short position in US Treasuries. We decreased our exposure to higher-yielding names, selling out of Lebanon, for example. Meanwhile, we

traded tactically in and out of Venezuela and sold out of Iraq. Following a trip to Brazil, we further decreased our exposure to Brazil, as we were concerned about deteriorating fundamentals in the country. We remain underweight in Brazil. We have also continued to reduce our exposure to some of the riskier credits such as Ukraine, given the ongoing unrest there.

We participated in new issues in Indonesia, where we are positive on the improvements that the government is implementing. We are also positive on the structural reforms underway in Mexico and believe that the outlook for the economy is improving on the back of these reforms. We participated in a new issue from Hungary towards the end of the period. Hungary's economy is improving and should benefit from signs of recovery in the eurozone, its largest trading partner.

For now, the key question is whether the reaction of the central banks has been enough to restore confidence in the developing economies. We believe that the sell-off in the more fundamentally sound emerging-market countries has been overdone. The improvement in economic data in the US remains a key risk to the market, as the Fed appears inclined to continue to reduce its bond purchases. Over the longer term, we continue to believe that emerging markets, with their superior growth prospects, hold greater investment potential than their advanced counterparts.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(137,017)	92,455
Revenue	3	30,531	44,609
Expenses	4	(8,583)	(13,602)
Finance costs:			
Derivative expense	6	(84)	(51)
Interest	6	(1)	(8)
Net revenue before taxation		21,863	30,948
Taxation	5	-	-
Net revenue after taxation		21,863	30,948
Total return before distributions		(115,154)	123,403
Finance costs: Distributions	6	(29,504)	(43,036)
Change in net assets attributable to shareholders from investment activities		(144,658)	80,367

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		246,954	970,826
Other assets			
Debtors	7	4,699	52,249
Cash and bank balances	8	13,550	19,809
Total other assets		18,249	72,058
Total assets		265,203	1,042,884
Liabilities			
Derivative liabilities		(131)	(1,130)
Other liabilities			
Creditors	9	(2,293)	(11,165)
Bank overdrafts	8	(129)	(318)
Distribution payable on income shares		(5,427)	(17,553)
Total other liabilities		(7,849)	(29,036)
Total liabilities		(7,980)	(30,166)
Net assets attributable to shareholders		257,223	1,012,718

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,012,718	746,142
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	67,542	296,961
Amounts payable on the cancellation of shares	(685,751)	(79,351)
Amounts payable on in specie transfer	-	(38,244)
	(618,209)	179,366
Dilution adjustment	4,130	473
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(144,658)	80,367
Retained distribution on accumulation shares	3,241	6,368
Unclaimed distribution monies brought back into account	1	2
Closing net assets attributable to shareholders	257,223	1,012,718

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	1.7238	0.3448	1.3790	-	1.3790	1.2114
08/09/13 to 07/03/14	1.5879	0.3176	1.2703	-	1.2703	1.2789
Group 2						
08/03/13 to 07/09/13	1.0438	0.2088	0.8350	0.5440	1.3790	1.2114
08/09/13 to 07/03/14	1.0493	0.2099	0.8394	0.4309	1.2703	1.2789
Total distributions in the period					2.6493	2.4903

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	2.9120	-	2.9120	2.5676
08/09/13 to 07/03/14	2.6081	-	2.6081	2.7030
Group 2				
08/03/13 to 07/09/13	1.7799	1.1321	2.9120	2.5676
08/09/13 to 07/03/14	1.3261	1.2820	2.6081	2.7030
Total distributions in the period			5.5201	5.2706

Threadneedle Emerging Market Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Gross Accumulation Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	5.4612	–	5.4612	4.5932
08/09/13 to 07/03/14	5.0403	–	5.0403	4.9474
Group 2				
08/03/13 to 07/09/13	3.9640	1.4972	5.4612	4.5932
08/09/13 to 07/03/14	2.9903	2.0500	5.0403	4.9474
Total distributions in the period			10.5015	9.5406

Class 2 Shares

Net Income * Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Payable 2013/2014
Group 1					
20/09/13 to 07/03/14	2.7393	0.5479	2.1914	–	2.1914
Group 2					
20/09/13 to 07/03/14	1.6985	0.3397	1.3588	0.8326	2.1914
Total distributions in the period					2.1914

Class 2 Shares

Gross Accumulation Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	5.4936	–	5.4936	4.6193
08/09/13 to 07/03/14	5.0669	–	5.0669	4.9877
Group 2				
08/03/13 to 07/09/13	2.5634	2.9302	5.4936	4.6193
08/09/13 to 07/03/14	2.9528	2.1141	5.0669	4.9877
Total distributions in the period			10.5605	9.6070

Class X Shares

Gross Accumulation Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	8.3655	–	8.3655	1.8249
08/09/13 to 07/03/14	2.1292	–	2.1292	1.9819
Group 2				
08/03/13 to 07/09/13	8.1655	0.2000	8.3655	1.8249
08/09/13 to 07/03/14	2.1292	–	2.1292	1.9819
Total distributions in the period			10.4947	3.8068

Class Z Shares

Net Income Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	2.7844	0.5569	2.2275	–	2.2275	–
08/09/13 to 07/03/14	2.5099	0.5020	2.0079	–	2.0079	2.0665
Group 2						
08/03/13 to 07/09/13	1.4040	0.2808	1.1232	1.1043	2.2275	–
08/09/13 to 07/03/14	1.0705	0.2141	0.8564	1.1515	2.0079	2.0665
Total distributions in the period					4.2354	2.0665

Class Z Shares

Gross Income Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	2.6176	–	2.6176	–
08/09/13 to 07/03/14	2.3471	–	2.3471	2.4000
Group 2				
08/03/13 to 07/09/13	1.5165	1.1011	2.6176	–
08/09/13 to 07/03/14	0.9121	1.4350	2.3471	2.4000
Total distributions in the period			4.9647	2.4000

Class Z Shares

Gross Accumulation** Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014
Group 1			
20/09/13 to 07/03/14	2.7355	–	2.7355
Group 2			
20/09/13 to 07/03/14	0.4563	2.2792	2.7355
Total distributions in the period			2.7355

Group 2: shares purchased during a distribution period

*Class 2 – Net income shares commenced on 20 September 2013

**Class Z – Gross accumulation shares commenced on 20 September 2013

Threadneedle Emerging Market Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(132,836)	94,392
Derivative contracts	(506)	(187)
Forward currency contracts	(716)	(2,658)
Other (losses)/gains	(2,935)	927
Transaction costs	(24)	(19)
Net capital (losses)/gains	(137,017)	92,455

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	30,395	44,535
Interest on short term investments	9	7
Bank interest	6	18
Stocklending commission	121	49
Total revenue	30,531	44,609

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(7,645)	(12,092)
Registration fees	(806)	(1,409)
	(8,451)	(13,501)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(22)	(26)
Safe custody fees	(90)	(53)
Revenue collection expenses	–	(3)
	(112)	(82)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(14)	(12)
	(20)	(19)
*Total expenses	(8,583)	(13,602)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	21,863	30,948
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(4,373)	(6,190)
Effects of:		
Excess expenses	(1,529)	(2,418)
Distributions treated as tax deductible	5,902	8,608
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £10,742,892 (2013: £9,213,806) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% on net share classes 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:

	2014 £000	2013 £000
Interim	9,956	21,142
Final	7,523	24,006
	17,479	45,148
Add: Revenue deducted on cancellation of shares	12,247	1,408
Deduct: Revenue received on creation of shares	(222)	(3,520)
Net distribution for the period	29,504	43,036
Derivative expenses	84	51
Interest	1	8
Total finance costs	29,589	43,095
Net revenue after taxation	21,863	30,948
Annual management charge to capital	7,645	12,092
Equalisation on conversion	(4)	(4)
Net distribution for the period	29,504	43,036

Details of the distribution per share are set out in the table on pages 133 and 134.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	789	2,978
Sales awaiting settlement	–	33,573
Accrued revenue	3,910	15,698
Total debtors	4,699	52,249

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	249	877
Cash and bank balances	13,301	18,932
Total cash and bank balances	13,550	19,809
Bank overdrafts	(129)	(318)
Total cash and bank balances	13,421	19,491

Threadneedle Emerging Market Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(1,281)	(1,018)
Purchases awaiting settlement	–	(5,712)
Accrued expenses	(22)	(28)
Amounts payable to ACD	(294)	(1,207)
Income tax payable	(696)	(3,200)
Total creditors	(2,293)	(11,165)

10 RELATED PARTY TRANSACTIONS

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

The aggregated 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

The Emerging Market Bond 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	0.60%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 276. The distribution per share class is given in the distribution table on pages 133 and 134. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the Emerging Market Bond Fund has entered into stocklending arrangements. The fund has earned £170,000 (2013 : £69,000) of which £15,000 (2013: £6,000) was outstanding at year end. The fund paid fees of £24,000 (2013 : £10,000) of which £2,000 (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £25,000 (2013 : £10,000) of which £2,000 (2013: £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 £32.9m (2013: £55.82m), whilst the value of collateral held for these arrangements was £34.74m (2013: £58.26m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	34,742	100	58,259	100
	34,742	100	58,259	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 8 and 9.

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
Currency 2014			
Brazilian Real	86	6,387	6,473
Dominican Peso	23	1,895	1,918
Egyptian Pound	3	–	3
Euro	1	–	1
Mexican Peso	127	8,155	8,282
Romanian Leu	9	–	9
Russian Ruble	31	(328)	(297)
Uruguayan Peso Uruguayo	101	4,910	5,011
US Dollar	15,333	226,268	241,601

	£000	£000	£000
Currency 2013			
Brazilian Real	25	10,443	10,468
Egyptian Pound	4	–	4
Euro	130	(28)	102
Mexican Peso	217	15,406	15,623
Russian Ruble	430	30,272	30,702
Turkish Lira	408	14,602	15,010
US Dollar	60,555	901,651	962,206

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Brazilian Real	–	6,387	86	6,473
Dominican Peso	–	1,895	23	1,918
Egyptian Pound	3	–	–	3
Euro	1	–	–	1
Mexican Peso	–	8,155	127	8,282
Romanian Leu	9	–	–	9
Russian Ruble	–	5,286	32	5,318
UK Sterling	1,605	–	800	2,405
Uruguayan Peso Uruguayo	4,910	–	101	5,011
US Dollar	2,393	235,806	3,531	241,730
Currency 2013				
Brazilian Real	25	10,443	–	10,468
Egyptian Pound	4	–	–	4
Euro	65	6,692	65	6,822
Mexican Peso	–	15,406	217	15,623
Russian Ruble	–	30,272	430	30,702
Turkish Lira	2	14,986	406	15,394
UK Sterling	1,277	–	2,983	4,260
US Dollar	20,792	899,296	48,148	968,236

Threadneedle Emerging Market Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
Currency 2014	£000	£000	£000	£000
Russian Ruble	–	(5,615)	–	(5,615)
UK Sterling	(463)	–	(7,720)	(8,183)
US Dollar	(129)	–	–	(129)
Currency 2013	£000	£000	£000	£000
Euro	–	(6,720)	–	(6,720)
Turkish Lira	–	(384)	–	(384)
UK Sterling	(2,650)	–	(23,007)	(25,657)
US Dollar	(318)	–	(5,712)	(6,030)

Currency	Fixed rate financial assets		Fixed rate financial assets		Non interest bearing assets	
	Weighted average		Weighted average period		Weighted average period	
	2014	2013	2014	2013	2014	2013
	%	%	years	Years	years	Years
Brazilian Real	–	–	–	–	1.31	1.82
Dominican Peso	14	–	8.13	–	–	–
Euro	–	5	–	4.99	–	–
Mexican Peso	7	7	6.16	6.03	–	–
Russian Ruble	7	7	3.56	6.12	–	–
Turkish Lira	–	7	–	2.46	–	–
US Dollar	6	6	11.18	11.64	–	0.28

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.08% (2013: 0.10%).

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.

Non interest-bearing assets relate to forward foreign exchange contracts. Derivatives including futures and forward foreign exchange contracts are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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 forward foreign exchange contracts during this accounting period. At 7 March 2014, the fund had outstanding open forward foreign exchange contracts with an asset value of £700,000 (2013: including futures £1,156,000) and a liability value of £131,000 (2013: £1,130,000).

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

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.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £387,557,577 (2013: £1,057,371,424) and proceeds received from sales were £975,544,303 (2013: £901,558,083).

Threadneedle High Yield Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve a higher level of income. Income will be paid monthly.

Investment Policy

The ACD's investment policy is to invest the assets of the fund principally in higher risk UK and international fixed interest securities. It may also invest in equities.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle High Yield Bond Fund has risen from 44.08p to 44.86p.

The total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +7.86%, which equates approximately to +10.54% gross of tax and charges**. (For information the Merrill Lynch European High Yield 3% constrained ex sub-financials (100% UK Sterling Hedged) Index gave a total return of +10.61% for the same period).

Portfolio Activity

European high yield performed well in 2013, especially when compared with other fixed-income asset classes. Government bonds suffered after the US Federal Reserve discussed the possibility of tapering its quantitative-

easing programme in May 2013, eventually announcing a reduction in its monthly purchases by US\$10 billion in December. High yield was no stranger to the volatility experienced in May, but did not sell off as much as other fixed-income asset classes. In the second half of 2013, the asset class rallied with other risk assets, accompanied by expectations of a better macroeconomic outlook in Europe.

New issuance was at record highs for European high yield in 2013. This, together with the continued search for yield and the increasing pace of inflows into the year end, saw European high yield return almost 9% in 2013 alone.

Throughout most of 2013, the fund steadily performed in line with the index, thanks to an overweight beta positioning, our credit-rating positioning and an overweight position in financials. We recognised that the volatility of May and June was a buying opportunity and tactically increased exposure to cyclical (especially autos) through the year. For 2014 so far, our return is slightly behind the index. This has been largely attributable to our positioning in the higher-quality end of single-B credits, where February's risk-on tone has seen the riskier names outperform.

Throughout the year, we maintained our strategy of investing in robust companies in the higher end of the single-B-rated credit space, while we remained

underweight double-B names relative to the index. We were busy in the primary market over the period; an abundance of new issues meant that investors were spoilt for choice, but we maintained a selective approach in how we added to our portfolio. Compared with last year, 2014 so far has been reasonably benign in the new-issue market.

The outlook for Europe continues to improve, as evidenced by high-frequency macro data. Fourth-quarter European GDP was confirmed at 0.3%, and activity indicators suggest that the pace of growth has picked up since the beginning of the year. We feel that this will be generally reflected in corporate earnings, while medium-term headwinds to European growth still remain. High levels of unemployment and low levels of inflation will keep the European Central Bank on high alert, and we expect interest rates to remain low in the region.

High yield continues to be supported by the expectation of an increase in corporate events (M&A or IPOs), with UK retail in the spotlight for IPOs and European telecommunication companies benefiting from M&A speculation. Furthermore, we believe default rates in this environment will stay low. Spreads, however, have tightened significantly over the last year, and we remain conscious that spreads are unlikely to tighten further.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	26,434	43,950
Revenue	3	58,615	65,575
Expenses	4	(9,377)	(9,778)
Finance costs: Interest	6	(1)	(28)
Net revenue before taxation		49,237	55,769
Taxation	5	–	–
Net revenue after taxation		49,237	55,769
Total return before distributions		75,671	99,719
Finance costs: Distributions	6	(57,641)	(64,435)
Change in net assets attributable to shareholders from investment activities		18,030	35,284

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		800,207	816,123
Other assets			
Debtors	7	22,530	19,463
Cash and bank balances	8	24,869	18,121
Total other assets		47,399	37,584
Total assets		847,606	853,707
Liabilities			
Derivative liabilities		(4,290)	(6,870)
Other liabilities			
Creditors	9	(22,203)	(7,277)
Distribution payable on income shares		(2,757)	(3,573)
Total other liabilities		(24,960)	(10,850)
Total liabilities		(29,250)	(17,720)
Net assets attributable to shareholders		818,356	835,987

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	835,987	749,167
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	158,440	195,776
Amounts payable on the cancellation of shares	(162,928)	(156,525)
Amounts payable on inspecie transfers	(42,543)	–
	(47,031)	39,251
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	18,030	35,284
Retained distribution on accumulation shares	11,364	12,257
Unclaimed distribution monies brought back into account	6	28
Closing net assets attributable to shareholders	818,356	835,987

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/04/13	0.2325	0.0465	0.1860	–	0.1860	0.1958
08/04/13 to 07/05/13	0.2909	0.0582	0.2327	–	0.2327	0.1954
08/05/13 to 07/06/13	0.2820	0.0564	0.2256	–	0.2256	0.2601
08/06/13 to 07/07/13	0.2616	0.0523	0.2093	–	0.2093	0.2012
08/07/13 to 07/08/13	0.2854	0.0571	0.2283	–	0.2283	0.2311
08/08/13 to 07/09/13	0.2410	0.0482	0.1928	–	0.1928	0.2201
08/09/13 to 07/10/13	0.2646	0.0529	0.2117	–	0.2117	0.2266
08/10/13 to 07/11/13	0.2583	0.0517	0.2066	–	0.2066	0.2663
08/11/13 to 07/12/13	0.2650	0.0530	0.2120	–	0.2120	0.2337
08/12/13 to 07/01/14	0.2363	0.0473	0.1890	–	0.1890	0.2309
08/01/14 to 07/02/14	0.2751	0.0550	0.2201	–	0.2201	0.2585
08/02/14 to 07/03/14	0.2248	0.0450	0.1798	–	0.1798	0.2211

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle High Yield Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 2						
08/03/13 to 07/04/13	0.1103	0.0221	0.0882	0.0978	0.1860	0.1958
08/04/13 to 07/05/13	0.1945	0.0389	0.1556	0.0771	0.2327	0.1954
08/05/13 to 07/06/13	0.1409	0.0282	0.1127	0.1129	0.2256	0.2601
08/06/13 to 07/07/13	0.1101	0.0220	0.0881	0.1212	0.2093	0.2012
08/07/13 to 07/08/13	0.1504	0.0301	0.1203	0.1080	0.2283	0.2311
08/08/13 to 07/09/13	0.0918	0.0184	0.0734	0.1194	0.1928	0.2201
08/09/13 to 07/10/13	0.0846	0.0169	0.0677	0.1440	0.2117	0.2266
08/10/13 to 07/11/13	0.1080	0.0216	0.0864	0.1202	0.2066	0.2663
08/11/13 to 07/12/13	0.1390	0.0278	0.1112	0.1008	0.2120	0.2337
08/12/13 to 07/01/14	0.1054	0.0211	0.0843	0.1047	0.1890	0.2309
08/01/14 to 07/02/14	0.1390	0.0278	0.1112	0.1089	0.2201	0.2585
08/02/14 to 07/03/14	0.1026	0.0205	0.0821	0.0977	0.1798	0.2211
Total distributions in the period					2.4939	2.7408

Class 1 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2327	–	0.2327	0.2451
08/04/13 to 07/05/13	0.2908	–	0.2908	0.2448
08/05/13 to 07/06/13	0.2819	–	0.2819	0.3251
08/06/13 to 07/07/13	0.2609	–	0.2609	0.2509
08/07/13 to 07/08/13	0.2844	–	0.2844	0.2881
08/08/13 to 07/09/13	0.2397	–	0.2397	0.2738
08/09/13 to 07/10/13	0.2629	–	0.2629	0.2816
08/10/13 to 07/11/13	0.2564	–	0.2564	0.3305
08/11/13 to 07/12/13	0.2618	–	0.2618	0.2892
08/12/13 to 07/01/14	0.2341	–	0.2341	0.2860
08/01/14 to 07/02/14	0.2718	–	0.2718	0.3194
08/02/14 to 07/03/14	0.2215	–	0.2215	0.2724
Total distributions in the period			3.0989	3.4069

Class 2 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 2				
08/03/13 to 07/04/13	0.1408	0.0919	0.2327	0.2451
08/04/13 to 07/05/13	0.1659	0.1249	0.2908	0.2448
08/05/13 to 07/06/13	0.2422	0.0397	0.2819	0.3251
08/06/13 to 07/07/13	0.1168	0.0609	0.2609	0.2509
08/07/13 to 07/08/13	0.0230	0.2614	0.2844	0.2881
08/08/13 to 07/09/13	0.1230	0.1167	0.2397	0.2738
08/09/13 to 07/10/13	0.1605	0.1024	0.2629	0.2816
08/10/13 to 07/11/13	0.2204	0.0360	0.2564	0.3305
08/11/13 to 07/12/13	0.0860	0.1758	0.2618	0.2892
08/12/13 to 07/01/14	0.1715	0.0626	0.2341	0.2860
08/01/14 to 07/02/14	0.1179	0.1539	0.2718	0.3194
08/02/14 to 07/03/14	0.0899	0.1316	0.2215	0.2724
Total distributions in the period			3.0989	3.4069

Class 2 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/04/13	0.3345	0.0669	0.2676	–	0.2676	0.2799
08/04/13 to 07/05/13	0.4178	0.0836	0.3342	–	0.3342	0.2793
08/05/13 to 07/06/13	0.4035	0.0807	0.3228	–	0.3228	0.3712
08/06/13 to 07/07/13	0.3745	0.0749	0.2996	–	0.2996	0.2876
08/07/13 to 07/08/13	0.4096	0.0819	0.3277	–	0.3277	0.3304
08/08/13 to 07/09/13	0.3460	0.0692	0.2768	–	0.2768	0.3153
08/09/13 to 07/10/13	0.3798	0.0760	0.3038	–	0.3038	0.3240
08/10/13 to 07/11/13	0.3709	0.0742	0.2967	–	0.2967	0.3809
08/11/13 to 07/12/13	0.3795	0.0759	0.3036	–	0.3036	0.3353
08/12/13 to 07/01/14	0.3409	0.0682	0.2727	–	0.2727	0.3309
08/01/14 to 07/02/14	0.3954	0.0791	0.3163	–	0.3163	0.3692
08/02/14 to 07/03/14	0.3233	0.0647	0.2586	–	0.2586	0.3161
Group 2						
08/03/13 to 07/04/13	0.0985	0.0193	0.0772	0.1904	0.2676	0.2799
08/04/13 to 07/05/13	0.2303	0.0461	0.1842	0.1500	0.3342	0.2793
08/05/13 to 07/06/13	0.1820	0.0364	0.1456	0.1772	0.3228	0.3712
08/06/13 to 07/07/13	0.0708	0.0142	0.0566	0.2430	0.2996	0.2876
08/07/13 to 07/08/13	0.1985	0.0393	0.1572	0.1705	0.3277	0.3304
08/08/13 to 07/09/13	0.1245	0.0249	0.0996	0.1772	0.2768	0.3153
08/09/13 to 07/10/13	0.1978	0.0396	0.1582	0.1456	0.3038	0.3240
08/10/13 to 07/11/13	0.1394	0.0279	0.1115	0.1852	0.2967	0.3809
08/11/13 to 07/12/13	0.2175	0.0435	0.1740	0.1296	0.3036	0.3353
08/12/13 to 07/01/14	0.1619	0.0324	0.1295	0.1432	0.2727	0.3309
08/01/14 to 07/02/14	0.2178	0.0436	0.1742	0.1421	0.3163	0.3692
08/02/14 to 07/03/14	0.1501	0.0300	0.1201	0.1385	0.2586	0.3161
Total distributions in the period					3.5804	3.9201

Class 2 Shares

Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/04/13	0.2877	–	0.2877	0.3015
08/04/13 to 07/05/13	0.3593	–	0.3593	0.3005
08/05/13 to 07/06/13	0.3469	–	0.3469	0.3988
08/06/13 to 07/07/13	0.3212	–	0.3212	0.3083
08/07/13 to 07/08/13	0.3507	–	0.3507	0.3541
08/08/13 to 07/09/13	0.2961	–	0.2961	0.3370
08/09/13 to 07/10/13	0.3246	–	0.3246	0.3457
08/10/13 to 07/11/13	0.3170	–	0.3170	0.4062
08/11/13 to 07/12/13	0.3224	–	0.3224	0.3562
08/12/13 to 07/01/14	0.2908	–	0.2908	0.3524
08/01/14 to 07/02/14	0.3352	–	0.3352	0.3930
08/02/14 to 07/03/14	0.2755	–	0.2755	0.3360
Group 2				
08/03/13 to 07/04/13	0.1518	0.1359	0.2877	0.3015
08/04/13 to 07/05/13	0.2202	0.1391	0.3593	0.3005
08/05/13 to 07/06/13	0.1115	0.2354	0.3469	0.3988
08/06/13 to 07/07/13	0.1388	0.1824	0.3212	0.3083
08/07/13 to 07/08/13	0.1691	0.1816	0.3507	0.3541
08/08/13 to 07/09/13	0.1624	0.1337	0.2961	0.3370
08/09/13 to 07/10/13	0.1823	0.1423	0.3246	0.3457
08/10/13 to 07/11/13	0.1416	0.1754	0.3170	0.4062
08/11/13 to 07/12/13	0.0321	0.2903	0.3224	0.3562
08/12/13 to 07/01/14	0.1750	0.1158	0.2908	0.3524
08/01/14 to 07/02/14	0.1075	0.2277	0.3352	0.3930
08/02/14 to 07/03/14	0.1312	0.1443	0.2755	0.3360
Total distributions in the period			3.8274	4.1897

Class 2 Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/04/13	0.7220	–	0.7220	0.6972
08/04/13 to 07/05/13	0.9058	–	0.9058	0.6989
08/05/13 to 07/06/13	0.8812	–	0.8812	0.9336
08/06/13 to 07/07/13	0.8204	–	0.8204	0.7283
08/07/13 to 07/08/13	0.9012	–	0.9012	0.8408
08/08/13 to 07/09/13	0.7665	–	0.7665	0.8060
08/09/13 to 07/10/13	0.8446	–	0.8446	0.8323
08/10/13 to 07/11/13	0.8296	–	0.8296	0.9841
08/11/13 to 07/12/13	0.8519	–	0.8519	0.8701
08/12/13 to 07/01/14	0.7688	–	0.7688	0.8658
08/01/14 to 07/02/14	0.8953	–	0.8953	0.9725
08/02/14 to 07/03/14	0.7357	–	0.7357	0.8374
Group 2				
08/03/13 to 07/04/13	0.7220	–	0.7220	0.6972
08/04/13 to 07/05/13	0.3045	0.6013	0.9058	0.6989
08/05/13 to 07/06/13	0.5109	0.3703	0.8812	0.9336
08/06/13 to 07/07/13	0.2221	0.5983	0.8204	0.7283
08/07/13 to 07/08/13	0.7216	0.1796	0.9012	0.8408
08/08/13 to 07/09/13	0.3664	0.4001	0.7665	0.8060
08/09/13 to 07/10/13	0.3798	0.4648	0.8446	0.8323
08/10/13 to 07/11/13	0.2730	0.5566	0.8296	0.9841
08/11/13 to 07/12/13	0.0226	0.8293	0.8519	0.8701
08/12/13 to 07/01/14	0.2670	0.5018	0.7688	0.8658
08/01/14 to 07/02/14	0.4885	0.4068	0.8953	0.9725
08/02/14 to 07/03/14	0.3246	0.4111	0.7357	0.8374
Total distributions in the period			9.9230	10.0670

Class 2 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/04/13	0.5481	0.1096	0.4385	–	0.4385	–
08/04/13 to 07/05/13	0.6853	0.1371	0.5482	–	0.5482	–
08/05/13 to 07/06/13	0.6604	0.1321	0.5283	–	0.5283	–
08/06/13 to 07/07/13	0.6128	0.1226	0.4902	–	0.4902	–
08/07/13 to 07/08/13	0.6698	0.1340	0.5358	–	0.5358	–
08/08/13 to 07/09/13	0.5663	0.1133	0.4530	–	0.4530	–
08/09/13 to 07/10/13	0.6214	0.1243	0.4971	–	0.4971	0.2465
08/10/13 to 07/11/13	0.6068</					

Threadneedle High Yield Bond Fund

DISTRIBUTION TABLE

(continued)

Class Z Shares

Gross Income*

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014
Group 1			
24/09/13 to 07/10/13	0.6060	–	0.6060
08/10/13 to 07/11/13	0.5907	–	0.5907
08/11/13 to 07/12/13	0.5964	–	0.5964
08/12/13 to 07/01/14	0.5413	–	0.5413
08/01/14 to 07/02/14	0.6243	–	0.6243
08/02/14 to 07/03/14	0.5092	–	0.5092
Group 2			
24/09/13 to 07/10/13	0.6060	–	0.6060
08/10/13 to 07/11/13	0.1102	0.4805	0.5907
08/11/13 to 07/12/13	0.3303	0.2661	0.5964
08/12/13 to 07/01/14	0.3076	0.2337	0.5413
08/01/14 to 07/02/14	0.3104	0.3139	0.6243
08/02/14 to 07/03/14	0.3362	0.1730	0.5092
Total distributions in the period			3.4679

Class Z Shares

Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/04/13	0.5675	–	0.5675	–
08/04/13 to 07/05/13	0.7136	–	0.7136	–
08/05/13 to 07/06/13	0.6938	–	0.6938	–
08/06/13 to 07/07/13	0.6467	–	0.6467	–
08/07/13 to 07/08/13	0.7101	–	0.7101	–
08/08/13 to 07/09/13	0.6024	–	0.6024	–
08/09/13 to 07/10/13	0.6647	–	0.6647	0.3408
08/10/13 to 07/11/13	0.6524	–	0.6524	0.7744
08/11/13 to 07/12/13	0.6664	–	0.6664	0.6854
08/12/13 to 07/01/14	0.6079	–	0.6079	0.6824
08/01/14 to 07/02/14	0.7048	–	0.7048	0.7721
08/02/14 to 07/03/14	0.5780	–	0.5780	0.6652
Group 2				
08/03/13 to 07/04/13	0.3003	0.2672	0.5675	–
08/04/13 to 07/05/13	0.4841	0.2295	0.7136	–
08/05/13 to 07/06/13	0.3347	0.3591	0.6938	–
08/06/13 to 07/07/13	0.3355	0.3112	0.6467	–
08/07/13 to 07/08/13	0.2705	0.4396	0.7101	–
08/08/13 to 07/09/13	0.1608	0.4416	0.6024	–
08/09/13 to 07/10/13	0.2746	0.3901	0.6647	0.3408
08/10/13 to 07/11/13	0.2913	0.3611	0.6524	0.7744
08/11/13 to 07/12/13	0.3378	0.3286	0.6664	0.6854
08/12/13 to 07/01/14	0.2157	0.3922	0.6079	0.6824
08/01/14 to 07/02/14	0.3403	0.3645	0.7048	0.7721
08/02/14 to 07/03/14	0.2944	0.2836	0.5780	0.6652
Total distributions in the period			7.8083	3.9203

Group 2: shares purchased during a distribution period

*Class Z – Gross income shares commenced on 24 September 2013

Threadneedle High Yield Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	(8,127)	69,791
Derivative contracts	1,095	983
Forward currency contracts	33,670	(26,823)
Other (losses)/gains	(191)	11
Transaction costs	(13)	(12)
Net capital gains	26,434	43,950

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	57,692	64,696
Interest on short term investments	45	106
Derivative revenue	420	165
Bank interest	22	76
Stocklending commission	436	531
Miscellaneous revenue	–	1
Total revenue	58,615	65,575

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,403)	(8,666)
Registration fees	(889)	(1,026)
	(9,292)	(9,692)
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(26)	(26)
Safe custody fees	(40)	(38)
	(66)	(64)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(12)	(12)
Miscellaneous expenses	(1)	(3)
	(19)	(22)
*Total expenses	(9,377)	(9,778)

*Total expenses

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	49,237	55,769
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(9,847)	(11,154)
Effects of:		
Prior period expenses utilised	9,847	–
Excess expenses	–	(1,733)
Distributions treated as tax deductible	–	12,887
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £487,931 (2013: £10,335,266) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on 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:

	2014 £000	2013 £000
Interim	53,412	59,219
Final	4,126	5,287
	57,538	64,506
Add: Revenue deducted on cancellation of shares	471	502
Deduct: Revenue received on creation of shares	(368)	(573)
Net distribution for the period	57,641	64,435
Interest	1	28
Total finance costs	57,642	64,463
Net revenue after taxation	49,237	55,769
Annual management charge to capital	8,403	8,666
Equalisation on conversion	1	–
Net distribution for the period	57,641	64,435

Details of the distribution per share are set out in the table on pages 138 – 140.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	2,102	1,516
Sales awaiting settlement	3,766	–
Accrued revenue	16,662	17,926
Foreign withholding tax recoverable	–	21
Total debtors	22,530	19,463

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	–	1,820
Cash and bank balances	24,869	16,301
Total cash and bank balances	24,869	18,121

Threadneedle High Yield Bond Fund

Notes to the financial statements

(continued)

9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(12,185)	(1,111)
Purchases awaiting settlement	(6,902)	(2,349)
Accrued expenses	(21)	(24)
Amounts payable to ACD	(702)	(766)
Income tax payable	(2,393)	(3,027)
Total creditors	(22,203)	(7,277)

10 RELATED PARTY TRANSACTIONS

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

The aggregated 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

The High Yield Bond 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	1.25%
Class 2 shares	0.75%
Class Z shares	0.60%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 277.

The distribution per share class is given in the distribution table on pages 138 – 140.

All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the High Yield Bond Fund has entered into stocklending arrangements. The fund has earned £614,000 (2013: £748,000) of which £60,000 (2013: £71,000) was outstanding at year end. The fund paid fees of £86,000 (2013: £105,000) of which £8,000 (2013: £10,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £92,000 (2013: £112,000) of which £9,000 (2013: £11,000) 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 £99.89m (2013: £188.41m), whilst the value of collateral held for these arrangements was £103.26m (2013: £195.89m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	103,264	100	195,885	100
	103,264	100	195,885	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 8 and 9.

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
Currency 2014			
Euro	20,270	(16,597)	3,673
Swiss Franc	160	(104)	56
US Dollar	4,327	(4,105)	222
Currency 2013	£000	£000	£000
Euro	138	(7,236)	(7,098)
Swiss Franc	2	35	37
US Dollar	355	584	939

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	31,678	550,701	15,630	598,009
Swiss Franc	1,028	10,443	159	11,630
UK Sterling	32,048	797,270	5,624	834,942
US Dollar	5,676	38,727	1,838	46,241
Currency 2013	£000	£000	£000	£000
Euro	25,238	586,521	21	611,780
Swiss Franc	1,258	7,214	–	8,472
UK Sterling	16,404	814,765	19,441	850,610
US Dollar	5,028	26,821	–	31,849
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
Euro	(30,191)	(558,607)	(5,538)	(594,336)
Swiss Franc	(1,036)	(10,538)	–	(11,574)
UK Sterling	–	–	(20,537)	(20,537)
US Dollar	(3,499)	(42,520)	–	(46,019)
Currency 2013	£000	£000	£000	£000
Euro	(23,043)	(593,486)	(2,349)	(618,878)
Swiss Franc	(1,250)	(7,185)	–	(8,435)
UK Sterling	–	–	(8,501)	(8,501)
US Dollar	(4,586)	(26,324)	–	(30,910)
	Fixed rate financial assets Weighted average	Fixed rate financial assets Weighted average period	Non interest bearing assets Weighted average period	
	2014	2013	2014	2013
Currency	%	%	years	Years
Euro	7	8	6.82	6.33
Norwegian Krone	–	9	–	0.72
Swiss Franc	7	7	5.70	5.46
UK Sterling	8	9	9.23	7.01
US Dollar	8	9	14.71	4.98

Threadneedle High Yield Bond Fund

Notes to the financial statements

(continued)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.24% (2013: 0.40%).

Non interest-bearing assets relate to credit default swaps and forward foreign exchange contracts. Derivatives including credit default swaps and forward foreign exchange contracts are used in this portfolio to take active positions in FX markets, interest rates and credit markets. Derivatives are employed when they are the cheapest and most efficient method of gaining exposure. This increases the risk profile of the 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, forward foreign exchange contracts, futures and options contracts during this accounting period. At 7 March 2014, the fund had outstanding open credit default swaps and forward foreign exchange contracts with an asset value of £949,000 (2013: £262,000) and a liability value of £4,290,000 (2013: £6,870,000).

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

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.

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.

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: 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 £323,615,577 (2013: £348,228,351) and proceeds received from sales were £334,924,406 (2013: £302,188,372).

Threadneedle Global Select Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve above average capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in equities issued by companies worldwide. The portfolio may be concentrated geographically or with respect to stock and sector positions, which may lead to increased levels of volatility. If the ACD considers it desirable, it may further invest in other securities (including fixed interest securities, other equities and money market securities).

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Global Select Fund has risen from 118.84p to 127.75p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +9.13% as compared to a median return of +9.18% over the same period. (For information the MSCI AC World Free Index returned +7.58% over the same period).

Portfolio Activity

It was a strong year for global equity markets. Amongst the factors supporting sentiment were a stabilisation of

the eurozone debt crisis, aggressive easing of monetary conditions in Japan, and rising investor confidence in the US economic recovery. Elsewhere, concerns remained over whether the Chinese economy can successfully transition to being driven by consumption rather than investment, and about the country's efforts to reduce credit growth.

In May 2013 the US Federal Reserve Chairman announced that quantitative easing would begin to be wound back later in the year. This sparked a sell-off in Treasuries, a sharp rise in certain US interest rates, and a strengthening of the dollar. Emerging markets reacted negatively to these events, with knock-on effects from the higher cost of capital expected to reduce growth. Commodity exporters including South Africa and Indonesia were amongst the worst affected.

The fund started the reporting period with a modestly upbeat stance that grew more confident over the ensuing half-year as prospects brightened for the US economic recovery. This led us to increase exposure to the consumer-discretionary and financials sectors, and reduce exposure to consumer staples and healthcare.

Key themes included media and innovation. Within media we favour cable-television stocks as demand for digital content and fast internet rises. As internet advertising and e-commerce continue to develop rapidly, companies such as Google look very attractive. We added

to Facebook and established a new position in credit-card company Visa. We also increased the exposure to asset manager Affiliated Managers Group. Overall, new positions were initiated in stocks that are strongly influenced by the improving economy. We retained a defensive stance in Europe, as we believe the current recovery is fragile.

New positions included UBS, which we feel offers promise as the company focuses on wealth management, where it has a leading position globally. We sold Renault after a strong performance, switching the proceeds into auto-parts manufacturer Continental, which should benefit from rising complexity and environmental regulations. Also in autos we sold Toyota after the stock reached our target price.

Overall, the fund retained a bias towards companies in the technology and consumer-discretionary sectors, which outperformed. Our relatively low exposure to Europe and financial companies detracted from returns, as these areas performed strongly.

Looking ahead, we believe that equities can deliver strong performance in 2014. Improving economic conditions should support accelerating earnings growth, backed by aggressive share buy-backs and rising M&A activity. Equity valuations remain particularly attractive relative to other asset classes.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	54,797	105,276
Revenue	3	14,173	14,591
Expenses	4	(11,559)	(11,145)
Finance costs: Interest	6	–	(1)
Net revenue before taxation		2,614	3,445
Taxation	5	(1,371)	(1,352)
Net revenue after taxation		1,243	2,093
Total return before distributions		56,040	107,369
Finance costs: Distributions	6	(1,243)	(2,093)
Change in net assets attributable to shareholders from investment activities		54,797	105,276

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		782,145	729,176
Other assets			
Debtors	7	2,638	5,863
Cash and bank balances		16,265	17,983
Total other assets		18,903	23,846
Total assets		801,048	753,022
Liabilities			
Other liabilities			
Creditors	8	(9,663)	(2,850)
Bank overdrafts		(1,205)	(2,802)
Total other liabilities		(10,868)	(5,652)
Total liabilities		(10,868)	(5,652)
Net assets attributable to shareholders		790,180	747,370

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	747,370	739,038
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	254,754	33,685
Amounts payable on the cancellation of shares	(267,887)	(132,737)
	(13,133)	(99,052)
Dilution adjustment	48	87
Stamp duty reserve tax	(145)	(72)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	54,797	105,276
Retained distribution on accumulation shares	1,243	2,093
Closing net assets attributable to shareholders	790,180	747,370

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares				
Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013	
08/03/13 to 07/03/14	0.0597	0.0597	0.2682	
Total distributions in the period		0.0597	0.2682	
Class 2 Shares				
Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013	
08/03/13 to 07/03/14	1.8782	1.8782	1.2492	
Total distributions in the period		1.8782	1.2492	

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Global Select Fund

DISTRIBUTION TABLE

(continued)

Class X Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.9563	0.9563	1.3364
Total distributions in the period		0.9563	1.3364

Class Z Shares

Net Accumulation Distribution Period	Net Revenue	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
08/03/13 to 07/03/14	0.2899	0.2899	0.1399
Total distributions in the period		0.2899	0.1399

Threadneedle Global Select Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	56,444	104,802
Forward currency contracts	2	8
Other (losses)/gains	(1,641)	487
Transaction costs	(8)	(21)
Net capital gains	<u>54,797</u>	<u>105,276</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	2,294	2,473
Overseas dividends	11,853	12,047
Bank interest	1	4
Stocklending commission	25	67
Total revenue	<u>14,173</u>	<u>14,591</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(10,438)	(9,925)
Registration fees	(1,038)	(1,107)
	<u>(11,476)</u>	<u>(11,032)</u>

Payable to the depository or associate of the depository,
and the agents of either of them:

Depository's fees	(25)	(24)
Safe custody fees	(38)	(45)
Revenue collection expenses	(5)	(21)
	<u>(68)</u>	<u>(90)</u>

Other expenses:

Regulatory fee	(8)	(16)
Audit fee	(7)	(7)
	<u>(15)</u>	<u>(23)</u>

*Total expenses

(11,559) (11,145)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(1,371)	(1,352)
Total current tax (note 5b)	<u>(1,371)</u>	<u>(1,352)</u>
Total tax charge for the period	<u>(1,371)</u>	<u>(1,352)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	<u>2,614</u>	<u>3,445</u>
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(523)	(689)
Effects of:		
Revenue not subject to taxation	2,726	2,700
Overseas taxes	(1,371)	(1,352)
Overseas taxes expensed	16	21
Excess expenses	(2,219)	(2,032)
Current tax charge for period (note 5a)	<u>(1,371)</u>	<u>(1,352)</u>

The fund has not recognised a deferred tax asset of £10,544,247 (2013: £8,325,439) 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	2014 £000	2013 £000
Final	1,243	2,093
Net distribution for the period	<u>1,243</u>	<u>2,093</u>
Interest	–	1
Total finance costs	<u>1,243</u>	<u>2,094</u>

Details of the distribution per share are set out in the table on pages 144 and 145.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	1,605	3,055
Sales awaiting settlement	–	1,440
Accrued revenue	755	1,124
Foreign withholding tax recoverable	278	244
Total debtors	<u>2,638</u>	<u>5,863</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(667)	(388)
Purchases awaiting settlement	(8,133)	(1,553)
Accrued expenses	(16)	(20)
Amounts payable to ACD	(847)	(889)
Total creditors	<u>(9,663)</u>	<u>(2,850)</u>

Threadneedle Global Select 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 8.

The aggregated 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

The Global Select 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	0.150%
Class 2 shares	0.035%
Class X shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 277. The distribution per share class is given in the distribution table on pages 144 and 145. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the Global Select Fund has entered into stocklending arrangements. The fund has earned £35,000 (2013: £94,000) of which £4,000 (2013: £9,000) was outstanding at year end. The fund paid fees of £5,000 (2013: £13,000) of which Nil (2013: £1,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £5,000 (2013: £14,000) of which Nil (2013: £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 £9.1m (2013: £5.20m), whilst the value of collateral held for these arrangements was £9.64m (2013: £5.72m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	9,644	100	5,724	100
	9,644	100	5,724	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 8 and 9.

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
Currency 2014			
Brazilian Real	44	–	44
Canadian Dollar	48	15,062	15,110
Euro	65	43,290	43,355
Hong Kong Dollar	–	11,337	11,337
Indonesian Rupiah	–	3,878	3,878
Japanese Yen	75	79,966	80,041
Singapore Dollar	–	3,780	3,780
South Korean Won	96	9,607	9,703
Swiss Franc	383	45,032	45,415
Turkish Lira	–	3,896	3,896
US Dollar	8,324	515,620	523,944

	£000	£000	£000
Currency 2013			
Australian Dollar	1	–	1
Canadian Dollar	–	15,124	15,124
Euro	25	53,110	53,135
Hong Kong Dollar	5	16,254	16,259
Indonesian Rupiah	–	9,534	9,534
Japanese Yen	1,553	48,101	49,654
Norwegian Krone	–	6,425	6,425
Singapore Dollar	61	–	61
South Korean Won	–	22,590	22,590
Swiss Franc	180	45,762	45,942
US Dollar	16,402	437,422	453,824

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Brazilian Real	44	–	–	44
Canadian Dollar	–	–	15,110	15,110
Euro	8,133	–	43,355	51,488
Hong Kong Dollar	–	–	11,337	11,337
Indonesian Rupiah	–	–	3,878	3,878
Japanese Yen	–	–	80,041	80,041
Singapore Dollar	–	–	3,780	3,780
South Korean Won	–	–	9,703	9,703
Swiss Franc	211	–	45,204	45,415
Turkish Lira	–	–	3,896	3,896
UK Sterling	–	–	52,412	52,412
US Dollar	7,875	–	516,069	523,944
Currency 2013				
Australian Dollar	1	–	–	1
Canadian Dollar	–	–	15,124	15,124
Euro	–	–	53,135	53,135
Hong Kong Dollar	5	–	16,254	16,259
Indonesian Rupiah	–	–	9,534	9,534
Japanese Yen	1,553	–	48,101	49,654
Norwegian Krone	–	–	6,425	6,425
Singapore Dollar	61	–	–	61
South Korean Won	–	–	22,590	22,590
Swiss Franc	2	–	45,940	45,942
UK Sterling	–	–	80,473	80,473
US Dollar	16,361	–	437,463	453,824

Threadneedle Global Select Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
Euro	–	–	(8,133)	(8,133)
UK Sterling	(1,205)	–	(1,530)	(2,735)
Currency 2013	£000	£000	£000	£000
UK Sterling	(2,802)	–	(2,850)	(5,652)

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 (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	409,072	348,247
Commissions	516	380
Taxes	78	262
Fees	24	6
Total purchase costs	618	648
Gross purchases total	409,690	348,895
Analysis of total sale costs		
Gross sales before transaction costs	412,304	457,362
Commissions	(465)	(493)
Taxes	(1)	(9)
Fees	(63)	(37)
Total sale costs	(529)	(539)
Total sales net of transaction costs	411,775	456,823

Threadneedle Global Bond Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve a total return comprising primarily income with some capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund in a managed portfolio of fixed income securities worldwide.

Performance of Net Income Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle Global Bond Fund has fallen from 62.06p to 55.12p.

Looking at the sterling performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is -8.77% as compared to a median return of -4.23% over the same period. The fund return equates approximately to -7.06% gross of tax and charges**. (For information the JPM GBI Global (Traded) Index (prior to 31/07/2012 JPM Global ex Japan) gave a total return of -8.65% for the same period).

Portfolio Activity

The period under review was characterised by a sharp increase in government-bond yields. During the period, the fund maintained an underweight position in government bonds versus high-quality, off-benchmark securities in sectors such as corporates and emerging-sovereign bonds. We maintained a preference for short-maturity bonds in these sectors, but not exclusively so. Mexican government bonds are a good example here – we purchased these in May and held them throughout the period.

Following a move to higher yields earlier in the year, positions in US Treasuries were increased in May. We reduced these again in June, however, as yields moved higher still.

With respect to country allocation, the fund maintained a preference for bonds denominated in Australian and Canadian dollars versus euro-denominated bonds and Japanese yen-denominated government bonds. After holding Swedish government bonds for much of 2013, we reduced our position in October and sold out of these completely in January.

Meanwhile, we made bigger changes to our country allocation in southern Europe. The exposure to Italian and Spanish government bonds was reduced in the second half of 2013 in anticipation of weakness into the year-end. However, we increased our exposure to them again in early 2014, along with a purchase of Portuguese government bonds. Meanwhile, we sold our position in Irish government bonds in December after the price reached our target.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital (losses)/gains	2	(23,587)	2,036
Revenue	3	5,162	6,370
Expenses	4	(2,799)	(3,507)
Finance costs:			
Derivative expense	6	(5)	–
Interest	6	–	(9)
Net revenue before taxation		2,358	2,854
Taxation	5	–	–
Net revenue after taxation		2,358	2,854
Total return before distributions		(21,229)	4,890
Finance costs: Distributions	6	(4,833)	(5,932)
Change in net assets attributable to shareholders from investment activities		(26,062)	(1,042)

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		188,373	240,505
Other assets			
Debtors	7	8,460	4,776
Cash and bank balances	8	7,217	13,213
Total other assets		15,677	17,989
Total assets		204,050	258,494
Liabilities			
Derivative liabilities		(493)	(562)
Other liabilities			
Creditors	9	(11,151)	(2,272)
Distribution payable on income shares		(1,406)	(1,717)
Total other liabilities		(12,557)	(3,989)
Total liabilities		(13,050)	(4,551)
Net assets attributable to shareholders		191,000	253,943

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	253,943	291,482
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	22,543	24,556
Amounts payable on the cancellation of shares	(61,105)	(63,190)
	(38,562)	(38,634)
Dilution adjustment	7	19
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	(26,062)	(1,042)
Retained distribution on accumulation shares	1,674	2,117
Unclaimed distribution monies brought back into account	–	1
Closing net assets attributable to shareholders	191,000	253,943

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Interest distribution in pence per share

Class 1 Shares

Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	0.6270	0.1254	0.5016	–	0.5016	0.5176
08/09/13 to 07/03/14	0.6526	0.1305	0.5221	–	0.5221	0.5298
Group 2						
08/03/13 to 07/09/13	0.3663	0.0733	0.2930	0.2086	0.5016	0.5176
08/09/13 to 07/03/14	0.3474	0.0695	0.2779	0.2442	0.5221	0.5298
Total distributions in the period					1.0237	1.0474

*In pound Sterling and against UK peer group.

**Gross performance is calculated in Factset using daily cash flows and daily global close valuations.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle Global Bond Fund

DISTRIBUTION TABLE

(continued)

Class 1 Shares Net Accumulation

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Net Revenue Accumulated 2013/2014	Net Revenue Accumulated 2012/2013
Group 1						
08/03/13 to 07/09/13	0.5594	0.1119	0.4475	–	0.4475	0.4537
08/09/13 to 07/03/14	0.5861	0.1172	0.4689	–	0.4689	0.4683
Group 2						
08/03/13 to 07/09/13	0.2651	0.0530	0.2121	0.2354	0.4475	0.4537
08/09/13 to 07/03/14	0.1233	0.0247	0.0986	0.3703	0.4689	0.4683
Total distributions in the period					0.9164	0.9220

Class 1 Shares Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	0.8565	–	0.8565	0.8838
08/09/13 to 07/03/14	0.8885	–	0.8885	0.9024
Group 2				
08/03/13 to 07/09/13	0.1046	0.7519	0.8565	0.8838
08/09/13 to 07/03/14	0.2119	0.6766	0.8885	0.9024
Total distributions in the period			1.7450	1.7862

Class 1 Shares Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	1.1643	–	1.1643	1.1766
08/09/13 to 07/03/14	1.2208	–	1.2208	1.2135
Group 2				
08/03/13 to 07/09/13	0.6407	0.5236	1.1643	1.1766
08/09/13 to 07/03/14	0.5329	0.6879	1.2208	1.2135
Total distributions in the period			2.3851	2.3901

Class 2 Shares Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	0.7208	0.1442	0.5766	–	0.5766	0.5979
08/09/13 to 07/03/14	0.7460	0.1492	0.5968	–	0.5968	0.6109
Group 2						
08/03/13 to 07/09/13	0.2923	0.0585	0.2338	0.3428	0.5766	0.5979
08/09/13 to 07/03/14	0.5658	0.1132	0.4526	0.1442	0.5968	0.6109
Total distributions in the period					1.1734	1.2088

Class 2 Shares Gross Accumulation

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014	Gross Revenue Accumulated 2012/2013
Group 1				
08/03/13 to 07/09/13	0.9793	–	0.9793	0.9907
08/09/13 to 07/03/14	1.0212	–	1.0212	1.0228
Group 2				
08/03/13 to 07/09/13	0.5169	0.4624	0.9793	0.9907
08/09/13 to 07/03/14	0.4094	0.6118	1.0212	1.0228
Total distributions in the period			2.0005	2.0135

Class Z Shares Net Income

Distribution Period	Gross Revenue	Income Tax	Net Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1						
08/03/13 to 07/09/13	1.0571	0.2114	0.8457	–	0.8457	–
08/09/13 to 07/03/14	1.0928	0.2186	0.8742	–	0.8742	0.8973
Group 2						
08/03/13 to 07/09/13	0.4135	0.0827	0.3308	0.5149	0.8457	–
08/09/13 to 07/03/14	0.2133	0.0427	0.1706	0.7036	0.8742	0.8973
Total distributions in the period					1.7199	0.8973

Class Z Shares Gross Income

Distribution Period	Gross Revenue	Equalisation	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
Group 1				
08/03/13 to 07/09/13	1.0601	–	1.0601	–
08/09/13 to 07/03/14	1.0945	–	1.0945	1.1023
Group 2				
08/03/13 to 07/09/13	0.9001	0.1600	1.0601	–
08/09/13 to 07/03/14	0.6058	0.4887	1.0945	1.1023
Total distributions in the period			2.1546	1.1023

Class Z Shares Gross Accumulation *

Distribution Period	Gross Revenue	Equalisation	Gross Revenue Accumulated 2013/2014
Group 1			
24/09/13 to 07/03/14	1.3188	–	1.3188
Group 2			
24/09/13 to 07/03/14	0.2292	1.0896	1.3188
Total distributions in the period			1.3188

Group 2: shares purchased during a distribution period

*Class Z – Gross accumulation shares commenced on 24 September 2013

Threadneedle Global Bond Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL (LOSSES)/GAINS

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

	2014 £000	2013 £000
Non-derivative securities	(24,414)	11,223
Derivative contracts	(119)	–
Forward currency contracts	1,353	(9,185)
Other (losses)/gains	(397)	8
Transaction costs	(10)	(10)
Net capital (losses)/gains	(23,587)	2,036

3 REVENUE

	2014 £000	2013 £000
Interest on debt securities	5,138	6,317
Bank interest	7	32
Stocklending commission	17	21
Total revenue	5,162	6,370

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(2,475)	(3,078)
Registration fees	(280)	(383)
	(2,755)	(3,461)
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(18)	(19)
Safe custody fees	(10)	(12)
	(28)	(31)
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(10)	(8)
	(16)	(15)
*Total expenses	(2,799)	(3,507)

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	2,358	2,854
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(472)	(571)
Effects of:		
Prior period expenses utilised	472	–
Excess expenses	–	(616)
Distributions treated as tax deductible	–	1,187
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £6,691,170 (2013: £7,162,742) arising as a result of having unutilised management expenses.

Interest distributions have been made in respect of all distributions during the period. Income Tax at 20% will be accounted for on 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:

	2014 £000	2013 £000
Interim	2,323	2,946
Final	2,291	2,755
	4,614	5,701
Add: Revenue deducted on cancellation of shares	347	370
Deduct: Revenue received on creation of shares	(128)	(139)
Net distribution for the period	4,833	5,932
Derivative expenses	5	–
Interest	–	9
Total finance costs	4,838	5,941
Net revenue after taxation	2,358	2,854
Annual management charge to capital	2,475	3,078
Net distribution for the period	4,833	5,932

Details of the distribution per share are set out in the table on pages 149 and 150.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	2,185	2,218
Sales awaiting settlement	4,566	–
Accrued revenue	1,709	2,558
Total debtors	8,460	4,776

8 CASH AND BANK BALANCES

	2014 £000	2013 £000
Amounts held at futures clearing houses and brokers	22	620
Cash and bank balances	7,195	12,593
Total cash and bank balances	7,217	13,213

Threadneedle Global Bond Fund

Notes to the financial statements

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9 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(1,273)	(460)
Purchases awaiting settlement	(9,631)	(1,487)
Accrued expenses	(12)	(14)
Amounts payable to ACD	(188)	(247)
Income tax payable	(47)	(64)
Total creditors	(11,151)	(2,272)

10 RELATED PARTY TRANSACTIONS

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

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

Global Bond 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	1.25%
Class 2 shares	0.75%
Class Z shares	0.50%

Registration fees

Class 1 shares	0.150%
Class 2 shares	0.035%
Class Z shares	0.110%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 278. The distribution per share class is given in the distribution table on pages 149 and 150. All classes have the same rights on winding up.

12 STOCKLENDING

During the period under review the Global Bond Fund has entered into stocklending arrangements. The fund has earned £24,000 (2013: £30,000) of which £2,000 (2013: £3,000) was outstanding at year end. The fund paid fees of £3,000 (2013: £4,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £4,000 (2013: £5,000) of which Nil (2013: 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 £6.21m (2013: £16.90m), whilst the value of collateral held for these arrangements was £6.44m (2013: £17.39m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	6,436	100	17,394	100
	6,436	100	17,394	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 8 and 9.

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
Currency 2014			
Australian Dollar	418	1,705	2,123
Canadian Dollar	153	2,587	2,740
Euro	(2,208)	47,373	45,165
Japanese Yen	163	48,044	48,207
Polish Zloty	1,546	(1,542)	4
Swedish Krona	47	–	47
US Dollar	4,890	75,161	80,051

	£000	£000	£000
Currency 2013			
Australian Dollar	2,878	(193)	2,685
Canadian Dollar	363	4,136	4,499
Euro	8,904	57,785	66,689
Japanese Yen	1,130	68,775	69,905
Swedish Krona	345	816	1,161
US Dollar	(514)	93,007	92,493

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Australian Dollar	157	11,061	262	11,480
Canadian Dollar	24	15,276	130	15,430
Euro	2,312	47,364	2,796	52,472
Japanese Yen	29	48,044	134	48,207
Polish Zloty	–	–	1,546	1,546
Swedish Krona	47	–	–	47
UK Sterling	599	14,553	2,254	17,406
US Dollar	7,345	91,554	1,347	100,246
Currency 2013				
Australian Dollar	2,594	13,226	284	16,104
Canadian Dollar	209	21,274	154	21,637
Euro	8,162	57,785	742	66,689
Japanese Yen	959	68,775	171	69,905
Swedish Krona	92	10,645	253	10,990
UK Sterling	1,138	15,618	2,257	19,013
US Dollar	6,749	108,964	915	116,628

Threadneedle Global Bond Fund

Notes to the financial statements

(continued)

	Floating rate financial liabilities	Fixed rate financial liabilities	Financial liabilities not carrying interest	Total
	£000	£000	£000	£000
Currency 2014				
Australian Dollar	–	(9,357)	–	(9,357)
Canadian Dollar	–	(12,690)	–	(12,690)
Euro	–	–	(7,307)	(7,307)
Polish Zloty	(1,542)	–	–	(1,542)
UK Sterling	–	–	(4,743)	(4,743)
US Dollar	(684)	(19,004)	(507)	(20,195)
Currency 2013	£000	£000	£000	£000
Australian Dollar	–	(13,419)	–	(13,419)
Canadian Dollar	–	(17,138)	–	(17,138)
Swedish Krona	–	(9,829)	–	(9,829)
UK Sterling	–	–	(2,502)	(2,502)
US Dollar	(1,310)	(21,338)	(1,487)	(24,135)

Currency	Fixed rate financial assets Weighted average interest rate		Fixed rate financial assets Weighted average period for which rate is fixed	
	2014	2013	2014	2013
	%	%	years	years
Australian Dollar	5	5	6.06	6.28
Canadian Dollar	3	3	4.79	5.23
Euro	4	4	12.76	10.56
Japanese Yen	2	2	15.76	15.55
Swedish Krona	–	3	–	9.24
UK Sterling	4	3	14.25	20.87
US Dollar	3	3	5.98	6.71

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.

Non interest-bearing assets relate to forward foreign exchange contracts and futures and options. At 7 March 2014, the fund had outstanding open forward foreign exchange contracts and futures and options with an asset value of £137,000 (2013: Nil) and a liability value of £493,000 (2013: £562,000).

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

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

Sensitivity analysis

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

14 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

15 PORTFOLIO TRANSACTION COSTS

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

The total cost of purchases during the period was £330,607,006 (2013: £671,793,910) and proceeds received from sales were £358,335,644 (2013: 726,886,986).

Threadneedle UK Institutional Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve long term capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund in a wide spread of primarily UK companies, which are considered to have good potential for capital growth. Investment will tend to focus on large companies with sound long-term prospects.

Performance of Net Accumulation Class 1 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Institutional Fund has risen from 115.25p to 130.44p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +15.75% as compared to a median return of +18.26% over the same period. (For information the FTSE All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

The fund outperformed the FTSE All-Share index over the year under review. The effects of sector allocation and stock selection were both positive, with the former contributing most. At the sector level, materials and financials were the best contributors by some distance: most of this was down to strong stock selection, but being underweight both sectors helped to a lesser extent. The portfolio also benefited

significantly from overweight positions in the economically sensitive consumer-discretionary and industrials sectors, which did well as evidence emerged that the UK economy was picking up.

In terms of individual stocks, key positive contributors included telecoms company BT, insurer Legal & General, and auto-parts manufacturer GKN. The biggest contribution to relative returns, however, came from being underweight in global banking group HSBC, which fell heavily over the year as investors worried about the impact that a potential sudden slowdown in the Chinese economy might have on HSBC's large Asian business. On the other side, the fund's underweight holding in Vodafone had the largest negative impact on relative performance, after the stock rallied on the news that a deal had been reached with Verizon over Vodafone's stake in Verizon Wireless.

Over the year we took profits in a range of stocks where performance had been strong. Examples from the more economically sensitive side of the market included industrial companies such as auto-parts manufacturer GKN and aerospace engineer Meggitt, materials companies like Rexam, the packager, and consumer-services companies such as easyJet. We also made a number of sizeable reductions in large defensive positions that had done well, notably BT, BP and pharmaceutical companies GlaxoSmithKline and AstraZeneca. Although there were several outright disposals from the portfolio, including Ashtead (equipment rental), Rexam (mentioned above), and Bellway (property development), the largest sale over

the year was a halving of the position in British American Tobacco, which had a poor year.

Notable new additions included BAE Systems, whose Typhoon fighter jet is enjoying strong demand from Asia and the Middle East, and security-services company G4S, where a new CEO is focused on restructuring the business and strengthening its balance sheet. While we maintained a cautious approach to financials and materials, we did open positions in the London Stock Exchange (LSE) and building-products supplier CRH. We believe LSE is set for significant growth on the back of the diversification of its business, cost savings and acquisitions, while CRH looks well priced given its potential for a recovery in volumes. Later in the period, we participated in the IPOs of Merlin Entertainments and the Royal Mail. With a strong portfolio of brands that includes Legoland, Merlin's long-term prospects look excellent, while the Royal Mail enjoys a broad base of assets.

Although emerging-market volatility and the strength of sterling have weighed on the FTSE in recent months, we remain positive on the longer-term outlook for UK equities as the global economy recovers. Much will rest on the markets' response to further tapering of the Federal Reserve's quantitative-easing programme.

Despite the concerns, we expect decent earnings growth in 2014, particularly as several areas of the UK market are benefiting from structural growth. M&A activity provides a further source of support for UK stocks, and we expect the IPO pipeline to remain strong.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	114,703	154,224
Revenue	3	39,113	37,368
Expenses	4	(9,488)	(9,329)
Finance costs: Interest	6	–	(6)
Net revenue before taxation		29,625	28,033
Taxation	5	(58)	(16)
Net revenue after taxation		29,567	28,017
Total return before distributions		144,270	182,241
Finance costs: Distributions	6	(29,567)	(28,018)
Change in net assets attributable to shareholders from investment activities		114,703	154,223

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		1,072,437	1,121,038
Other assets			
Debtors	7	17,179	18,011
Cash and bank balances		14,521	74
Total other assets		31,700	18,085
Total assets		1,104,137	1,139,123
Liabilities			
Other liabilities			
Creditors	8	(16,339)	(19,942)
Total other liabilities		(16,339)	(19,942)
Total liabilities		(16,339)	(19,942)
Net assets attributable to shareholders		1,087,798	1,119,181

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	1,119,181	1,125,036
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	124,509	149,983
Amounts payable on the cancellation of shares	(299,624)	(337,635)
	(175,115)	(187,652)
Dilution adjustment	110	127
Stamp duty reserve tax	(648)	(571)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	114,703	154,223
Retained distribution on accumulation shares	29,567	28,018
Closing net assets attributable to shareholders	1,087,798	1,119,181

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 1 Shares Net Accumulation Distribution Period	Net Revenue	Net Revenue	Net Revenue
		Accumulated 2013/2014	Accumulated 2012/2013
08/03/13 to 07/09/13	1.7555	1.7555	1.3607
08/09/13 to 07/03/14	0.5125	0.5125	0.4974
Total distributions in the period		2.2680	1.8581
Class 2 Shares Net Accumulation Distribution Period	Net Revenue	Net Revenue	Net Revenue
		Accumulated 2013/2014	Accumulated 2012/2013
08/03/13 to 07/09/13	2.6044	2.6044	1.8331
08/09/13 to 07/03/14	1.2144	1.2144	1.1400
Total distributions in the period		3.8188	2.9731

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Institutional Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	114,722	154,231
Other (losses)/gains	(7)	3
Transaction costs	(12)	(10)
Net capital gains	<u>114,703</u>	<u>154,224</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	36,884	36,069
Overseas dividends	461	344
Stock dividends	1,433	576
Interest on short term investments	23	17
Bank interest	10	24
Underwriting commission	–	76
Stocklending commission	133	133
Management fee rebate on collective investment scheme holdings	169	129
Total revenue	<u>39,113</u>	<u>37,368</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(8,936)	(8,783)
Registration fees	(499)	(491)
	<u>(9,435)</u>	<u>(9,274)</u>
Payable to the depositary or associate of the depositary, and the agents of either of them:		
Depositary's fees	(29)	(29)
Safe custody fees	(11)	(12)
	<u>(40)</u>	<u>(41)</u>
Other expenses:		
Regulatory fee	(6)	(7)
Audit fee	(7)	(7)
	<u>(13)</u>	<u>(14)</u>
*Total expenses	<u>(9,488)</u>	<u>(9,329)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	(58)	(16)
Total current tax (note 5b)	(58)	(16)
Total tax charge for the period	<u>(58)</u>	<u>(16)</u>
b) Factors affecting taxation charge for period		
Net revenue before taxation	29,625	28,033
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(5,925)	(5,607)
Effects of:		
Revenue not subject to taxation	7,756	7,398
Overseas taxes	(58)	(16)
Excess expenses	(1,831)	(1,791)
Current tax charge for period (note 5a)	<u>(58)</u>	<u>(16)</u>

The fund has not recognised a deferred tax asset of £50,910,934 (2013: £49,080,255) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions		
Interim	20,735	18,184
Final	8,832	9,834
	<u>29,567</u>	<u>28,018</u>
Net distribution for the period	29,567	28,018
Interest	–	6
Total finance costs	<u>29,567</u>	<u>28,024</u>

Details of the distribution per share are set out in the table on page 154.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	2,920	6,914
Sales awaiting settlement	7,556	5,751
Accrued revenue	6,699	5,342
United Kingdom income tax recoverable	4	4
Total debtors	<u>17,179</u>	<u>18,011</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(14,987)	(18,995)
Purchases awaiting settlement	(607)	(202)
Accrued expenses	(9)	(13)
Amounts payable to ACD	(736)	(732)
Total creditors	<u>(16,339)</u>	<u>(19,942)</u>

Threadneedle UK Institutional 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 8.

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.

The fund invests in a sub-fund of Threadneedle Specialist Investment Funds ICVC, all transactions in respect of which are transacted with Threadneedle Investment Services Limited. Details of the investment are shown in the portfolio statement. The fund has received £310,000 (2013: £242,000) UK dividends and £169,000 (2013: £129,000) Management fee rebate on collective investment scheme.

This investment has produced £3,512,000 non-derivative security gain (2013: £3,223,000).

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

10 SHAREHOLDER FUNDS

The UK Institutional 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	0.150%
Class 2 shares	0.035%

For the period 8 March to 7 May 2013 the registration fees for Class 1 shares were 0.175%.

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 278. The distribution per share class is given in the distribution table on page 154. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Institutional Fund has entered into stocklending arrangements. The fund has earned £188,000 (2013: £187,000) of which £18,000 (2013: £17,000) was outstanding at year end. The fund paid fees of £27,000 (2013: £26,000) of which £3,000 (2013: £2,000) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £28,000 (2013: £28,000) of which £3,000 (2013: £3,000) 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 £45.68m (2013: £81.10m), whilst the value of collateral held for these arrangements was £48.54m (2013: £86.84m). 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.

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

Analysis of Collateral Held

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	48,541	100	86,841	100
	48,541	100	86,841	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 8 and 9.

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
Currency 2014			
Euro	19	–	19
Currency 2013	£000	£000	£000
Euro	20	–	20
US Dollar	45	–	45

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	19	–	–	19
UK Sterling	7,002	7,500	1,089,616	1,104,118
Currency 2013	£000	£000	£000	£000
Euro	20	–	–	20
UK Sterling	10	–	1,139,048	1,139,058
US Dollar	45	–	–	45

	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(16,339)	(16,339)
Currency 2013	£000	£000	£000	£000
UK Sterling	–	–	(19,942)	(19,942)

The fixed rate financial assets includes deposits which have a weighted average interest rate of 0.40% (2013: Nil).

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 (2013: Nil).

Threadneedle UK Institutional Fund

Notes to the financial statements

(continued)

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	137,818	181,124
Commissions	166	218
Taxes	503	799
Fees	82	24
Total purchase costs	751	1,041
Gross purchases total	138,569	182,165
Analysis of total sale costs		
Gross sales before transaction costs	295,215	331,830
Commissions	(130)	(168)
Taxes	(1)	(1)
Total sale costs	(131)	(169)
Total sales net of transaction costs	295,084	331,661

Threadneedle UK Overseas Earnings Fund

Investment Report

Investment Objective

The investment objective of this fund is to achieve capital growth.

Investment Policy

The ACD's investment policy is to invest the assets of the fund primarily in the shares of UK companies deriving more than half their earnings from overseas activities and/or exports.

Performance of Net Income Class 2 Shares*

Over the twelve months to 7 March 2014, the published share price of the Threadneedle UK Overseas Earnings Fund has risen from 92.02p to 109.34p.

Looking at performance within its peer group, the total return on the fund for the twelve months ending 28 February 2014, including net reinvested income, is +22.91% as compared to a median return of +18.26% over the same period. (For information the FTSE All-Share Total Return Index returned +13.29% over the same period).

Portfolio Activity

The fund comfortably outperformed the index over the review period. The effects of stock selection and sector allocation were both strongly positive, but the former accounted for most of the outperformance. Stock selection was particularly strong in materials, financials, and staples – though being underweight in materials and financials also helped returns considerably. In terms of asset

allocation, the main contributor to the fund's relative return was the substantial overweight in consumer discretionary, followed by a similarly large overweight in industrials and an underweight in energy. The only area to make a significant negative contribution was telecoms, where a slight underweight was detrimental as the sector was the strongest in the market over the period.

In terms of individual stocks, key positive contributors included food wholesaler Booker, telecoms group BT, and insurer Legal & General. The biggest contribution to relative returns, however, came from being underweight in global banking group HSBC, which fell heavily over the year as investors worried about the impact that a potential sudden slowdown in the Chinese economy might have on HSBC's Asian business. On the other side, not holding Vodafone had the largest negative impact on relative performance. The stock rallied strongly on the news that the company had succeeded in selling its stake in US operator Verizon Wireless at a healthy premium. The zero weighting in Lloyds was also among the main detractors from performance. Sentiment towards the banking group continued to improve throughout the year, with investors heartened by the prospect of a possible return to dividend payments in 2014.

We introduced a number of new holdings over the period, the largest of which included cruise-ship operator Carnival, and Aviva, the insurer. Carnival's shares had fallen from near-term favour due to negative global industry publicity,

despite the broadening longer-term appeal of cruise holidays. The Aviva purchase reflected our confidence in the management's turnaround strategy. As well as new purchases, we continued to add to high-yielding laggards. We took advantage of a lower valuation to increase our position in water utility Pennon, believing that the worst was over for its waste-recycling business and that this high-yielding stock would be a particular beneficiary as investors moved out of bonds in anticipation of the tapering of the Federal Reserve's bond-buying programme.

On the sales side, we took profits in a number of stocks that had done well. Positions significantly reduced included engineering consultancy WS Atkins, whose results reflected improved growth in its Far East operations, and ITV, which had outperformed on signs that the broadcaster was capitalising on rising advertising expenditure.

Looking ahead, we believe that equities can deliver a strong performance in 2014. Improving economic conditions should support accelerating earnings growth, backed by aggressive buy-backs and rising M&A activity. The portfolio remains focused on well-managed, fundamentally strong businesses. Despite the FTSE's strong rise over the period under review, we believe that there is still value to be found. There remains a host of companies where the valuation more than compensates for perceived structural issues and which still offer decent levels of free cashflow generation.

STATEMENT OF TOTAL RETURN

for the accounting period 8 March 2013 to 7 March 2014

	Notes	2014 £000	2013 £000
Income			
Net capital gains	2	21,211	18,104
Revenue	3	4,315	4,009
Expenses	4	(1,906)	(1,649)
Net revenue before taxation		2,409	2,360
Taxation	5	–	–
Net revenue after taxation		2,409	2,360
Total return before distributions		23,620	20,464
Finance costs: Distributions	6	(2,408)	(2,360)
Change in net assets attributable to shareholders from investment activities		21,212	18,104

BALANCE SHEET

as at 7 March 2014

	Notes	2014 £000	2013 £000
Assets			
Investment assets		125,132	114,908
Other assets			
Debtors	7	769	2,960
Cash and bank balances		1,682	395
Total other assets		2,451	3,355
Total assets		127,583	118,263
Liabilities			
Other liabilities			
Creditors	8	(1,307)	(1,648)
Distribution payable on income shares		(685)	(715)
Total other liabilities		(1,992)	(2,363)
Total liabilities		(1,992)	(2,363)
Net assets attributable to shareholders		125,591	115,900

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the accounting period 8 March 2013 to 7 March 2014

	2014 £000	2013 £000
Opening net assets attributable to shareholders	115,900	105,852
Movement due to sales and repurchases of shares:		
Amounts receivable on the issue of shares	11,044	3,685
Amounts payable on the cancellation of shares	(22,585)	(11,736)
	(11,541)	(8,051)
Dilution adjustment	46	–
Stamp duty reserve tax	(29)	(10)
Change in net assets attributable to shareholders from investment activities (see statement of total return above)	21,212	18,104
Unclaimed distribution monies brought back into account	3	5
Closing net assets attributable to shareholders	125,591	115,900

DISTRIBUTION TABLE

for the accounting period 8 March 2013 to 7 March 2014

Dividend distribution in pence per share

Class 2 Shares

Net Income

Distribution Period	Net Revenue	Distribution Paid/Payable 2013/2014	Distribution Paid 2012/2013
08/03/13 to 07/09/13	1.4385	1.4385	1.2654
08/09/13 to 07/03/14	0.5920	0.5920	0.5636
Total distributions in the period		2.0305	1.8290

Class Z Shares

Net Income*

Distribution Period	Net Revenue	Distribution Payable 2013/2014
24/09/13 to 07/03/14	0.8037	0.8037
Total distributions in the period		0.8037

*Class Z – Net income shares commenced on 24 September 2013

*In pound Sterling and against UK peer group.

Please refer to pages 263 – 279 for comparative tables.

Threadneedle UK Overseas Earnings Fund

Notes to the financial statements

for the accounting period 8 March 2013 to 7 March 2014

1 ACCOUNTING POLICIES

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

2 NET CAPITAL GAINS

Net capital gains during the period comprise:

	2014 £000	2013 £000
Non-derivative securities	21,221	18,106
Other (losses)/gains	(6)	3
Transaction costs	(4)	(5)
Net capital gains	<u>21,211</u>	<u>18,104</u>

3 REVENUE

	2014 £000	2013 £000
UK dividends	4,151	3,914
Stock dividends	149	59
Bank interest	3	3
Stocklending commission	12	11
Underwriting commission	–	22
Total revenue	<u>4,315</u>	<u>4,009</u>

4 EXPENSES

	2014 £000	2013 £000
Payable to the ACD or associates of the ACD, and the agents of either of them:		
Annual management charge	(1,837)	(1,587)
Registration fees	(43)	(37)
	<u>(1,880)</u>	<u>(1,624)</u>
Payable to the depository or associate of the depository, and the agents of either of them:		
Depository's fees	(15)	(14)
Safe custody fees	(1)	(1)
	<u>(16)</u>	<u>(15)</u>
Other expenses:		
Regulatory fee	(3)	(4)
Audit fee	(7)	(6)
	<u>(10)</u>	<u>(10)</u>
*Total expenses	<u>(1,906)</u>	<u>(1,649)</u>

*Including irrecoverable VAT where applicable.

5 TAXATION

	2014 £000	2013 £000
a) Analysis of charge in period		
Overseas taxes	–	–
Total current tax (note 5b)	–	–
Total tax charge for the period	–	–
b) Factors affecting taxation charge for period		
Net revenue before taxation	2,409	2,360
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	(482)	(472)
Effects of:		
Revenue not subject to taxation	860	795
Excess expenses	(378)	(323)
Current tax charge for period (note 5a)	–	–

The fund has not recognised a deferred tax asset of £9,224,632 (2013: £8,846,334) arising as a result of having unutilised management expenses. It is unlikely that these expenses will be utilised in future years.

6 FINANCE COSTS

	2014 £000	2013 £000
Distributions		
Interim	1,724	1,645
Final	684	715
Net distribution for the period	<u>2,408</u>	<u>2,360</u>
Total finance costs	<u>2,408</u>	<u>2,360</u>

Details of the distribution per share are set out in the table on page 158.

7 DEBTORS

	2014 £000	2013 £000
Amounts receivable for the issue of shares	–	511
Sales awaiting settlement	–	2020
Accrued revenue	769	429
Total debtors	<u>769</u>	<u>2,960</u>

8 CREDITORS

	2014 £000	2013 £000
Amounts payable for the cancellation of shares	(593)	(322)
Purchases awaiting settlement	(559)	(1,183)
Accrued expenses	(7)	(9)
Amounts payable to ACD	(148)	(134)
Total creditors	<u>(1,307)</u>	<u>(1,648)</u>

Threadneedle UK Overseas Earnings 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 8.

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 Overseas Earnings Fund currently has two share classes; Class 2 and Class Z shares. The charges on each share class are as follows:

Annual management charge

Class 2 shares	1.50%
Class Z shares	0.75%

Registration fees

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 279.

The distribution per share class is given in the distribution table on page 158. All classes have the same rights on winding up.

11 STOCKLENDING

During the period under review the UK Overseas Earnings Fund has entered into stocklending arrangements. The fund has earned £16,000 (2013: £15,000) of which £2,000 (2013: £1,000) was outstanding at year end. The fund paid fees of £2,000 (2013: £2,000) of which Nil (2013: Nil) was outstanding at year end to Threadneedle Investment Services Limited. In addition they have paid fees of £2,000 (2013: £2,000) of which Nil (2013: 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 £2.81m (2013: £4.73m), whilst the value of collateral held for these arrangements was £2.98m (2013: £5.10m). 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

	2014		2013	
	Value £000	% of Total	Value £000	% of Total
Bonds	2,977	100	5,097	100
	2,977	100	5,097	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 8 and 9.

Currency exposures

A small 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 affected by currency movements.

Net foreign currency assets

	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency 2014			
Euro	24	–	24
US Dollar	38	–	38
Currency 2013	£000	£000	£000
Euro	25	–	25
US Dollar	42	–	42

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 7 March 2014 was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Financial assets not carrying interest £000	Total £000
Currency 2014				
Euro	24	–	–	24
UK Sterling	1,620	–	125,901	127,521
US Dollar	38	–	–	38
Currency 2013	£000	£000	£000	£000
Euro	25	–	–	25
UK Sterling	328	–	117,868	118,196
US Dollar	42	–	–	42
	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Currency 2014				
UK Sterling	–	–	(1,992)	(1,992)
Currency 2013	£000	£000	£000	£000
UK Sterling	–	–	(2,363)	(2,363)

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.

Threadneedle UK Overseas Earnings Fund

Notes to the financial statements

(continued)

13 CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities and commitments outstanding (2013: Nil).

14 PORTFOLIO TRANSACTION COSTS

	2014 £000	2013 £000
Analysis of total purchase costs		
Purchases in period before transaction costs	16,953	14,238
Commissions	13	10
Taxes	77	38
Fees	1	–
Total purchase costs	91	48
Gross purchases total	17,044	14,286
Analysis of total sale costs		
Gross sales before transaction costs	27,214	22,894
Commissions	(20)	(9)
Total sale costs	(20)	(9)
Total sales net of transaction costs	27,194	22,885

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 (COLL) Sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA), 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 capital 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;
- 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 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 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;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

J.P. Morgan Trustee and Depositary Company Limited
Bournemouth

12 May 2014

Independent Auditors' Report to the Members of Threadneedle Investment Funds ICVC

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the financial position of the Company as at 7 March 2014 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 United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements, of Threadneedle Investment Funds (the "Company"), which are prepared by the Authorised Corporate Director comprise:

- the aggregated balance sheet of the Company as at 7 March 2014;
- the aggregated statement of total return of the Company for the year then ended;
- the aggregated statement of change in net assets attributable to shareholders of the Company for the year then ended;
- the balance sheets as at 7 March 2014 together with the statement of total return and statement of changes in net assets attributable to shareholders for each of the Company's sub-funds;
- the notes to the Company's financial statements and each of the Company's sub-funds, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables.

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").

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Corporate Director

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 ISAs (UK & 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.

PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors

London
12 May 2014

Notes:

- The maintenance and integrity of the Threadneedle Investment Services Limited 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 Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 6.89% (6.99%)				FINANCIALS 15.80% (12.80%)			
	Chemicals 1.84% (1.65%)				Banks 3.28% (5.17%)		
1,028,828	Johnson Matthey	33,735	1.84	8,093,612	Barclays	20,404	1.11
	Construction & building materials 3.38% (5.34%)			4,478,020	HSBC Holdings	27,903	1.52
1,049,733	Bellway	17,205	0.94	933,151	Standard Chartered	11,846	0.65
19,018,676	†Breedon Aggregates	7,512	0.41		Insurance 1.88% (0.87%)		
5,976,996	Crest Nicholson Holdings	22,378	1.22	2,334,997	Phoenix Group Holdings	17,396	0.95
859,816	CRH	14,901	0.81	17,566,695	RSA Insurance Group	17,075	0.93
	Forestry & paper 1.67% (0.00%)				Investment companies 0.88% (1.13%)		
8,979,914	DS Smith	30,631	1.67	3,723,660	SVG Capital	16,161	0.88
	Total basic industries	126,362	6.89		Life assurance 4.67% (3.59%)		
	CYCLICAL CONSUMER GOODS 2.13% (2.28%)			3,687,351	Aviva	19,100	1.04
	Automobiles & parts 1.49% (1.62%)			13,869,657	Legal & General	32,871	1.79
6,888,371	GKN	27,319	1.49	7,826,716	Old Mutual	15,505	0.84
	Household goods & textiles 0.64% (0.66%)			2,114,680	St. James's Place	18,303	1.00
2,512,671	Headlam Group	11,835	0.64		Real estate 1.73% (1.61%)		
	Total cyclical consumer goods	39,154	2.13	660,964	Derwent London	18,269	1.00
	CYCLICAL SERVICES 22.88% (21.48%)			5,644,033	Grainger	13,438	0.73
	Distributors 3.09% (1.50%)				Speciality & other finance 3.36% (0.43%)		
991,171	DCC	31,658	1.73	196,000	**†Acquisition 1234	13	–
717,976	Wolseley	24,935	1.36	4,106,016	Investec	18,280	1.00
	General retailers 1.66% (0.59%)			1,521,919	London Stock Exchange Group	30,743	1.68
517,164	Signet Jewellers	30,461	1.66	194,369	Schroders	5,295	0.29
	Leisure entertainment & hotels 3.59% (1.92%)			343,371	Schroders Non-voting Shares	7,128	0.39
779,846	Carnival	18,537	1.01		Total financials	289,730	15.80
1,547,036	J.D. Wetherspoon	12,864	0.70		GENERAL INDUSTRIALS 6.91% (9.20%)		
9,296,635	Merlin Entertainments	34,407	1.88		Aerospace & defence 2.93% (3.76%)		
	Media & photography 4.31% (5.28%)			1,811,997	Rolls-Royce Holdings	18,935	1.03
2,781,689	Daily Mail & General Trust	28,039	1.53	1,864,286	Smiths Group	25,578	1.40
5,507,575	ITE Group	12,981	0.71	496,532	Ultra Electronics Holdings	9,221	0.50
1,047,171	Pearson	10,985	0.60		Electronic & electrical equipment 1.34% (0.87%)		
2,901,194	Reed Elsevier	27,025	1.47	6,137,620	AZ Electronic Materials	24,532	1.34
	Support services 6.83% (9.25%)				Engineering & machinery 2.64% (4.57%)		
2,632,486	Berendsen	27,325	1.49	1,302,069	Amec	14,609	0.80
2,604,788	Compass Group	24,602	1.34	727,151	IMI	10,682	0.58
1,434,385	De La Rue	11,733	0.64	7,570,804	Melrose Industries	23,083	1.26
1,872,090	Essentra	17,045	0.93		Total general industrials	126,640	6.91
1,292,087	Experian Group	13,554	0.74		INFORMATION TECHNOLOGY 1.88% (2.22%)		
2,957,778	G4S	7,149	0.39		Software & computer services 1.88% (2.22%)		
13,338,671	Rentokil Initial	17,527	0.95	8,166,887	Sage Group	34,562	1.88
995,942	RPC Group	6,399	0.35		Total information technology	34,562	1.88
	Transport 3.40% (2.94%)				NON-CYCLICAL CONSUMER GOODS 18.26% (16.71%)		
850,175	EasyJet	14,470	0.79		Beverages 1.57% (2.06%)		
2,969,808	Royal Mail	17,596	0.96	802,437	Diageo	14,905	0.81
2,611,886	Ryanair Holdings	16,259	0.89	475,781	SABMiller	13,831	0.76
3,585,877	Stagecoach Group	14,049	0.76		Food producers & processors 2.28% (2.78%)		
	Total cyclical services	419,600	22.88	1,717,836	Unilever	41,778	2.28
					Health 1.75% (1.24%)		
				3,457,060	Smith & Nephew	32,168	1.75

Threadneedle UK Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 18.26% (16.71%) (continued)			
Personal care & household products 2.32% (1.31%)			
3,014,112	PZ Cussons	10,851	0.59
652,675	Reckitt Benckiser	31,668	1.73
Pharmaceuticals & biotechnology 6.68% (5.76%)			
1,527,431	AstraZeneca	60,929	3.32
3,697,316	GlaxoSmithKline	61,616	3.36
Tobacco 3.66% (3.56%)			
696,169	British American Tobacco	23,033	1.26
1,771,271	Imperial Tobacco Group	44,069	2.40
Total non-cyclical consumer goods		334,848	18.26
NON-CYCLICAL SERVICES 5.70% (6.88%)			
Food & drug retailers 2.08% (3.20%)			
21,836,632	Booker Group	38,061	2.08
Telecommunication services 3.62% (3.68%)			
16,258,078	BT Group	66,479	3.62
Total non-cyclical services		104,540	5.70
RESOURCES 15.87% (18.01%)			
Mining 5.63% (4.63%)			
4,592,282	First Quantum Minerals	51,709	2.82
5,403,444	Glencore Xstrata	18,007	0.98
1,032,557	Rio Tinto	33,579	1.83
Oil & gas 10.24% (13.38%)			
2,673,381	BG Group	29,327	1.60
15,047,051	BP	72,926	3.98
1,640,970	Royal Dutch Shell 'B' Shares	38,177	2.08
2,308,434	Tullow Oil	18,364	1.00
3,806,760	Wood Group	29,046	1.58
Total resources		291,135	15.87
UTILITIES 0.00% (1.05%)			
Gas distribution 0.00% (1.05%)			
Total utilities		-	-
Total value of investments		1,766,571	96.32
Net other assets (2.38%)		67,416	3.68
Net assets		1,833,987	100.00

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

March 2013 comparatives in brackets.

† Alternative Investment Market

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

Threadneedle UK Select Fund

Portfolio Statement

as at 7 March 2014

		Value £000	% of Net Asset Value			Value £000	% of Net Asset Value
BASIC INDUSTRIES	0.00% (3.05%)			GENERAL INDUSTRIALS	4.17% (16.07%)		
	Chemicals		0.00% (0.96%)		Aerospace & defence		4.17% (6.31%)
				926,984	BAE Systems	3,807	1.83
	Construction & building materials		0.00% (2.09%)	466,133	Rolls-Royce Holdings	4,871	2.34
	Total basic industries		-		Electronic & electrical equipment		0.00% (2.45%)
					Engineering & machinery		0.00% (7.31%)
CYCLICAL CONSUMER GOODS	2.39% (1.57%)				Total general industrials	8,678	4.17
	Automobiles & parts		2.39% (1.57%)	INFORMATION TECHNOLOGY	2.00% (1.38%)		
1,253,133	GKN	4,970	2.39		Information technology hardware		2.00% (1.38%)
	Total cyclical consumer goods	4,970	2.39	548,246	CSR	4,164	2.00
					Total information technology	4,164	2.00
CYCLICAL SERVICES	21.51% (10.89%)			NON-CYCLICAL CONSUMER GOODS	18.60% (12.88%)		
	Distributors		3.14% (0.00%)		Food producers & processors		2.29% (2.10%)
187,796	Wolseley	6,522	3.14	195,788	Unilever	4,762	2.29
	Leisure entertainment & hotels		5.00% (1.02%)		Health		2.67% (1.19%)
254,046	InterContinental Hotels Group	4,857	2.34	597,418	Smith & Nephew	5,559	2.67
572,935	Merlin Entertainments	2,120	1.02		Personal care & household products		2.48% (1.54%)
4,123,763	Spirit Pub Company	3,412	1.64	106,209	Reckitt Benckiser	5,153	2.48
	Media & photography		8.19% (4.65%)		Pharmaceuticals & biotechnology		6.39% (3.70%)
338,859	British Sky Broadcasting Group	3,150	1.52	550,466	GlaxoSmithKline	9,174	4.41
558,456	Informa	2,851	1.37	125,560	Shire	4,108	1.98
2,893,587	ITV	5,828	2.80		Tobacco		4.77% (4.35%)
413,985	WPP	5,208	2.50	135,154	British American Tobacco	4,472	2.15
	Support services		1.77% (3.54%)	218,562	Imperial Tobacco Group	5,438	2.62
389,588	Compass Group	3,680	1.77		Total non-cyclical consumer goods	38,666	18.60
	Transport		3.41% (1.68%)	NON-CYCLICAL SERVICES	7.52% (8.06%)		
380,209	Royal Mail	2,253	1.08		Telecommunication services		7.52% (8.06%)
1,236,427	Stagecoach Group	4,844	2.33	1,634,758	BT Group	6,685	3.21
	Total cyclical services	44,725	21.51	2,358,451	Spirent Communications	2,571	1.24
				94,062	Verizon Communications	2,653	1.28
FINANCIALS	25.82% (20.98%)			1,518,581	Vodafone Group	3,719	1.79
	Banks		4.83% (8.16%)		Total non-cyclical services	15,628	7.52
791,189	Barclays	1,995	0.96	RESOURCES	16.15% (17.79%)		
1,290,961	HSBC Holdings	8,044	3.87		Mining		3.88% (2.90%)
	Insurance		3.88% (1.94%)	247,703	Rio Tinto	8,055	3.88
1,021,060	Amlin	4,740	2.28		Oil & gas		12.27% (14.89%)
1,223,710	Esure Group	3,335	1.60	347,260	BG Group	3,809	1.83
	Investment companies		1.12% (0.89%)	1,408,093	BP	6,824	3.28
2,349,942	Sherborne Investors (Guernsey) 'B' Shares	2,326	1.12	478,608	Hunting	4,224	2.03
	Life assurance		9.95% (7.15%)	276,433	Royal Dutch Shell 'B' Shares	6,431	3.09
4,777,424	Legal & General	11,323	5.45	555,503	Wood Group	4,238	2.04
254,548	Prudential	3,513	1.69		Total resources	33,581	16.15
675,728	St. James's Place	5,848	2.81				
	Real estate		2.64% (2.84%)				
198,324	Derwent London	5,482	2.64				
	Speciality & other finance		3.40% (0.00%)				
28,000	†Acquisition 1234	2	-				
679,899	ICAP	2,949	1.42				
203,934	London Stock Exchange Group	4,119	1.98				
	Total financials	53,676	25.82				

Threadneedle UK Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UTILITIES 0.87% (2.04%)			
	Gas distribution 0.87% (2.04%)		
555,897	Centrica	1,807	0.87
	Total utilities	1,807	0.87
Total value of investments		205,895	99.03
Net other assets (5.29%)		2,021	0.97
Net assets		207,916	100.00

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

March 2013 comparatives in brackets.

Threadneedle UK Smaller Companies Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 9.05% (5.38%)				Investment companies 5.00% (5.00%)			
	Chemicals 2.71% (3.37%)			153,695	Brooks Macdonald Group	2,422	1.39
131,565	Applied Graphene Materials	566	0.33	1,041,354	Conygar Investment	1,729	0.99
678,136	Elementis	1,925	1.11	614,613	Polar Capital Holdings	3,009	1.73
115,645	Victrex	2,212	1.27	358,225	SVG Capital	1,555	0.89
	Construction & building materials 6.34% (2.01%)			Life assurance 0.00% (1.53%)			
5,700,000	†Breedon Aggregates	2,252	1.30	Other investments 0.46% (0.00%)			
777,909	Crest Nicholson Holdings	2,913	1.67	583,333	Electrical Geodesics	793	0.46
162,956	Galliford Try	2,130	1.22	Real estate 3.89% (4.47%)			
1,414,898	Tyman	3,735	2.15	405,118	LSL Property Services	1,948	1.12
	Total basic industries	15,733	9.05	781,000	LondonMetric Property	1,107	0.64
CYCLICAL CONSUMER GOODS 1.14% (0.00%)				804,199	Newriver Retail	2,276	1.31
	Automobiles & parts 1.14% (0.00%)			402,000	Telford Homes	1,420	0.82
314,500	Avon Rubber	1,988	1.14	Speciality & other finance 4.14% (1.21%)			
	Total cyclical consumer goods	1,988	1.14	890,714	Moneysupermarket.com	1,725	0.99
CYCLICAL SERVICES 28.30% (28.41%)				975,651	Plus500	5,469	3.15
	Distributors 1.62% (0.00%)			Total financials			
788,398	Entertainment One	2,815	1.62			27,238	15.67
	General retailers 6.55% (6.39%)			GENERAL INDUSTRIALS 8.78% (11.84%)			
252,954	AO World	904	0.52	1,417,001	Flybe	1,559	0.90
531,071	Boohoo.com	266	0.15	Aerospace & defence 0.90% (0.00%)			
2,568,566	Moss Bros Group	2,350	1.35	Diversified industrials 0.26% (0.51%)			
499,637	N. Brown Group	2,933	1.69	95,000	Mycelx Technologies	456	0.26
435,085	Stanley Gibbons Group	1,623	0.93	Electronic & electrical equipment 3.10% (8.24%)			
158,039	Ted Baker	3,328	1.91	231,866	Domino Printing	1,854	1.07
	Leisure entertainment & hotels 3.26% (6.31%)			172,222	Oxford Instruments	2,365	1.36
1,396,252	Rank Group	1,854	1.07	55,523	Renishaw	1,166	0.67
279,323	Restaurant Group	1,841	1.06	Engineering & machinery 4.52% (3.09%)			
2,379,407	Spirit Pub Company	1,969	1.13	391,164	Fenner	1,761	1.01
	Media & photography 5.57% (5.22%)			2,870,596	†Hayward Tyler Group	2,296	1.32
207,014	Euromoney Institutional Investor	2,571	1.48	678,375	Senior	1,979	1.14
1,022,408	STV Group	3,701	2.13	3,093,643	Severfield-Rowen	1,825	1.05
811,382	Wilmington Group	2,012	1.16	Total general industrials			
1,270,037	YouGov	1,397	0.80			15,261	8.78
	Support services 10.93% (10.49%)			INFORMATION TECHNOLOGY 14.57% (15.76%)			
125,730	APR Energy	1,145	0.66	Information technology hardware 4.69% (3.66%)			
203,877	Berendsen	2,116	1.22	543,057	CSR	4,125	2.37
884,100	Howden Joinery Group	3,369	1.94	819,850	Optimal Payments	4,028	2.32
224,615	Hyder Consulting	1,052	0.60	Software & computer services 9.88% (12.10%)			
1,144,996	IP Group	2,427	1.40	2,247,964	Advanced Computer Software	2,703	1.56
242,583	PayPoint	2,729	1.57	1,695,692	Anite	1,467	0.84
510,000	Regeneris	1,886	1.08	142,574	Aveva Group	3,095	1.78
391,923	Robert Walters	1,383	0.80	332,909	Craneware	1,914	1.10
815,303	RPS Group	2,884	1.66	66,442	Fidessa Group	1,640	0.94
	Transport 0.37% (0.00%)			1,430,015	GB Group	1,920	1.10
500,000	DX Group	645	0.37	472,800	Koovs	709	0.41
	Total cyclical services	49,200	28.30	668,160	†Progressive Digital Media Group	1,704	0.98
FINANCIALS 15.67% (12.21%)				805,939	Ubisense Group	2,031	1.17
	Commercial mortgage backed securities 2.18% (0.00%)			Total information technology			
3,090,000	Scapa Group	3,785	2.18			25,336	14.57

Threadneedle UK Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 5.20% (6.15%)			
Food producers & processors 1.22% (2.10%)			
5,066,766	Domino's Pizza Poland	760	0.44
116,970	Genus	1,360	0.78
Health 2.69% (4.05%)			
7,000,000	†Accsys Technologies	1,277	0.74
1,647,345	Optos	3,385	1.95
Pharmaceuticals & biotechnology 1.29% (0.00%)			
403,972	Clinigen Group	2,248	1.29
Total non-cyclical consumer goods		9,030	5.20
NON-CYCLICAL SERVICES 4.26% (6.27%)			
Telecommunication services 4.26% (6.27%)			
142,017	Accesso Technology	1,004	0.58
54,678,090	†Expansys	344	0.20
223,500	Gooch & Housego	1,576	0.90
1,082,475	iomart Group	2,749	1.58
1,591,699	Spirent Communications	1,735	1.00
Total non-cyclical services		7,408	4.26
RESOURCES 7.94% (7.15%)			
Mining 1.30% (1.04%)			
1,193,441	Petra Diamonds	1,889	1.09
11,358,877	†Weatherly International	369	0.21
Oil & gas 6.64% (6.11%)			
2,500,000	Amerisur resources	1,512	0.87
2,508,318	Enteq Upstream	1,129	0.65
2,070,809	Faroe Petroleum	2,454	1.41
158,680	Hunting	1,400	0.81
377,449	Kentz	2,852	1.64
217,850	Premier Oil	683	0.39
1,335,823	Trinity Exploration & Production	1,513	0.87
Total resources		13,801	7.94
UTILITIES 0.00% (0.65%)			
Electricity 0.00% (0.65%)			
Total utilities		-	-
Total value of investments		164,995	94.91
Net other assets (6.18%)		8,855	5.09
Net assets		173,850	100.00

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

March 2013 comparatives in brackets.

†Alternative Investment Market

Threadneedle UK Growth & Income Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 4.31% (4.18%)				GENERAL INDUSTRIALS 12.20% (13.89%)			
	Chemicals 2.29% (2.20%)				Aerospace & defence 8.17% (8.45%)		
212,016	Johnson Matthey	6,952	2.29	1,706,404	BAE Systems	7,008	2.31
	Forestry & paper 2.02% (1.98%)			1,719,383	Cobham	5,249	1.73
1,790,109	DS Smith	6,106	2.02	693,275	Rolls-Royce Holdings	7,245	2.39
	Total basic industries	13,058	4.31	383,755	Smiths Group	5,265	1.74
					Engineering & machinery 4.03% (5.44%)		
CYCLICAL CONSUMER GOODS 2.58% (2.60%)				308,835	IMI	4,537	1.50
	Automobiles & parts 2.58% (2.60%)			1,328,239	Melrose Industries	4,050	1.33
1,969,874	GKN	7,813	2.58	1,064,321	Morgan Advanced Materials	3,650	1.20
	Total cyclical consumer goods	7,813	2.58		Total general industrials	37,004	12.20
CYCLICAL SERVICES 25.40% (24.50%)				INFORMATION TECHNOLOGY 1.34% (1.19%)			
	Distributors 2.32% (2.88%)				Information technology hardware 1.34% (1.19%)		
202,222	Wolseley	7,023	2.32	532,800	CSR	4,047	1.34
	General retailers 3.70% (2.91%)				Total information technology	4,047	1.34
2,005,988	Home Retail Group	4,138	1.36	NON-CYCLICAL CONSUMER GOODS 16.17% (18.73%)			
1,448,100	Marks & Spencer Group	7,090	2.34		Food producers & processors 3.39% (4.23%)		
	Leisure entertainment & hotels 2.08% (2.21%)			422,826	Unilever	10,283	3.39
522,868	J.D. Wetherspoon	4,348	1.43		Pharmaceuticals & biotechnology 9.61% (8.89%)		
1,475,417	Rank Group	1,959	0.65	357,080	AstraZeneca	14,244	4.70
	Media & photography 7.11% (6.63%)			894,398	GlaxoSmithKline	14,905	4.91
3,935,305	ITV	7,926	2.61		Tobacco 3.17% (5.61%)		
565,596	Pearson	5,933	1.96	386,072	Imperial Tobacco Group	9,605	3.17
825,700	Reed Elsevier	7,691	2.54		Total non-cyclical consumer goods	49,037	16.17
	Support services 7.37% (8.15%)			NON-CYCLICAL SERVICES 11.70% (9.24%)			
715,868	Compass Group	6,761	2.23		Food & drug retailers 4.82% (4.93%)		
1,437,671	Electrocomponents	3,879	1.28	5,417,032	Booker Group	9,442	3.11
5,390,351	Rentokil Initial	7,083	2.33	2,196,959	Morrison (Wm) Supermarkets	5,185	1.71
314,548	WS Atkins	4,636	1.53		Telecommunication services 6.88% (4.31%)		
	Transport 2.82% (1.72%)			3,074,118	BT Group	12,570	4.15
1,489,284	FirstGroup	2,116	0.70	1,726,557	Colt Group	2,417	0.80
1,176,311	Stagecoach Group	4,609	1.52	5,380,378	Spirent Communications	5,865	1.93
1,403,336	Wincanton	1,835	0.60		Total non-cyclical services	35,479	11.70
	Total cyclical services	77,027	25.40	RESOURCES 5.90% (7.12%)			
FINANCIALS 10.46% (10.48%)					Mining 0.66% (0.88%)		
	Insurance 2.18% (1.85%)			132,086	Anglo American	2,012	0.66
6,801,009	RSA Insurance Group	6,611	2.18		Oil & gas 5.24% (6.24%)		
	Investment companies 3.49% (5.23%)			632,761	BG Group	6,941	2.29
1,686,427	3i Group	7,071	2.33	384,500	Royal Dutch Shell 'B' Shares	8,945	2.95
3,554,326	Sherborne Investors (Guernsey) 'B' Shares	3,519	1.16		Total resources	17,898	5.90
	Life assurance 3.67% (3.40%)			FINANCIALS 10.46% (10.48%)			
4,689,663	Legal & General	11,114	3.67		Speciality & other finance 1.12% (0.00%)		
	Speciality & other finance 1.12% (0.00%)			130,000	†Acquisition 1234	9	–
2,700,233	F&C Asset Management	3,394	1.12				
	Total financials	31,718	10.46				

Threadneedle UK Growth & Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UTILITIES 5.52% (6.29%)			
Gas distribution 3.58% (3.91%)			
1,722,822	Centrica	5,601	1.85
634,378	National Grid	5,259	1.73
Water 1.94% (2.38%)			
337,578	Pennon Group	2,481	0.82
428,813	United Utilities Group	3,388	1.12
Total utilities		16,729	5.52
Total value of investments		289,810	95.58
Net other assets (1.78%)		13,410	4.42
Net assets		303,220	100.00

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

March 2013 comparatives in brackets.

†Alternative Investment Market.

Threadneedle UK Equity Income Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 5.86% (5.51%)				Real estate 0.00% (0.39%)			
Chemicals 2.47% (2.68%)				Speciality & other finance 0.87% (0.00%)			
5,806,044	Elementis	16,483	0.61	1,177,000	Acquisition 1234	79	–
1,519,087	Johnson Matthey	49,811	1.86	18,530,011	F&C Asset Management	23,292	0.87
Construction & building materials 1.29% (0.92%)				Total financials			
1,011,412	Kier Group	18,650	0.70			366,822	13.68
2,096,262	Morgan Sindall	15,722	0.59				
Forestry & paper 2.10% (1.91%)				GENERAL INDUSTRIALS 11.28% (12.77%)			
16,503,664	DS Smith	56,294	2.10	Aerospace & defence 7.24% (7.26%)			
Total basic industries				15,010,734	BAE Systems	61,649	2.30
		156,960	5.86	14,293,467	Cobham	43,638	1.63
CYCLICAL CONSUMER GOODS 1.60% (1.66%)				3,712,284	Rolls-Royce Holdings	38,793	1.45
Automobiles & parts 1.60% (1.66%)				3,637,260	Smiths Group	49,903	1.86
10,823,338	GKN	42,925	1.60	Electronic & electrical equipment 0.59% (1.07%)			
Total cyclical consumer goods				1,163,565	Oxford Instruments	15,976	0.59
		42,925	1.60	Engineering & machinery 3.45% (4.44%)			
CYCLICAL SERVICES 25.33% (23.13%)				2,239,926	IMI	32,905	1.23
Distributors 1.82% (1.86%)				10,735,072	Melrose Industries	32,731	1.22
1,405,036	Wolseley	48,797	1.82	7,858,518	Morgan Advanced Materials	26,947	1.00
General retailers 2.48% (1.81%)				Total general industrials			
13,599,109	Marks & Spencer Group	66,581	2.48			302,542	11.28
Leisure entertainment & hotels 1.71% (2.18%)				NON-CYCLICAL CONSUMER GOODS 19.34% (20.67%)			
3,445,145	J.D. Wetherspoon	28,646	1.07	Food producers & processors 3.33% (4.91%)			
12,814,399	Rank Group	17,018	0.64	3,668,894	Unilever	89,228	3.33
Media & photography 6.96% (6.16%)				Pharmaceuticals & biotechnology 11.99% (10.01%)			
34,610,518	ITV	69,706	2.60	4,352,087	AstraZeneca	173,605	6.48
4,796,479	Pearson	50,315	1.88	8,861,264	GlaxoSmithKline	147,673	5.51
7,145,652	Reed Elsevier	66,562	2.48	Tobacco 4.02% (5.75%)			
Support services 8.89% (8.82%)				4,335,852	Imperial Tobacco Group	107,876	4.02
6,996,053	Compass Group	66,078	2.46	Total non-cyclical consumer goods			
15,888,315	Electrocomponents	42,867	1.60			518,382	19.34
18,099,277	Hays	26,371	0.98	NON-CYCLICAL SERVICES 8.81% (8.48%)			
37,091,782	Rentokil Initial	48,739	1.82	Food & drug retailers 3.41% (3.42%)			
3,684,685	WS Atkins	54,312	2.03	27,251,510	Booker Group	47,499	1.77
Transport 3.47% (2.30%)				18,661,026	Morrison (Wm) Supermarkets	44,040	1.64
1,497,130	Go Ahead Group	31,919	1.19	Telecommunication services 5.40% (5.06%)			
11,905,485	Stagecoach Group	46,646	1.74	35,389,384	BT Group	144,707	5.40
11,091,700	Wincanton	14,502	0.54	Total non-cyclical services			
Total cyclical services						236,246	8.81
		679,059	25.33	RESOURCES 5.75% (6.04%)			
FINANCIALS 13.68% (12.10%)				Oil & gas 5.75% (6.04%)			
Insurance 3.40% (2.81%)				2,981,083	BG Group	32,703	1.22
3,384,192	Phoenix Group Holdings	25,212	0.94	5,225,227	Royal Dutch Shell 'B' Shares	121,565	4.53
68,010,220	RSA Insurance Group	66,106	2.46	Total resources			
Investment companies 2.57% (3.25%)						154,268	5.75
13,215,700	3i Group	55,413	2.07	UTILITIES 7.44% (5.69%)			
13,509,425	Sherborne Investors (Guernsey) 'B' Shares	13,374	0.50	Gas distribution 4.91% (3.11%)			
Life assurance 6.84% (5.65%)				15,030,085	Centrica	48,863	1.82
10,541,846	Aviva	54,607	2.04	9,987,463	National Grid	82,796	3.09
4,593,646	Chesnara	16,020	0.60				
47,560,792	Legal & General	112,719	4.20				

Threadneedle UK Equity Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UTILITIES 7.44% (5.69%) (continued)			
	Water 2.53% (2.58%)		
3,972,985	Penon Group	29,201	1.09
4,888,891	United Utilities Group	38,622	1.44
	Total utilities	199,482	7.44
Total value of investments		2,656,686	99.09
Net other assets (3.95%)		24,521	0.91
Net assets		2,681,207	100.00

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

March 2013 comparatives in brackets.

†Alternative Investment Market

Threadneedle UK Monthly Income Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 6.10% (4.17%)				Insurance 4.53% (4.93%)			
	Chemicals 1.06% (1.17%)			2,730,000	Catlin Group	14,646	2.23
110,000	Croda International	2,715	0.41	650,000	Phoenix Group Holdings	4,843	0.74
130,000	Johnson Matthey	4,263	0.65	3,645,000	RSA Insurance Group	3,543	0.54
	Construction & building materials 3.61% (1.89%)			1,765,000	Standard Life	6,681	1.02
1,730,000	Balfour Beatty	5,117	0.78		Investment companies 1.12% (1.11%)		
400,000	Bovis Homes Group	3,682	0.56	1,135,000	3i Group	4,759	0.72
1,540,000	Carillion	5,767	0.88	2,623,840	Sherborne Investors (Guernsey)		
480,000	Travis Perkins	9,096	1.39		'B' Shares	2,598	0.40
	Forestry & paper 1.43% (1.11%)				Life assurance 8.94% (7.06%)		
2,740,000	DS Smith	9,346	1.43	2,185,000	Aviva	11,318	1.72
	Total basic industries	39,986	6.10	3,530,000	Chesnara	12,311	1.88
				11,475,000	Legal & General	27,196	4.15
				900,000	St. James's Place	7,789	1.19
CYCLICAL CONSUMER GOODS 1.13% (0.92%)					Real estate 2.33% (1.47%)		
	Automobiles & parts 1.13% (0.92%)			310,000	Derwent London	8,568	1.31
1,875,000	GKN	7,436	1.13	4,730,000	LondonMetric Property	6,702	1.02
	Total cyclical consumer goods	7,436	1.13		Speciality & other finance 5.42% (5.54%)		
				60,000	†Acquisition 1234	4	–
				1,100,000	Close Bros Group	15,917	2.43
				3,000,000	Intermediate Capital Group	13,089	1.99
				355,000	Provident Financial	6,564	1.00
					Total financials	154,005	23.48
CYCLICAL SERVICES 23.15% (20.02%)				GENERAL INDUSTRIALS 6.76% (9.85%)			
	Distributors 0.61% (0.67%)				Aerospace & defence 4.45% (5.41%)		
115,708	Wolseley	4,019	0.61	3,660,000	BAE Systems	15,032	2.29
	General retailers 1.53% (1.67%)			670,000	Rolls-Royce Holdings	7,001	1.07
6,825,000	Debenhams	5,460	0.83	520,000	Smiths Group	7,134	1.09
2,650,000	Smiths News	4,624	0.70		Electronic & electrical equipment 0.00% (0.33%)		
	Leisure entertainment & hotels 5.10% (3.23%)				Engineering & machinery 2.31% (4.11%)		
3,869,866	Cineworld Group	12,055	1.84	615,000	Halma	3,647	0.55
525,000	Fuller Smith & Turner	4,993	0.76	253,750	IMI	3,728	0.57
5,020,000	Marston's	7,495	1.14	1,540,000	Melrose Industries	4,696	0.71
2,470,000	Rank Group	3,280	0.50	5,300,000	Severfield-Rowen	3,127	0.48
3,025,000	Thomas Cook Group	5,666	0.86		Total general industrials	44,365	6.76
	Media & photography 5.27% (4.94%)						
720,456	Chime Communications	2,507	0.38				
4,885,000	ITV	9,838	1.50				
335,000	Pearson	3,514	0.54				
1,275,000	Reed Elsevier	11,877	1.81				
540,000	WPP	6,793	1.04				
	Support services 6.79% (7.79%)						
85,000	Aggreko	1,366	0.21				
1,060,000	Compass Group	10,012	1.53				
535,000	De La Rue	4,376	0.67				
775,000	Diploma	5,882	0.90				
1,345,000	Electrocomponents	3,629	0.55				
600,000	Essentra	5,463	0.83				
935,000	WS Atkins	13,782	2.10				
	Transport 3.85% (1.72%)						
560,000	Go Ahead Group	11,939	1.82				
435,000	James Fisher & Sons	6,416	0.98				
560,808	Royal Mail	3,323	0.51				
900,000	Stagecoach Group	3,526	0.54				
	Total cyclical services	151,835	23.15				
FINANCIALS 23.48% (24.63%)				NON-CYCLICAL CONSUMER GOODS 18.17% (18.42%)			
	Banks 1.14% (4.52%)				Beverages 1.14% (2.59%)		
1,200,000	HSBC Holdings	7,477	1.14	270,000	Diageo	5,015	0.76
				85,000	SABMiller	2,471	0.38
					Food producers & processors 0.32% (2.34%)		
				85,000	Unilever	2,067	0.32
					Pharmaceuticals & biotechnology 10.02% (7.33%)		
				710,000	AstraZeneca	28,322	4.32
				2,245,000	GlaxoSmithKline	37,413	5.70
					Tobacco 6.69% (6.16%)		
				510,000	British American Tobacco	16,873	2.57
				1,085,000	Imperial Tobacco Group	26,995	4.12
					Total non-cyclical consumer goods	119,156	18.17

Threadneedle UK Monthly Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL SERVICES 7.95% (5.19%)			
Telecommunication services 7.95% (5.19%)			
6,425,000	BT Group	26,272	4.01
3,345,000	KCOM Group	3,297	0.50
2,010,000	Manx Telecomm	3,276	0.50
175,000	Verizon Communications	4,936	0.75
5,877,272	Vodafone Group	14,393	2.19
	Total non-cyclical services	52,174	7.95
RESOURCES 7.50% (9.32%)			
Mining 1.53% (2.07%)			
535,000	BHP Billiton	10,023	1.53
Oil & gas 5.97% (7.25%)			
900,000	BG Group	9,873	1.50
860,000	BP	4,168	0.64
1,080,000	Royal Dutch Shell 'B' Shares	25,126	3.83
	Total resources	49,190	7.50
UTILITIES 4.39% (6.68%)			
Electricity 0.00% (2.22%)			
Gas distribution 2.75% (2.78%)			
2,175,000	National Grid	18,031	2.75
Water 1.64% (1.68%)			
1,465,000	Pennon Group	10,768	1.64
	Total utilities	28,799	4.39
Total value of investments		646,946	98.63
Net other assets (0.80%)		8,956	1.37
Net assets		655,902	100.00

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

March 2013 comparatives in brackets.

†Alternative Investment Market.

Threadneedle Monthly Extra Income Fund

Portfolio Statement

as at 7 March 2014

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value	
AUSTRALIA 0.25% (0.28%)					GERMANY 0.00% (0.13%)					
Corporate bonds 0.25% (0.28%)					Corporate bonds 0.00% (0.13%)					
GBP	100,000	QBE Insurance Group 6.125% 28/09/2015	106	0.05	GBP	300,000	Electricite de France 6% 29/12/2049	315	0.15	
EUR	450,000	Santos Finance 8.25% 22/09/2070	423	0.20	GBP	550,000	Electricite de France 6.125% 02/06/2034	654	0.30	
Total Australia				0.25	Total France				2,495	1.15
AUSTRIA 0.08% (0.00%)					ITALY 0.42% (0.55%)					
Corporate bonds 0.08% (0.00)					Corporate bonds 0.42% (0.52%)					
EUR	200,000	Bawag PSK Bank 8.125% 30/10/2023	181	0.08	GBP	777,000	Acquedotto Pugliese 6.92% 29/06/2018	790	0.37	
Total Austria				0.08	EUR	133,000	*Romulus Finance 1.198% 20/02/2015	108	0.05	
BELGIUM 0.32% (0.28%)					Total Italy					
Corporate bonds 0.32% (0.28%)					0.42					
GBP	115,000	Anheuser-Busch InBev 4% 24/09/2025	116	0.05	LUXEMBOURG 0.58% (0.75%)					
GBP	200,000	Anheuser-Busch InBev 9.75% 30/07/2024	301	0.14	Corporate bonds 0.58% (0.75%)					
USD	400,000	KBC Bank 8% 25/01/2023	273	0.13	USD	220,000	Gaz Capital 5.999% 23/01/2021	135	0.06	
Total Belgium				0.32	GBP	700,000	Glencore Finance Europe 6.5% 27/02/2019	799	0.37	
CAYMAN ISLANDS 1.46% (0.74%)					Total Luxembourg					
Commercial mortgage backed securities 0.06% (0.00%)					0.58					
GBP	150,000	*Trafford Centre Finance 0.81031% 28/07/2035	131	0.06	MEXICO 0.75% (0.72%)					
Corporate bonds 0.64% (0.74%)					Corporate bonds 0.47% (0.34%)					
GBP	125,000	DWR Cymru Financing 6.015% 31/03/2028	148	0.07	USD	230,000	Alpek 5.375% 08/08/2023	137	0.06	
USD	300,000	Hutchison Whampoa International 6% 28/10/2049	190	0.09	GBP	285,000	América Móvil 5% 27/10/2026	304	0.14	
GBP	350,000	IPIC GMTN 6.875% 14/03/2026	435	0.20	GBP	359,000	América Móvil 6.375% 06/09/2073	378	0.18	
USD	450,000	QNB Finance 2.875% 29/04/2020	262	0.12	USD	300,000	BBVA Bancomer 6.75% 30/09/2022	196	0.09	
GBP	250,000	South East Water Finance 5.6577% 30/09/2019	277	0.13	Government bonds 0.28% (0.38%)					
GBP	64,000	Yorkshire Water 6% 24/04/2025	70	0.03	GBP	500,000	United Mexican States 6.75% 06/02/2024	605	0.28	
Total Cayman Islands				1.46	Total Mexico				1,620	0.75
DENMARK 0.24% (0.20%)					NETHERLANDS 1.13% (1.40%)					
Insurance 0.76% (0.00%)					Corporate bonds 1.13% (1.40%)					
	221,975	Phoenix Group Holdings	1,654	0.76	GBP	150,000	Generali Finance 6.214% 29/06/2049	150	0.07	
Total Denmark				0.24	USD	591,000	ING Bank 4.125% 21/11/2023	357	0.17	
FRANCE 1.15% (0.54%)					Corporate bonds 0.24% (0.20%)					
Corporate bonds 1.15% (0.54%)					Government bonds 0.28% (0.38%)					
GBP	150,000	AXA 5.625% 16/01/2054	152	0.07	GBP	300,000	ING Bank 6.875% 29/05/2023	335	0.15	
GBP	250,000	AXA 7.125% 15/12/2020	296	0.14	GBP	390,000	Linde Finance 8.125% 14/07/2066	442	0.20	
GBP	350,000	Credit Agricole 7.375% 18/12/2023	422	0.19	GBP	250,000	Petrobras Global Finance 6.625% 16/01/2034	244	0.11	
USD	620,000	Credit Agricole 8.125% 19/09/2033	430	0.20	GBP	250,000	PostNL 7.5% 14/08/2018	294	0.14	
GBP	100,000	Electricite de France 5.5% 17/10/2041	111	0.05	GBP	250,000	Siemens Finanzierungsamt 6.125% 14/09/2066	270	0.12	
GBP	100,000	Electricite de France 6% 23/01/2014	115	0.05	EUR	400,000	Telefonica Europe 6.5% 29/09/2049	361	0.17	
Total France				1.15	Total Netherlands				2,453	1.13
NORWAY 0.23% (0.25%)					Corporate bonds 0.23% (0.25%)					
Corporate bonds 0.23% (0.25%)					Government bonds 0.28% (0.38%)					
USD	267,000	Eksporthydro 3% 17/11/2014	160	0.07	GBP	500,000	United Mexican States 6.75% 06/02/2024	605	0.28	
GBP	250,000	Statoil Hydro 6.875% 11/03/2031	336	0.16	Total Mexico				1,620	0.75
Total Norway				0.23	NETHERLANDS 1.13% (1.40%)					

Threadneedle Monthly Extra Income Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value	
QATAR 0.17% (0.26%)						Chemicals 1.34% (1.30%)				
		Corporate bonds 0.17% (0.26%)				88,358	Johnson Matthey	2,897	1.34	
USD	550,000	Qatari Diar Finance 5% 21/07/2020	364	0.17						
		Total Qatar	364	0.17						
REPUBLIC OF IRELAND 0.87% (0.46%)						Construction & building materials 0.00% (1.71%)				
		Corporate bonds 0.87% (0.46%)								
GBP	381,000	*Argon Capital 2.855% 29/10/2049	305	0.14	GBP	125,000	3i Group 6.875% 09/03/2023	145	0.07	
EUR	100,000	Baggot Securities 10.24% 29/12/2049	90	0.04	GBP	300,000	AA Bond 9.5% 31/07/2019	337	0.16	
EUR	256,000	Bank of Ireland 3.25% 15/01/2019	218	0.10	GBP	115,000	Abbey National Treasury Service 5.25% 16/02/2029	132	0.06	
GBP	575,000	GE Capital UK Funding 5.125% 24/05/2023	644	0.30	GBP	300,000	Anglian Water (Osprey) Financing 7% 31/01/2018	318	0.15	
GBP	300,000	GE Capital UK Funding 5.875% 18/01/2033	361	0.17	GBP	545,000	Aviva 6.625% 03/06/2041	611	0.28	
GBP	790,000	**Saphir Finance 0% 04/07/2049	8	-	GBP	264,000	Bank of Scotland 7.286% 30/05/2049	283	0.13	
USD	450,000	Uralkali 3.723% 30/04/2018	256	0.12	GBP	610,000	Barclays Bank 10% 21/05/2021	805	0.37	
		Total Republic of Ireland	1,882	0.87	GBP	386,000	BAT International Finance 4% 04/09/2026	386	0.18	
					GBP	345,000	BG Energy Capital 6.5% 30/11/2072	375	0.17	
					GBP	404,000	Bupa Finance 5% 25/04/2023	410	0.19	
					GBP	450,000	**Cattles 0% 05/07/2017	14	0.01	
					GBP	125,000	Clydesdale Bank 4.625% 08/06/2026	133	0.06	
					GBP	100,000	Co-operative Bank 5.125% 20/09/2017	100	0.05	
					GBP	300,000	Direct Line Insurance 9.25% 27/04/2042	382	0.18	
					GBP	305,000	Enterprise Inns 6.5% 06/12/2018	319	0.15	
					GBP	264,000	ENW Finance 6.125% 21/07/2021	307	0.14	
					GBP	750,000	Eversholt Funding 5.831% 02/12/2020	853	0.39	
					GBP	100,000	Experian Finance 3.5% 15/10/2021	100	0.05	
					GBP	270,000	First Hydro Finance 9% 31/07/2021	353	0.16	
					GBP	339,000	G4S 7.75% 13/05/2019	403	0.19	
					GBP	200,000	Gatwick Funding 5.25% 23/01/2024	219	0.10	
					GBP	275,000	GKN Holdings 6.75% 28/10/2019	321	0.15	
					GBP	309,000	Global Switch Holdings 4.375% 13/12/2022	316	0.15	
					GBP	300,000	Heathrow Funding 6.75% 03/12/2026	375	0.17	
					GBP	175,000	HSBC Capital Funding LP 8.208% 30/06/2049	187	0.09	
					GBP	275,000	HSBC Holdings 6% 29/03/2040	305	0.14	
					GBP	180,000	Imperial Tobacco Finance 8.125% 15/03/2024	236	0.11	
					GBP	250,000	Imperial Tobacco Finance 9% 17/02/2022	335	0.15	
					GBP	281,896	*Integrated Accommodation Service 6.48% 31/03/2029	342	0.16	
					GBP	300,000	LBG Capital No 1 11.04% 19/03/2020	346	0.16	
					GBP	250,000	Legal and General Group 10% 23/07/2041	336	0.15	
					GBP	222,000	Lloyds Bank 10.75% 16/12/2021	265	0.12	
					GBP	200,000	Lloyds TSB Bank 7.625% 22/04/2025	244	0.11	
					GBP	349,785	*Longstone Finance 4.791% 19/04/2030	383	0.18	
					GBP	112,000	Marks & Spencer 4.75% 12/06/2025	113	0.05	
					GBP	350,000	National Express Group 6.25% 13/01/2017	386	0.18	
					GBP	260,000	National Grid Electricity Transmission 7.375% 13/01/2031	351	0.16	
					EUR	330,000	Nationwide Building Society 6.75% 22/07/2020	329	0.15	
					GBP	225,000	Nationwide Building Society 6.875% 20/03/2049	229	0.11	
					GBP	425,000	NGG Finance 5.625% 18/06/2073	434	0.20	
					GBP	270,768	*Octagon Healthcare 5.333% 31/12/2035	295	0.14	
					GBP	550,000	Pennon Group 6.75% 08/03/2049	584	0.27	
UNITED KINGDOM 86.47% (85.54%)						Automobiles & parts 1.74% (1.72%)				
		Aerospace & defence 5.63% (5.87%)								
	933,805	BAE Systems	3,835	1.77						
	860,367	Cobham	2,627	1.21						
	237,312	Rolls-Royce Holdings	2,480	1.15						
	237,192	Smiths Group	3,254	1.50						
	946,480	GKN	3,754	1.74						

Threadneedle Monthly Extra Income Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 86.47% (85.54%) (continued)					Insurance 2.21% (2.39%)				
GBP	86,657	*RMPA Services 5.337% 30/09/2038	95	0.04	4,928,111	RSA Insurance Group	4,790	2.21	
GBP	225,000	Royal Bank of Scotland 6.625% 17/09/2018	264	0.12	Investment companies 2.40% (3.50%)				
USD	333,000	Royal Bank of Scotland 9.5% 16/03/2022	234	0.11	850,055	3i Group	3,564	1.65	
USD	333,000	Royal Bank of Scotland Group 6.125% 15/12/2022	207	0.10	1,633,187	Sherborne Investors (Guernsey) 'B' Shares	1,617	0.75	
GBP	525,000	RSA Insurance Group 9.375% 20/05/2039	643	0.30	Leisure entertainment & hotels 1.38% (1.57%)				
GBP	300,000	Scottish Widows 5.5% 16/06/2023	310	0.14	223,115	J.D. Wetherspoon	1,855	0.86	
GBP	250,000	South Eastern Power Networks 6.375% 12/11/2031	304	0.14	847,239	Rank Group	1,125	0.52	
GBP	175,000	Southern Water Greensand 8.5% 15/04/2019	191	0.09	Life assurance 5.79% (4.25%)				
GBP	150,000	Standard Chartered Bank 8.103% 11/05/2049	164	0.08	553,269	Aviva	2,866	1.32	
GBP	500,000	Standard Life 6.75% 12/07/2049	550	0.25	750,000	Chesnara	2,616	1.21	
GBP	250,000	Tate & Lyle International Finance 6.75% 25/11/2019	294	0.14	2,972,602	Legal & General	7,045	3.26	
GBP	253,292	*Telereal Securitisation 5.9478% 10/12/2031	300	0.14	Media & photography 5.48% (4.44%)				
GBP	260,000	Tesco 6.125% 24/02/2022	295	0.14	2,184,765	ITV	4,400	2.03	
GBP	150,000	*Tesco Property Finance 6 5.4111% 13/07/2044	153	0.07	355,655	Pearson	3,731	1.73	
GBP	238,810	*Tesco Property Finance 7.6227% 13/07/2039	309	0.14	398,871	Reed Elsevier	3,715	1.72	
GBP	194,800	Unique Pub Finance 6.542% 30/03/2021	204	0.09	Oil & gas 4.05% (4.02%)				
GBP	500,000	Virgin Media Secured Finance 7% 15/01/2018	518	0.24	184,311	BG Group	2,022	0.93	
GBP	355,000	Western Power Distribution 5.75% 16/04/2032	404	0.19	290,398	Royal Dutch Shell 'B' Shares	6,756	3.12	
Distributors 1.47% (0.00%)					Pharmaceuticals & biotechnology 9.62% (8.08%)				
	91,446	Wolseley	3,176	1.47	281,590	AstraZeneca	11,233	5.19	
Engineering & machinery 3.11% (4.11%)					574,477	GlaxoSmithKline	9,574	4.43	
	183,338	IMI	2,693	1.24	Speciality & other finance 0.77% (0.00%)				
	687,450	Melrose Industries	2,096	0.97	77,000	†Acquisition 1234	5	–	
	565,349	Morgan Advanced Materials	1,939	0.90	1,319,783	F&C Asset Management	1,659	0.77	
Food & drug retailers 2.97% (3.04%)					Support services 6.24% (6.62%)				
	2,171,769	Booker Group	3,785	1.75	377,734	Compass Group	3,568	1.65	
	1,113,831	Morrison (Wm) Supermarkets	2,629	1.22	968,472	Electrocomponents	2,613	1.21	
Food producers & processors 2.41% (3.25%)					1,064,301	Hays	1,551	0.72	
	213,905	Unilever	5,202	2.41	2,341,829	Rentokil Initial	3,077	1.42	
Forestry & paper 2.19% (2.08%)					182,326	WS Atkins	2,687	1.24	
	1,386,572	DS Smith	4,730	2.19	Telecommunication services 5.00% (3.49%)				
Gas distribution 3.89% (3.23%)					2,051,082	BT Group	8,387	3.88	
	983,163	Centrica	3,196	1.48	2,224,199	Spirent Communications	2,424	1.12	
	628,895	National Grid	5,214	2.41	Tobacco 3.31% (5.18%)				
General retailers 2.84% (2.32%)					287,576	Imperial Tobacco Group	7,155	3.31	
	1,127,883	Home Retail Group	2,327	1.08	Transport 1.32% (1.10%)				
	777,251	Marks & Spencer Group	3,805	1.76	520,860	Stagecoach Group	2,041	0.94	
Government bonds 0.55% (0.08%)					622,002	Wincanton	813	0.38	
GBP	335,000	UK Treasury 4.25% 07/03/2036	377	0.17	Water 1.90% (2.05%)				
GBP	200,000	UK Treasury 4.75% 07/09/2015	213	0.10	243,818	Pennon Group	1,792	0.83	
GBP	235,000	UK Treasury 4.75% 07/12/2038	286	0.13	292,726	United Utilities Group	2,313	1.07	
GBP	250,000	UK Treasury 6% 07/12/2028	334	0.15	Total United Kingdom				
					186,979 86.47				
					UNITED STATES OF AMERICA 1.50% (1.43%)				
					Corporate bonds 1.50% (1.43%)				
GBP	300,000	Ahold Finance 6.5% 14/03/2017	339	0.16	300,000	Ahold Finance 6.5% 14/03/2017	339	0.16	
GBP	290,000	AT&T 4.25% 01/06/2043	258	0.12	290,000	AT&T 4.25% 01/06/2043	258	0.12	
GBP	150,000	AT&T 5.5% 15/03/2027	165	0.08	150,000	AT&T 5.5% 15/03/2027	165	0.08	
GBP	250,000	Bank of America 6.125% 15/09/2021	293	0.14	250,000	Bank of America 6.125% 15/09/2021	293	0.14	

Threadneedle Monthly Extra Income Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Investments		
UNITED STATES OF AMERICA 1.50% (1.43%) (continued)				ANALYSIS OF INVESTMENTS BY ASSET CLASS			
GBP	250,000	Bank of America 7% 31/07/2028	324	0.15	Equity	168,287	80.75
GBP	435,000	Citigroup 5.125% 12/12/2018	471	0.22	Fixed interest	37,492	17.99
GBP	100,000	Citigroup 5.15% 21/05/2026	111	0.05	Floating rate notes	2,625	1.26
GBP	350,000	Directv Holdings 4.375% 14/09/2029	326	0.15	Derivatives	3	–
GBP	100,000	Metropolitan Life Global Funding I 3.5% 30/09/2026	98	0.04	Total value of investments	208,407	100.00
GBP	225,000	Time Warner Cable 5.25% 15/07/2042	227	0.10	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>		
GBP	100,000	Time Warner Cable 5.75% 02/06/2031	108	0.05	<i>March 2013 comparatives in brackets.</i>		
USD	804,000	Verizon Communications 5.15% 15/09/2023	521	0.24	<i>*Variable rate bonds.</i>		
Total United States of America		3,241	1.50	<i>**These are unlisted securities and are valued at the ACD's best estimate.</i>			
DERIVATIVES 0.00% (–0.03%)				<i>†Alternative Investment Market.</i>			
Forward foreign exchange contracts 0.00% (–0.03%)							
		Sell EUR 15,000					
		Buy GBP 12,365 Citibank	–	–			
		Sell USD 245,000					
		Buy GBP 146,499 RBS	–	–			
		Sell EUR 18,000					
		Buy GBP 14,908 RBS	–	–			
		Sell USD 35,000					
		Buy GBP 20,947 RBS	–	–			
		Sell EUR 2,660,000					
		Buy GBP 2,191,965 Lloyds	(16)	(0.01)			
		Sell USD 7,980,935					
		Buy GBP 4,782,907 Lloyds	19	0.01			
		Sell GBP 89,781					
		Buy USD 150,000 Citibank	–	–			
		Sell EUR 110,000					
		Buy GBP 90,392 RBS	(1)	–			
		Sell USD 160,000					
		Buy GBP 96,007 RBS	1	–			
		Total derivatives	3	–			
Total value of investments		208,407	96.38				
Net other assets (6.02%)		7,828	3.62				
Net assets		216,235	100.00				

Threadneedle UK Corporate Bond Fund

Portfolio Statement

as at 7 March 2014

			Value	% of			Value	% of	
	Holding	Investment	£000	Net Asset Value		Holding	Investment	£000	Net Asset Value
FIXED INTEREST 87.97% (87.68%)									
		AAA 2.42% (3.54%)			GBP	6,234,000	AT&T 4.25% 01/06/2043	5,555	0.83
					GBP	2,850,000	AT&T 5.5% 15/03/2027	3,135	0.47
GBP	3,570,000	Broadgate Financing 4.821% 05/07/2033	3,868	0.58	GBP	6,450,000	Bank of America 6.125% 15/09/2021	7,564	1.13
GBP	1,825,000	Fosse Master Issuer 4.635% 18/01/2017	1,962	0.29	GBP	4,750,000	Bank of America 7% 31/07/2028	6,159	0.92
GBP	3,255,000	Nationwide Building Society 5.625% 28/01/2026	3,888	0.58	GBP	3,453,000	BAT International Finance 4% 04/09/2026	3,455	0.52
GBP	2,880,000	Silverstone Masters Issuer 5.063% 21/10/2016	3,129	0.47	GBP	4,295,000	BAT International Finance 7.25% 12/03/2024	5,495	0.82
GBP	3,005,000	Temasek Financial (I) 4.625% 26/07/2022	3,346	0.50	GBP	450,000	Citigroup 5.15% 21/05/2026	501	0.07
		Aaa 2.23% (2.20%)			GBP	2,960,000	Citigroup 5.5% 18/11/2015	3,163	0.47
GBP	4,520,000	Barclays Bank 4.25% 12/01/2022	4,859	0.72	GBP	5,225,000	Citigroup 7.375% 01/09/2039	7,484	1.12
GBP	3,275,000	Clydesdale Bank 4.625% 08/06/2026	3,496	0.52	GBP	2,685,000	Danske Bank 4% 09/12/2015	2,799	0.42
GBP	5,840,000	Lloyds Bank 5.125% 07/03/2025	6,634	0.99	GBP	3,385,000	Experian Finance 3.5% 15/10/2021	3,402	0.51
		AA+ 3.06% (1.59%)			GBP	1,838,000	Heathrow Funding 5.225% 15/02/2025	2,021	0.30
GBP	5,240,000	GE Capital UK Funding 5.125% 24/05/2023	5,873	0.88	GBP	3,485,000	Heathrow Funding 6.75% 03/12/2026	4,354	0.65
GBP	1,250,000	GE Capital UK Funding 5.875% 04/11/2020	1,457	0.22	GBP	4,845,000	HSBC Holdings 6% 29/03/2040	5,376	0.80
GBP	2,573,000	GE Capital UK Funding 5.875% 18/01/2033	3,094	0.46	GBP	2,000,000	HSBC Holdings 6.375% 18/10/2022	2,218	0.33
GBP	1,800,000	UK Treasury 3.75% 07/09/2021	1,968	0.29	GBP	2,800,000	HSBC Holdings 7% 07/04/2038	3,479	0.52
GBP	7,225,000	UK Treasury 4.25% 07/06/2032	8,126	1.21	GBP	3,742,000	Hutchison Ports 6.75% 07/12/2015	4,073	0.61
		AA 1.55% (2.48%)			GBP	4,298,000	Linde Finance 8.125% 14/07/2066	4,867	0.73
GBP	2,800,000	IPIC GMTN 6.875% 14/03/2026	3,481	0.52	GBP	3,035,000	MetLife 5.375% 09/12/2024	3,443	0.51
GBP	3,315,000	Land Securities Capital Markets 5.125% 07/02/2036	3,766	0.56	GBP	2,380,000	National Grid Electricity Transmission 4% 08/06/2027	2,324	0.35
USD	4,750,000	Qatari Diar Finance 5% 21/07/2020	3,148	0.47	GBP	2,230,000	National Grid Electricity Transmission 7.375% 13/01/2031	3,010	0.45
		AA- 1.63% (2.46%)			GBP	4,750,000	National Grid Gas 6% 13/05/2038	5,787	0.86
GBP	5,175,000	General Electric 5.5% 15/09/2066	5,443	0.81	USD	5,581,000	Prudential 7.75% 23/03/2049	3,604	0.54
GBP	1,350,000	Metropolitan Life Global Funding I 2.875% 11/01/2023	1,292	0.19	GBP	2,285,000	QBE Insurance Group 6.125% 28/09/2015	2,424	0.36
GBP	1,445,000	Metropolitan Life Global Funding I 3.5% 30/09/2026	1,409	0.21	USD	1,200,000	Republika Slovenija 4.125% 18/02/2019	731	0.11
GBP	2,645,000	*Southern Gas Network 4.875% 21/03/2029	2,805	0.42	GBP	6,080,000	Royal Bank of Scotland 6.625% 17/09/2018	7,126	1.06
		Aa3 0.66% (0.00%)			GBP	4,175,000	Southern Water Services 5% 31/03/2021	4,519	0.67
USD	7,631,000	QNB Finance 2.875% 29/04/2020	4,437	0.66	GBP	1,075,000	SSE 8.375% 20/11/2028	1,535	0.23
		A+ 3.36% (6.26%)			GBP	3,200,000	Standard Life 6.75% 12/07/2049	3,520	0.53
GBP	4,465,000	BHP Billiton Finance 3.25% 25/09/2024	4,265	0.64	GBP	5,300,000	Thames Water Utilities Cayman 7.241% 09/04/2058	6,150	0.92
GBP	6,500,000	Electricite de France 5.5% 17/10/2041	7,208	1.08	GBP	2,040,000	Vattenfall 6.875% 15/04/2039	2,733	0.41
GBP	1,800,000	Electricite de France 6% 23/01/2014	2,074	0.31			A3 0.00% (0.50%)		
GBP	2,200,000	Electricite de France 6.125% 02/06/2034	2,615	0.39	GBP	2,126,000	BBB+ 12.12% (12.18%)		
GBP	2,600,000	Motability Operations 6.625% 10/12/2019	3,129	0.47	GBP	3,920,000	Aspire Defence Finance 4.674% 31/03/2040	2,143	0.32
GBP	3,080,000	Motability Operations Group 4.375% 08/02/2027	3,170	0.47	GBP	1,700,000	Citigroup 5.125% 12/12/2018	4,243	0.63
		A 3.49% (6.83%)			GBP	1,460,000	Credit Agricole 7.375% 18/12/2023	2,052	0.31
GBP	3,129,000	Anheuser-Busch InBev 4% 24/09/2025	3,161	0.47	GBP	2,200,000	Direct Line Insurance 9.25% 27/04/2042	1,857	0.28
GBP	4,680,000	Anheuser-Busch InBev 9.75% 30/07/2024	7,054	1.05	GBP	3,800,000	Eastern Power Networks 6.25% 12/11/2036	2,679	0.40
GBP	2,545,000	DWR Cymru Financing 6.015% 31/03/2028	3,012	0.45	GBP	3,800,000	Electricite de France 6% 29/12/2049	3,984	0.59
GBP	2,450,000	GDF Suez 7% 30/10/2028	3,192	0.48	GBP	2,060,000	ENW Finance 6.125% 21/07/2021	2,396	0.36
GBP	650,000	Greene King Finance 5.106% 15/03/2034	704	0.11	GBP	1,760,000	Gatwick Funding 5.25% 23/01/2024	1,926	0.29
EUR	3,000,000	Hannover Finance 5% 30/06/2043	2,750	0.41	GBP	1,822,000	HSBC Capital Funding LP 8.208% 30/06/2049	1,948	0.29
GBP	1,355,000	Longstone Finance 4.896% 19/04/2031	1,367	0.20	USD	6,503,000	ING Bank 4.125% 21/11/2023	3,924	0.59
EUR	2,200,000	Münchener Rückversicherungs 6% 26/05/2041	2,158	0.32	GBP	2,985,000	ING Bank 6.875% 29/05/2023	3,333	0.50
		A2 0.26% (0.24%)			GBP	2,235,000	Legal & General Group 5.875% 01/10/2049	2,403	0.36
GBP	1,380,000	Prudential 6.875% 20/01/2023	1,719	0.26	GBP	350,000	Legal & General Group 6.385% 02/11/2049	373	0.06
		A- 19.08% (18.74%)			GBP	4,680,000	Legal and General Group 10% 23/07/2041	6,292	0.94
GBP	3,138,000	América Móvil 5% 27/10/2026	3,343	0.50	GBP	1,870,000	NIE Finance 6.375% 02/06/2026	2,215	0.33
GBP	2,270,000	Annington Finance No4 6.5676% 10/01/2023	2,382	0.36	GBP	2,825,000	RSA Insurance Group 6.701% 12/05/2049	2,971	0.44
					GBP	2,071,000	Scottish Widows 5.5% 16/06/2023	2,137	0.32
					GBP	1,162,000	Severn Trent Water Utilities 4.875% 24/01/2042	1,199	0.18
					GBP	2,800,000	Severn Trent Water Utilities 6% 22/01/2018	3,164	0.47
					GBP	3,700,000	Siemens Financierungsamt 6.125% 14/09/2066	3,999	0.60
					GBP	1,937,000	South Eastern Power Networks 6.375% 12/11/2031	2,354	0.35
					GBP	5,515,000	Tesco 6.125% 24/02/2022	6,265	0.93
					GBP	4,568,000	United Mexican States 6.75% 06/02/2024	5,524	0.82

Threadneedle UK Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 87.97% (87.68%) (continued)									
USD	5,900,000	Verizon Communications 2.45% 01/11/2022	3,183	0.47	GBP	2,750,000	Western Power Distribution West 6% 09/05/2025	3,186	0.48
USD	13,386,000	Verizon Communications 5.15% 15/09/2023	8,669	1.29					
		Baa1 0.10% (0.00%)			USD	3,330,000	BBVA Bancomer 6.75% 30/09/2022	2,173	0.32
GBP	660,000	Morrison (Wm) Supermarkets 4.625% 08/12/2023	664	0.10	GBP	1,520,000	Bupa Finance 7.5% 04/07/2016	1,716	0.26
		BBB 19.52% (16.49%)			USD	2,930,000	Alpek 5.375% 08/08/2023	1,748	0.26
GBP	2,373,000	América Móvil 6.375% 06/09/2073	2,500	0.37	GBP	1,149,000	Barclays Bank 14% 15/06/2049	1,554	0.23
GBP	709,000	Anglian Water Services Financing 4.5% 22/02/2026	685	0.10	GBP	1,430,000	Barclays Bank 6.875% 27/11/2049	1,469	0.22
GBP	2,141,000	APT Pipelines 4.25% 26/11/2024	2,150	0.32	USD	5,413,000	Credit Agricole 8.125% 19/09/2033	3,753	0.56
GBP	4,570,000	Aviva 6.125% 29/09/2049	4,759	0.71	USD	5,505,000	Credit Suisse 6.5% 08/08/2023	3,628	0.54
GBP	2,800,000	Aviva 6.625% 03/06/2041	3,139	0.47	GBP	400,000	Daily Mail & General Trust 6.375% 21/06/2027	443	0.07
GBP	1,910,000	AXA 5.625% 16/01/2054	1,930	0.29	GBP	3,583,000	G4S 7.75% 13/05/2019	4,257	0.63
GBP	1,605,000	AXA 7.125% 15/12/2020	1,901	0.28	GBP	4,050,000	Generali Finance 6.214% 29/06/2049	4,059	0.61
GBP	5,978,000	Barclays Bank 10% 21/05/2021	7,892	1.18	GBP	1,160,000	PostNL 7.5% 14/08/2018	1,366	0.20
GBP	5,074,000	BG Energy Capital 6.5% 30/11/2072	5,520	0.82	USD	3,852,000	Royal Bank of Scotland 9.5% 16/03/2022	2,709	0.40
USD	2,800,000	Directv Holdings 5.15% 15/03/2042	1,542	0.23	USD	3,210,000	UBS 4.75% 22/05/2023	1,965	0.29
GBP	4,597,000	Glencore Finance Europe 6.5% 27/02/2019	4,896	0.73	USD	7,795,000	UBS Jersey 7.25% 22/02/2022	5,155	0.77
GBP	3,195,000	Eversholt Funding 5.831% 02/12/2020	3,636	0.54					
GBP	2,800,000	Eversholt Funding 6.359% 02/12/2025	3,317	0.49					
USD	4,200,000	Gaz Capital 5.999% 23/01/2021	2,570	0.38					
GBP	4,950,000	Glencore Finance Europe 6.5% 27/02/2019	5,649	0.84	GBP	3,074,000	Acquedotto Pugliese 6.92% 29/06/2018	3,127	0.47
GBP	4,398,000	Global Switch Holdings 4.375% 13/12/2022	4,499	0.67	GBP	3,972,000	Bupa Finance 5% 25/04/2023	4,028	0.60
USD	5,250,000	Hutchison Whampoa International 6% 28/10/2049	3,317	0.49	GBP	3,605,000	National Express Group 6.25% 13/01/2017	3,972	0.59
GBP	985,000	Imperial Tobacco Finance 5.5% 28/09/2026	1,087	0.16					
GBP	2,225,000	Imperial Tobacco Finance 7.75% 24/06/2019	2,714	0.40					
GBP	2,555,000	Imperial Tobacco Finance 8.125% 15/03/2024	3,347	0.50	EUR	2,779,000	Bank of Ireland 3.25% 15/01/2019	2,371	0.35
GBP	2,600,000	Imperial Tobacco Finance 9% 17/02/2022	3,480	0.52	EUR	1,350,000	Danske Bank 5.75% 31/10/2049	1,139	0.17
GBP	2,130,000	Lloyds TSB Bank 6.9625% 29/05/2020	2,226	0.33	USD	3,260,000	Eksportfinans 3% 17/11/2014	1,953	0.29
GBP	1,905,000	Lloyds TSB Bank 7.625% 22/04/2025	2,326	0.35	EUR	2,591,000	FGA Capital Ireland 4% 17/10/2018	2,288	0.34
EUR	4,220,000	Nationwide Building Society 6.75% 22/07/2020	4,213	0.63	GBP	1,990,000	GKN Holdings 6.75% 28/10/2019	2,325	0.35
GBP	4,005,000	NGG Finance 5.625% 18/06/2073	4,085	0.61	USD	4,800,000	KBC Bank 8% 25/01/2023	3,280	0.49
GBP	2,062,000	Petrobras Global Finance 6.625% 16/01/2034	2,010	0.30	GBP	3,345,000	LBG Capital No 1 11.04% 19/03/2020	3,855	0.58
GBP	2,775,000	Petrobras International Finance 5.375% 01/10/2029	2,442	0.36	GBP	1,395,000	Nationwide Building Society 6.875% 20/03/2049	1,421	0.21
USD	3,800,000	Russian Federation 4.5% 04/04/2022	2,232	0.33	USD	1,938,000	Romania 4.875% 22/01/2024	1,189	0.18
EUR	2,770,000	RZD Capital 3.3744% 20/05/2021	2,177	0.32	USD	3,199,000	Royal Bank of Scotland Group 6.125% 15/12/2022	1,993	0.30
EUR	3,650,000	Santos Finance 8.25% 22/09/2070	3,432	0.51	EUR	2,340,000	Softbank 4.625% 15/04/2020	2,031	0.30
GBP	2,226,000	South East Water Finance 5.6577% 30/09/2019	2,468	0.37	GBP	6,500,000	Telecom Italia 5.625% 29/12/2015	6,868	1.02
GBP	2,830,000	Southern Water Services 7.869% 31/03/2014	2,839	0.42	EUR	2,170,000	HeidelbergCement Finance 8% 31/01/2017	2,107	0.31
GBP	985,000	SPD Finance 5.875% 17/07/2026	1,123	0.17					
GBP	1,300,000	SSE 5.453% 01/10/2049	1,345	0.20	GBP	1,777,000	AA Bond 9.5% 31/07/2019	1,994	0.30
GBP	1,948,000	Standard Life 5.5% 04/12/2042	2,054	0.31					
GBP	1,605,000	Talisman Energy 6.625% 05/12/2017	1,813	0.27					
GBP	2,285,000	Tate & Lyle International Finance 6.75% 25/11/2019	2,683	0.40					
GBP	2,105,000	TDC 5.625% 23/02/2023	2,352	0.35	GBP	3,668,000	Enterprise Inns 6.5% 06/12/2018	3,838	0.57
GBP	2,100,000	Telefonica Emisiones 5.597% 12/03/2020	2,301	0.34	GBP	1,500,000	Southern Water Greensand 8.5% 15/04/2019	1,640	0.24
GBP	2,200,000	Telefonica Emisiones 5.289% 09/12/2022	2,355	0.35					
GBP	3,360,000	*Telereal Securitisation 4.0902% 10/12/2033	3,393	0.51	GBP	4,000,000	Virgin Media Secured Finance 7% 15/01/2018	4,147	0.62
GBP	3,152,000	Time Warner Cable 5.25% 15/07/2042	3,175	0.47					
GBP	1,770,000	Time Warner Cable 5.75% 02/06/2031	1,909	0.28					
GBP	2,175,000	Western Power Distribution 5.75% 16/04/2032	2,478	0.37	GBP	1,870,000	Anglian Water (Osprey) Financing 7% 31/01/2018	1,983	0.30
					EUR	2,400,000	Bawag PSK Bank 8.125% 30/10/2023	2,174	0.32

Threadneedle UK Corporate Bond Fund

Portfolio Statement

(continued)

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

	Value £000
AAA	17,933
Aaa	14,989
AA+	21,782
AA	15,711
AA-	18,062
Aa3	4,437
A+	22,461
A	30,837
A2	1,719
A-	137,225
BBB+	90,814
Baa1	664
BBB	133,517
Baa2	7,095
BBB-	36,107
Baa3	11,127
BB+	34,505
Ba1	2,107
BB	3,548
BB-	9,625
Ba3	4,157
CCC+	1,013
Caa1	1,876
C	28
Not rated	22,689
Total bonds	644,028
Derivatives	1,807
Total value of investments	645,835

ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
HSBC	Cash	1,380
Total collateral		1,380

ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS

	Value £000
UBS Euro-BUND Future Expiring June 2014	(14,762)
UBS Long Gilt Future Expiring June 2014	27,051
UBS US 10 Year Note Future Expiring June 2014	(38,802)
Total net exposure	(26,513)

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

March 2014 comparatives in brackets.

*Variable rate bonds.

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

†† At 7 March 2014, there were investments totalling £1,013,097 (£3,310,000) (0.15% (0.45%) 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 Sterling Bond Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Value £000	% of Net Asset Value
FIXED INTEREST 100.25% (100.09%)				DERIVATIVES 0.00% (-0.02%)	
AA+ 100.25% (100.09%)				Forward foreign exchange contracts 0.00% (-0.02%)	
GBP	2,902,000 UK Treasury 1% 07/09/2017	2,875	2.11	Sell USD 445,000	
GBP	3,514,000 UK Treasury 1.25% 22/07/2018	3,459	2.53	Buy GBP 267,795 RBS	2
GBP	5,947,000 UK Treasury 1.75% 22/01/2017	6,072	4.45	Sell GBP 273,101	
GBP	2,271,000 UK Treasury 1.75% 22/07/2019	2,249	1.65	Buy USD 457,000 UBS	
GBP	1,411,000 UK Treasury 1.75% 07/09/2022	1,319	0.97	Sell USD 12,000	
GBP	3,881,000 UK Treasury 2% 22/01/2016	3,980	2.92	Buy GBP 7,213 RBS	
GBP	3,381,000 UK Treasury 2.25% 07/09/2023	3,238	2.37		
GBP	6,702,000 UK Treasury 2.75% 22/01/2015	6,839	5.01	Total derivatives	2
GBP	1,476,000 UK Treasury 3.25% 22/01/2044	1,401	1.03		
GBP	1,273,360 UK Treasury 3.5% 22/07/2068	1,284	0.94		
GBP	3,038,000 UK Treasury 3.75% 07/09/2019	3,326	2.44		
GBP	4,132,000 UK Treasury 3.75% 07/09/2020	4,526	3.32		
GBP	4,864,000 UK Treasury 3.75% 07/09/2021	5,319	3.90		
GBP	1,786,000 UK Treasury 3.75% 22/07/2052	1,883	1.38		
GBP	4,743,500 UK Treasury 4% 07/03/2022	5,270	3.86		
GBP	1,645,000 UK Treasury 4% 22/01/2060	1,854	1.36		
GBP	2,021,000 UK Treasury 4.25% 07/12/2027	2,278	1.67		
GBP	4,981,000 UK Treasury 4.25% 07/06/2032	5,602	4.11		
GBP	1,738,000 UK Treasury 4.25% 07/03/2036	1,957	1.43		
GBP	2,399,000 UK Treasury 4.25% 07/09/2039	2,713	1.99		
GBP	3,335,000 UK Treasury 4.25% 07/12/2040	3,777	2.77		
GBP	2,709,000 UK Treasury 4.25% 07/12/2046	3,107	2.28		
GBP	398,000 UK Treasury 4.25% 07/12/2055	468	0.34		
GBP	5,686,000 UK Treasury 4.5% 07/09/2034	6,606	4.84		
GBP	5,523,000 UK Treasury 4.5% 07/12/2042	6,540	4.79		
GBP	4,705,000 UK Treasury 4.75% 07/09/2015	5,003	3.67		
GBP	2,319,000 UK Treasury 4.75% 07/03/2020	2,671	1.96		
GBP	4,018,000 UK Treasury 4.75% 07/12/2030	4,781	3.50		
GBP	3,573,000 UK Treasury 4.75% 07/12/2038	4,347	3.19		
GBP	855,000 UK Treasury 5% 07/09/2014	875	0.64		
GBP	3,288,000 UK Treasury 5% 07/03/2025	3,944	2.89		
GBP	2,630,000 UK Treasury 6% 07/12/2028	3,516	2.58		
GBP	4,520,000 UK Treasury 8% 07/06/2021	6,228	4.56		
GBP	396,000 UK Treasury Index Linked 1.25% 22/11/2055	793	0.58		
GBP	1,940,000 UK Treasury Index Linked 2.5% 26/07/2016	6,559	4.81		
GBP	838,000 UK Treasury Index Linked 4.25% 07/12/2049	970	0.71		
GBP	8,099,000 UK Treasury Index Linked 4.5% 07/03/2019	9,148	6.70		
	Total fixed interest	136,777	100.25		
				Total value of investments	136,779
				Net other liabilities (-0.07%)	(336)
				Net assets	136,443
					100.00
ANALYSIS OF INVESTMENTS BY CREDIT RATINGS					
				AA+	136,777
				Derivatives	2
				Total value of investments	136,779
<p>The calculation of the % Net Asset Value may not sum to 100% due to rounding. March 2013 comparatives in brackets.</p>					

Threadneedle Sterling Fund

Portfolio Statement

as at 7 March 2014

	Holding	Investment	Value £000	% of Net Asset Value
FIXED INTEREST 79.86% (78.53%)				
Certificate of Deposit 48.71% (43.60%)				
GBP	10,000,000	Bank of Montreal 0.42% 17/03/2014 CD	10,000	4.26
GBP	10,100,000	Bank of Nova Scotia 0.45% 03/06/2014 CD	10,100	4.30
GBP	10,000,000	Commonwealth Bank of Australia 0.48% 20/03/2014	10,000	4.26
GBP	11,000,000	Mitsubishi UFJ Trust & Banking 0.5% 20/05/2014	11,000	4.68
GBP	10,100,000	National Australia Bank 0.41% 14/04/2014	10,100	4.30
GBP	10,100,000	National Bank of Abu Dhabi 0.45% 04/06/2014	10,100	4.30
GBP	10,000,000	Nordea Bank 0.5% 23/04/2014	10,000	4.26
GBP	10,000,000	Rabobank Nederland 0.49% 19/05/2014	10,000	4.26
GBP	11,000,000	Svenska Handelsbanken 0.49% 30/04/2014	11,000	4.68
GBP	11,100,000	Toronto Dominion Bank 0.52% 07/07/2014	11,100	4.73
GBP	11,000,000	Wells Fargo Bank International 0.52% 07/07/2014	11,000	4.68
Euro commercial paper 31.15% (34.93%)				
GBP	11,000,000	*Agence Centrale des Organismes 0.46446% 30/05/2014	10,987	4.68
GBP	10,000,000	*Banque et Caisse d'Épargne de l'État 0.42455% 28/04/2014	9,990	4.26
GBP	11,000,000	*Banque Fédérative du Crédit Mutuel 0.46946% 18/03/2014	10,987	4.68
GBP	10,100,000	*Caisse d'Amortissement De La Dette Sociale 4.2754% 28/04/2014	10,089	4.30
GBP	11,000,000	*Caisse des Dépôts et Consignations 0.41457% 07/04/2014	10,989	4.68
GBP	10,100,000	*KFW 0.36967% 19/05/2014	10,091	4.30
GBP	10,000,000	*Nederlandse Waterschapsbank 0.3996% 04/06/2014	9,990	4.25
		Total fixed interest	187,523	79.86
Total value of investments			187,523	79.86
Net other assets (21.47%)			47,306	20.14
Net assets			234,829	100.00

An analysis of investments by credit rating is not included since the fund holds Certificate of Deposits and Euro Commercial Paper which have short term credit ratings.

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

March 2013 comparatives in brackets.

*Variable rate bonds.

Threadneedle European Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BELGIUM 2.89% (3.88%)				GERMANY 28.09% (26.55%)			
	Banks 0.93% (0.00%)				Automobiles & parts 5.86% (3.65%)		
143,020	KBC Group	5,285	0.93	144,540	Bayerische Motoren Werke	9,934	1.75
	Beverages 1.96% (1.89%)			126,420	Continental	19,085	3.37
179,026	Anheuser-Busch InBev	11,085	1.96	27,474	Volkswagen	4,225	0.74
	Chemicals 0.00% (1.99%)				Chemicals 6.01% (6.48%)		
	Total Belgium	16,370	2.89	160,227	BASF	10,704	1.89
				133,382	Brenntag	14,919	2.63
				283,868	Symrise	8,465	1.49
DENMARK 4.76% (3.08%)					Construction & building materials 0.00% (2.01%)		
	Food producers & processors 1.03% (0.00%)				General retailers 0.88% (0.00%)		
234,140	Christian Hansen Holding	5,850	1.03	181,330	Wirecard	5,006	0.88
	Health 0.00% (1.12%)				Health 1.30% (2.07%)		
	Pharmaceuticals & biotechnology 3.73% (1.96%)			179,553	Fresenius Medical Care	7,345	1.30
746,325	Novo Nordisk	21,134	3.73		Household goods & textiles 1.37% (0.00%)		
	Total Denmark	26,984	4.76	116,546	Adidas	7,757	1.37
FINLAND 1.56% (1.34%)					Insurance 2.67% (4.26%)		
	Insurance 1.56% (1.34%)			145,120	Allianz	15,113	2.67
291,187	Sampo	8,821	1.56		Media & photography 1.64% (1.70%)		
	Total Finland	8,821	1.56	326,974	ProSiebenSat.1 Media	9,286	1.64
FRANCE 15.91% (17.25%)					Pharmaceuticals & biotechnology 2.95% (3.48%)		
	Banks 2.68% (1.93%)			204,146	Bayer	16,730	2.95
307,981	BNP Paribas	15,169	2.68		Software & computer services 2.90% (2.90%)		
	Beverages 1.56% (1.54%)			348,491	SAP	16,430	2.90
126,841	Pernod Ricard	8,845	1.56		Support services 2.51% (0.00%)		
	Electronic & electrical equipment 3.43% (3.64%)			644,319	Deutsche Post	14,259	2.51
397,296	LeGrand	14,406	2.54		Total Germany	159,258	28.09
94,121	Schneider Electric	5,025	0.89				
	General retailers 0.00% (1.42%)			ITALY 1.00% (2.78%)			
	Health 1.46% (0.00%)				Automobiles & parts 0.00% (2.03%)		
135,073	Essilor International	8,272	1.46		Beverages 1.00% (0.00%)		
	Media & photography 0.96% (2.25%)			1,113,755	Davide Campari-Milano	5,654	1.00
97,131	Publicis Groupe	5,464	0.96		Health 0.00% (0.75%)		
	Personal care & household products 1.62% (1.52%)				Total Italy	5,654	1.00
91,575	L'Oreal	9,187	1.62	NETHERLANDS 12.25% (7.36%)			
	Software & computer services 2.11% (2.08%)				Aerospace & defence 1.87% (0.00%)		
76,416	Iliad	11,964	2.11	246,694	Airbus Group	10,610	1.87
	Telecommunication services 1.01% (1.26%)				Food producers & processors 1.60% (1.84%)		
336,665	Vivendi	5,750	1.01	384,455	Unilever	9,064	1.60
	Tobacco 0.00% (1.61%)				Information technology hardware 2.08% (1.13%)		
	Transport 1.08% (0.00%)			216,577	ASML Holdings	11,811	2.08
826,775	Groupe Eurotunnel	6,124	1.08		Insurance 3.47% (1.60%)		
	Total France	90,206	15.91	2,287,941	ING Groep	19,661	3.47

Threadneedle European Fund

Portfolio Statement

(continued)

	Value	% of		Value	% of		
Holding	Investment	£000	Net Asset Value	Holding	Investment		
				Value	Net Asset Value		
		£000		£000	Value		
NETHERLANDS 12.25% (7.36%) (continued)				SWITZERLAND 15.45% (16.28%)			
	Life assurance 1.62% (0.73%)			Chemicals 2.30% (2.20%)			
1,704,468	Aegon	9,163	1.62	57,538	Syngenta	13,067	2.30
	Media & photography 0.91% (0.00%)				Diversified industrials 0.00% (1.03%)		
388,610	Reed Elsevier	5,136	0.91		Food producers & processors 4.01% (4.27%)		
	Software & computer services 0.70% (0.00%)			500,216	Nestle	22,706	4.01
57,305	Gemalto	3,968	0.70		General retailers 1.72% (0.00%)		
	Telecommunication services 0.00% (2.06%)			165,309	Cie Financiere Richemont Registered	9,754	1.72
	Total Netherlands	69,413	12.25		Household goods & textiles 0.00% (1.91%)		
NORWAY 0.00% (3.60%)					Pharmaceuticals & biotechnology 2.51% (1.81%)		
	Banks 0.00% (2.81%)			79,942	Roche Holding	14,211	2.51
	Oil & gas 0.00% (0.79%)				Speciality & other finance 3.38% (2.55%)		
	Total Norway	–	–	1,494,315	UBS	19,190	3.38
PORTUGAL 0.00% (1.84%)					Support services 1.53% (1.52%)		
	Oil & gas 0.00% (1.84%)			167,053	Adecco	8,657	1.53
	Total Portugal	–	–		Transport 0.00% (0.99%)		
REPUBLIC OF IRELAND 4.02% (2.69%)					Total Switzerland	87,585	15.45
	Banks 1.98% (0.00%)			Total value of investments	559,578	98.71	
41,899,667	Bank of Ireland	11,260	1.98	Net other assets (0.70%)	7,286	1.29	
	Food producers & processors 0.00% (1.23%)			Net assets	566,864	100.00	
	Transport 2.04% (1.46%)						
1,855,764	Ryanair Holdings	11,552	2.04				
	Total Republic of Ireland	22,812	4.02				
SPAIN 1.34% (3.56%)							
	Banks 0.00% (2.58%)						
	Software & computer services 1.34% (0.98%)						
293,213	Amadeus IT Group	7,600	1.34				
	Total Spain	7,600	1.34				
SWEDEN 11.44% (9.09%)							
	Banks 5.48% (1.70%)						
2,284,680	Nordea Bank	19,740	3.48				
358,259	Svenska Handelsbanken 'A' Shares	11,353	2.00				
	Engineering & machinery 3.99% (4.09%)						
470,678	Assa Abloy 'B' Shares	14,408	2.54				
504,843	SKF 'B' Shares	8,214	1.45				
	Health 0.74% (2.25%)						
526,569	Elekta	4,192	0.74				
	Investment companies 1.23% (0.00%)						
305,732	Investment Kinnevik 'B' Shares	6,968	1.23				
	Tobacco 0.00% (1.05%)						
	Total Sweden	64,875	11.44				

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

March 2013 comparatives in brackets.

Threadneedle European Select Fund

Portfolio Statement

as at 7 March 2014

	Value	% of		Value	% of		
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
BELGIUM 4.81% (6.03%)				GERMANY 29.81% (24.14%)			
	Beverages 4.54% (6.03%)				Aerospace & defence 0.00% (1.00%)		
1,656,113	Anheuser-Busch InBev	102,545	4.54				
	Chemicals 0.27% (0.00%)				Automobiles & parts 3.79% (1.25%)		
208,233	Umicore	6,176	0.27	471,558	Bayerische Motoren Werke	32,410	1.44
	Total Belgium	108,721	4.81	352,482	Continental	53,211	2.35
DENMARK 7.18% (2.89%)					Chemicals 11.71% (7.84%)		
	Chemicals 0.68% (0.00%)			529,630	BASF	35,382	1.57
562,620	Novozymes 'B' Shares	15,420	0.68	745,985	Brenntag	83,441	3.69
	Food producers & processors 1.34% (0.00%)			610,555	Linde	75,079	3.32
1,211,235	Christian Hansen Holding	30,261	1.34	2,374,617	Symrise	70,809	3.13
	Health 0.00% (1.06%)				General retailers 0.75% (0.00%)		
	Pharmaceuticals & biotechnology 5.16% (1.83%)			616,646	Wirecard	17,022	0.75
4,118,441	Novo Nordisk	116,626	5.16		Health 0.00% (4.86%)		
	Total Denmark	162,307	7.18		Household goods & textiles 0.72% (0.00%)		
FINLAND 5.41% (5.91%)				244,437	Adidas	16,269	0.72
	Engineering & machinery 1.47% (0.80%)				Insurance 1.28% (1.61%)		
1,003,709	Kone	24,485	1.08	278,643	Allianz	29,018	1.28
255,759	Wartsila	8,868	0.39		Media & photography 0.00% (1.40%)		
	Insurance 3.94% (5.11%)				Personal care & household products 1.02% (0.00%)		
2,939,315	Sampo	89,038	3.94	392,681	Beiersdorf	23,132	1.02
	Total Finland	122,391	5.41		Pharmaceuticals & biotechnology 6.51% (4.12%)		
FRANCE 13.71% (17.21%)				1,796,810	Bayer	147,250	6.51
	Beverages 0.78% (0.00%)				Software & computer services 0.00% (2.06%)		
252,783	Pernod Ricard	17,627	0.78		Support services 4.03% (0.00%)		
	Chemicals 0.00% (3.21%)			4,120,698	Deutsche Post	91,191	4.03
	Diversified industrials 0.00% (0.90%)				Total Germany	674,214	29.81
	Electronic & electrical equipment 3.21% (4.51%)			ITALY 0.00% (1.10%)			
1,387,913	LeGrand	50,326	2.23		Health 0.00% (1.10%)		
417,121	Schneider Electric	22,268	0.98		Total Italy	-	-
	General retailers 0.00% (1.00%)			LUXEMBOURG 0.00% (0.99%)			
	Health 1.38% (0.00%)				Oil & gas 0.00% (0.99%)		
509,595	Essilor International	31,207	1.38		Total Luxembourg	-	-
	Household goods & textiles 0.00% (1.47%)			NETHERLANDS 8.17% (7.60%)			
	Media & photography 0.00% (1.96%)				Aerospace & defence 0.90% (0.00%)		
	Personal care & household products 5.48% (2.37%)			475,415	Airbus Group	20,446	0.90
1,234,920	L'Oreal	123,891	5.48	4,058,249	Unilever	95,683	4.23
	Software & computer services 2.86% (1.79%)				Information technology hardware 0.71% (0.00%)		
412,586	Iliad	64,595	2.86	293,276	ASML Holdings	15,994	0.71
	Total France	309,914	13.71		Media & photography 2.33% (0.00%)		
				3,988,220	Reed Elsevier	52,714	2.33
					Telecommunication services 0.00% (1.52%)		
					Total Netherlands	184,837	8.17

Threadneedle European Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
NORWAY 0.00% (2.39%)				DERIVATIVES 0.00% (0.00%)			
	Banks 0.00% (1.72%)			Forward foreign exchange contracts 0.00% (0.00%)			
	Oil & gas 0.00% (0.67%)			Sell EUR 1,666,280			
	Total Norway	–	–	Buy SGD 2,891,760 J.P. Morgan	(17)	–	
REPUBLIC OF IRELAND 2.21% (3.76%)				Total Derivatives			
	Food producers & processors 0.00% (1.40%)				(17)	–	
	Transport 2.21% (2.36%)			Total value of investments	2,244,666	99.26	
8,045,753	Ryanair Holdings	50,086	2.21	Net other assets (0.93%)	16,665	0.74	
	Total Republic Of Ireland	50,086	2.21	Net assets	2,261,331	100.00	
SPAIN 1.02% (0.00%)				<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
	Software & computer services 1.02% (0.00%)			<i>March 2013 comparatives in brackets.</i>			
887,012	Amadeus IT Group	22,992	1.02				
	Total Spain	22,992	1.02				
SWEDEN 13.55% (9.38%)							
	Banks 8.91% (4.24%)						
10,543,766	Nordea Bank	91,100	4.03				
3,482,218	Svenska Handelsbanken 'A' Shares	110,345	4.88				
	Engineering & machinery 4.33% (3.21%)						
2,394,918	Assa Abloy 'B' Shares	73,314	3.24				
1,413,566	Atlas Copco 'A' Shares	24,771	1.09				
	Forestry & paper 0.31% (0.00%)						
385,441	Svenska Cellulosa 'B' Shares	6,920	0.31				
	Health 0.00% (1.93%)						
	Total Sweden	306,450	13.55				
SWITZERLAND 13.39% (17.67%)							
	Chemicals 1.78% (5.05%)						
177,030	Syngenta	40,203	1.78				
	Diversified industrials 1.11% (0.98%)						
11,068	Sika	25,158	1.11				
	Food producers & processors 4.36% (5.35%)						
2,173,586	Nestle	98,665	4.36				
	General retailers 2.59% (0.00%)						
993,115	Cie Financiere Richemont Registered	58,598	2.59				
	Household goods & textiles 0.00% (2.24%)						
	Pharmaceuticals & biotechnology 2.00% (0.00%)						
254,271	Roche Holding	45,199	2.00				
	Speciality & other finance 1.55% (1.64%)						
2,721,400	UBS	34,948	1.55				
	Support services 0.00% (1.62%)						
	Transport 0.00% (0.79%)						
	Total Switzerland	302,771	13.39				

Threadneedle European Smaller Companies Fund

Portfolio Statement

(continued)

		Value £000	% of Net Asset Value			Value £000	% of Net Asset Value
GERMANY 17.19% (18.54%) (continued)				NORWAY 1.49% (2.72%)			
	Oil & gas 1.05% (1.80%)				Health 0.00% (0.98%)		
240,401	Fuchs Petrolub	14,552	1.05				
	Packaging 1.94% (2.09%)			750,575	TGS-NOPEC Geophysical	14,162	1.02
650,718	Gerresheimer	26,823	1.94		Transport 0.47% (0.75%)		
	Real estate 0.00% (1.02%)			1,134,994	Wilhelmsen	6,444	0.47
	Software & computer services 0.57% (0.26%)				Total Norway	20,606	1.49
241,412	Cancom	7,851	0.57				
	Speciality & other finance 1.86% (1.95%)			REPUBLIC OF IRELAND 4.05% (2.70%)			
416,289	Grenkeleasing	25,745	1.86		Banks 1.28% (0.00%)		
	Steel & other metals 2.02% (2.00%)			65,872,665	Bank of Ireland	17,703	1.28
827,794	Norma Group	27,870	2.02		Construction & building materials 0.50% (1.04%)		
	Total Germany	237,514	17.19	570,329	Kingspan Group	6,900	0.50
					Food producers & processors 0.00% (1.01%)		
ISRAEL 0.23% (0.30%)					General retailers 0.51% (0.00%)		
	Software & computer services 0.23% (0.30%)			1,041,609	Grafton Group	7,026	0.51
1,409,318	Vizrt	3,229	0.23		Real estate 0.57% (0.00%)		
	Total Israel	3,229	0.23	7,491,677	Green REIT	7,830	0.57
					Transport 1.19% (0.65%)		
ITALY 8.49% (5.84%)				371,054	Irish Continental Group	9,547	0.69
	Banks 1.79% (0.47%)			1,111,534	Ryanair Holdings	6,919	0.50
1,287,708	Banca Generali	24,759	1.79		Total Republic of Ireland	55,925	4.05
	Beverages 0.99% (0.89%)						
2,687,699	Davide Campari-Milano	13,644	0.99	SPAIN 3.05% (1.94%)			
	General retailers 0.95% (2.01%)				Banks 1.64% (0.00%)		
697,437	Salvatore Ferragamo	13,172	0.95	4,549,265	Bankinter	22,584	1.64
	Health 3.06% (2.47%)				Construction & building materials 1.05% (1.02%)		
978,882	DiaSorin	25,536	1.85	4,984,441	Abengoa 'B' Shares	14,545	1.05
8,895,618	Sorin	16,661	1.21		Food producers & processors 0.00% (0.92%)		
	Household goods & textiles 0.65% (0.00%)				Investment companies 0.36% (0.00%)		
722,879	De'Longhi	9,024	0.65	593,744	Lar España Real Estate	4,925	0.36
	Telecommunication services 1.05% (0.00%)				Total Spain	42,054	3.05
433,053	El Towers	14,544	1.05				
	Total Italy	117,340	8.49	SWEDEN 9.28% (7.40%)			
					Automobiles & parts 0.00% (1.60%)		
LUXEMBOURG 2.48% (3.75%)					Construction & building materials 0.45% (0.44%)		
	Oil & gas 0.47% (1.80%)			390,007	Nibe Industrier	6,225	0.45
603,728	Subsea 7	6,487	0.47		Diversified industrials 0.53% (0.00%)		
	Support services 2.01% (1.95%)			144,155	Hexpol	7,350	0.53
155,404	Eurofins Scientific	27,714	2.01		Engineering & machinery 1.71% (1.91%)		
	Total Luxembourg	34,201	2.48	1,292,552	Alfa Laval	21,247	1.54
				287,781	Concentric	2,363	0.17
NETHERLANDS 2.12% (4.97%)					Food producers & processors 0.75% (0.00%)		
	Engineering & machinery 1.26% (0.00%)			4,840,742	Cloetta 'B' Shares	10,326	0.75
825,423	Aalberts Industries	17,421	1.26		General retailers 0.29% (0.00%)		
	Food producers & processors 0.86% (1.09%)			850,000	Byggmax Holding	3,976	0.29
485,345	Sligro Food Group	11,896	0.86				
	Telecommunication services 0.00% (2.04%)						
	Transport 0.00% (1.84%)						
	Total Netherlands	29,317	2.12				

Threadneedle European Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
SWEDEN 9.28% (7.40%) (continued)			
Health 1.92% (1.94%)			
3,340,082	Elekta	26,593	1.92
Household goods & textiles 0.73% (0.00%)			
1,836,781	Nobia	10,053	0.73
Media & photography 0.14% (0.00%)			
334,568	Eniro	2,003	0.14
Speciality & other finance 2.76% (0.00%)			
755,339	Avanza Bank Holding	17,491	1.27
1,166,507	Intrum Justitia	20,572	1.49
Steel & other metals 0.00% (1.51%)			
Total Sweden		128,199	9.28
SWITZERLAND 11.76% (9.36%)			
Distributors 0.77% (1.07%)			
9,452	Vetropack Holding	10,678	0.77
Diversified industrials 3.20% (3.63%)			
8,923	Sika	20,282	1.47
281,072	Sulzer	23,968	1.73
Electronic & electrical equipment 1.08% (1.02%)			
31,177	LEM Holding	14,937	1.08
Engineering & machinery 4.09% (3.64%)			
16,013	Belimo Holdings	26,220	1.90
95,745	Burckhardt Compression Holding	30,234	2.19
Speciality & other finance 2.62% (0.00%)			
174,760	Cembra Money Bank	7,321	0.53
182,258	Partners Group	28,838	2.09
Total Switzerland		162,478	11.76
UNITED KINGDOM 0.68% (0.00%)			
Information technology hardware 0.68% (0.00%)			
636,768	Dialog Semiconductor	9,354	0.68
Total United Kingdom		9,354	0.68
UNITED STATES OF AMERICA 1.42% (1.05%)			
Automobiles & parts 1.42% (1.05%)			
336,627	Autoliv	19,621	1.42
Total United States of America		19,621	1.42
Total value of investments		1,380,816	99.95
Net other assets (1.68%)		718	0.05
Net assets		1,381,534	100.00

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

March 2013 comparatives in brackets.

Threadneedle Pan European Smaller Companies Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRIA 0.53% (3.63%)				Food producers & processors 0.00% (0.21%)			
Chemicals 0.28% (1.27%)				General retailers 0.00% (1.27%)			
117,540	Lenzing	4,270	0.28				
Engineering & machinery 0.00% (2.05%)				Health 2.11% (1.70%)			
				751,283	Medica	14,121	0.92
Oil & gas 0.25% (0.31%)				476,098	Orpea	18,219	1.19
53,116	Schoeller Bleckmann Oilfield	3,770	0.25	Household goods & textiles 0.96% (0.00%)			
Total Austria				189,407	Societe Bic	14,674	0.96
		8,040	0.53	Insurance 0.84% (0.98%)			
BELGIUM 2.99% (3.00%)				170,199	Euler Hermes	12,895	0.84
Chemicals 1.18% (1.12%)				Media & photography 1.87% (0.60%)			
608,517	Umicore	18,047	1.18	2,993,758	Havas	15,009	0.98
Household goods & textiles 0.34% (0.34%)				582,209	Numericable Group	13,700	0.89
47,814	Kinepolis	5,227	0.34	Oil & gas 0.00% (1.52%)			
Telecommunication services 1.47% (1.54%)				Pharmaceuticals & biotechnology 0.74% (0.85%)			
588,569	Telenet Group Holding	22,560	1.47	78,121	Virbac	11,398	0.74
Total Belgium				Software & computer services 3.78% (2.00%)			
		45,834	2.99	389,611	Atos	22,909	1.50
CYPRUS 0.00% (0.97%)				223,536	Iliad	34,997	2.28
Oil & gas 0.00% (0.97%)				Telecommunications services 0.00% (1.20%)			
Total Cyprus				Transport 1.06% (0.00%)			
		-	-	2,182,167	Groupe Eurotunnel	16,164	1.06
DENMARK 5.90% (5.38%)				Total France			
Food producers & processors 0.67% (0.86%)						229,125	14.96
413,159	Christian Hansen Holding	10,322	0.67	GERMANY 12.70% (16.81%)			
General retailers 2.77% (0.00%)				Aerospace & defence 0.00% (1.78%)			
335,399	Matas	5,759	0.38	Chemicals 3.10% (3.00%)			
899,694	Pandora	36,527	2.39	254,746	Brenntag	28,494	1.86
Health 1.23% (2.03%)				636,896	Symrise	18,992	1.24
351,766	William Demant	18,808	1.23	Construction & building materials 1.18% (1.44%)			
Insurance 1.23% (0.97%)				238,625	Bilfinger	18,109	1.18
319,563	Tryg	18,912	1.23	Electronic & electrical equipment 0.52% (0.39%)			
Transport 0.00% (1.52%)				106,316	Pfeiffer Vacuum Technology	7,940	0.52
Total Denmark				466,264	ErlingKlinger	10,781	0.70
		90,328	5.90	General retailers 0.00% (0.41%)			
FINLAND 1.78% (1.39%)				Information technology hardware 0.27% (0.44%)			
Engineering & machinery 0.00% (1.39%)				153,842	Stratec Biomedical Systems	4,111	0.27
Leisure entertainment & hotels 0.96% (0.00%)				Leisure entertainment & hotels 1.01% (0.43%)			
1,136,466	Amer Sports	14,696	0.96	423,540	CTS Eventim	15,540	1.01
Transport 0.82% (0.00%)				Media & photography 1.11% (1.02%)			
442,202	Cargotec	12,530	0.82	597,405	ProSiebenSat.1 Media	16,967	1.11
Total Finland				Oil & gas 0.44% (1.69%)			
		27,226	1.78	110,124	Fuchs Petrolub	6,666	0.44
FRANCE 14.96% (14.32%)				Packaging 1.88% (2.06%)			
Beverages 0.00% (0.89%)				699,014	Gerresheimer	28,813	1.88
Diversified industrials 0.75% (1.41%)							
647,886	Bureau Veritas	11,452	0.75				
Electronic & electrical equipment 2.85% (1.69%)							
530,509	Ingenico	30,279	1.98				
859,155	Rexel	13,308	0.87				

Threadneedle Pan European Smaller Companies Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
GERMANY 12.70% (16.81%) (continued)				REPUBLIC OF IRELAND 5.02% (2.86%)			
	Real estate 0.00% (1.24%)				Banks 1.53% (0.00%)		
	Software & computer services 0.57% (0.00%)			87,302,375	Bank of Ireland	23,462	1.53
266,042	Cancom	8,653	0.57		Construction & building materials 1.02% (0.95%)		
	Speciality & other finance 0.76% (0.86%)			1,288,493	Kingspan Group	15,588	1.02
188,523	Grenkeleasing	11,659	0.76		Food producers & processors 0.00% (0.50%)		
	Steel & other metals 1.16% (1.06%)				General retailers 0.48% (0.00%)		
526,274	Norma Group	17,719	1.16	1,090,039	Grafton Group	7,352	0.48
	Total Germany	194,444	12.70		Real estate 0.45% (0.00%)		
				6,523,908	Green REIT	6,818	0.45
ITALY 4.59% (4.39%)					Transport 1.54% (1.41%)		
	Banks 1.48% (0.68%)			286,410	Irish Continental Group	7,369	0.48
1,176,839	Banca Generali	22,627	1.48	2,613,277	Ryanair Holdings	16,268	1.06
	General retailers 0.76% (1.50%)				Total Republic of Ireland	76,857	5.02
613,833	Salvatore Ferragamo	11,593	0.76				
	Health 1.30% (1.25%)			SPAIN 3.87% (1.62%)			
485,393	DiaSorin	12,662	0.83		Banks 1.69% (0.00%)		
3,836,852	Sorin	7,186	0.47	5,194,965	Bankinter	25,790	1.69
	Household goods & textiles 1.05% (0.96%)				Construction & building materials 1.83% (0.71%)		
1,293,439	De'Longhi	16,147	1.05	9,621,800	Abengoa 'B' Shares	28,077	1.83
	Total Italy	70,215	4.59		Food producers & processors 0.00% (0.91%)		
					Investment companies 0.35% (0.00%)		
LUXEMBOURG 2.56% (2.54%)				646,653	Lar España Real Estate	5,364	0.35
	Automobiles & parts 0.48% (0.28%)				Total Spain	59,231	3.87
811,272	SAF Holland	7,372	0.48	SWEDEN 2.01% (4.07%)			
	Electronic & electrical equipment 0.66% (0.50%)				Automobiles & parts 0.00% (0.94%)		
2,509,668	AZ Electronic Materials	10,031	0.66		Diversified industrials 0.00% (0.53%)		
	Oil & gas 0.44% (0.80%)				Food producers & processors 0.74% (0.00%)		
627,615	Subsea 7	6,744	0.44	5,264,911	Cloetta 'B' Shares	11,231	0.74
	Support services 0.98% (0.96%)				Health 0.70% (1.92%)		
84,377	Eurofins Scientific	15,047	0.98	1,349,079	Elekta	10,741	0.70
	Total Luxembourg	39,194	2.56		Household goods & textiles 0.43% (0.00%)		
				1,210,748	Nobia	6,627	0.43
NETHERLANDS 1.36% (4.21%)					Media & photography 0.14% (0.00%)		
	Engineering & machinery 1.36% (0.00%)			361,646	Eniro	2,165	0.14
985,968	Aalberts Industries	20,810	1.36		Steel & other metals 0.00% (0.68%)		
	Food producers & processors 0.00% (1.09%)				Total Sweden	30,764	2.01
	Telecommunications services 0.00% (2.02%)			SWITZERLAND 5.01% (2.97%)			
	Transport 0.00% (1.10%)				Diversified industrials 1.92% (2.34%)		
	Total Netherlands	20,810	1.36	12,935	Sika	29,402	1.92
NORWAY 0.93% (2.28%)					Engineering & machinery 0.57% (0.63%)		
	Insurance 0.68% (0.38%)			5,370	Belimo Holdings	8,793	0.57
2,796,593	Storebrand	10,492	0.68		Speciality & other finance 2.52% (0.00%)		
	Oil & gas 0.00% (1.27%)			175,302	Cembra Money Bank	7,343	0.48
	Transport 0.25% (0.63%)			197,294	Partners Group	31,217	2.04
661,460	Wilhelmsen	3,755	0.25		Total Switzerland	76,755	5.01
	Total Norway	14,247	0.93				

Threadneedle Pan European Smaller Companies Fund

Portfolio Statement

(continued)

		Value	% of			Value	% of
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
UNITED KINGDOM 32.99% (26.91%)				Support services 3.47% (1.94%)			
	Aerospace & defence 0.87% (0.89%)			1,903,424	Ashtead Group	17,987	1.18
718,913	Ultra Electronics Holdings	13,350	0.87	875,509	Berendsen	9,088	0.59
	Beverages 0.97% (0.00%)			461,155	Intertek Group	14,148	0.92
5,208,079	Stock Spirits Group	14,791	0.97	1,851,156	RPC Group	11,894	0.78
	Chemicals 4.10% (3.59%)			Water 0.00% (1.04%)			
1,058,594	Croda International	26,126	1.71	Total United Kingdom			
7,488,672	Elementis	21,260	1.39	505,102		32.99	
800,453	Victrex	15,313	1.00	UNITED STATES OF AMERICA 1.37% (0.97%)			
	Construction & building materials 0.59% (0.00%)			Automobiles & parts 1.37% (0.97%)			
2,401,270	Crest Nicholson Holdings	8,990	0.59	360,648	Autoliv	21,021	1.37
	Electronic & electrical equipment 3.25% (3.42%)			Total United States of America			
1,566,635	Domino Printing	12,525	0.82	21,021		1.37	
434,223	Oxford Instruments	5,962	0.39	Total value of investments			
753,253	Renishaw	15,818	1.03	1,509,193		98.57	
651,331	Spectris	15,502	1.01	Net other assets (1.68%)			
	Engineering & machinery 5.73% (6.71%)			21,971		1.43	
4,531,231	Fenner	20,404	1.33	Net assets			
2,424,276	Halma	14,376	0.94	1,531,164		100.00	
1,706,959	IMI	25,075	1.64	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
375,119	Spirax-Sarco Engineering	11,284	0.74	<i>March 2013 comparatives in brackets.</i>			
646,120	Weir Group	16,554	1.08				
	General retailers 0.81% (0.60%)						
1,205,718	AO World	4,307	0.28				
3,040,912	Boohoo.com	1,520	0.10				
442,666	Dignity	6,569	0.43				
	Information technology hardware 0.53% (0.22%)						
1,663,416	Optimal Payments	8,172	0.53				
	Insurance 1.18% (0.95%)						
3,877,208	Amlin	17,998	1.18				
	Leisure entertainment & hotels 0.98% (0.00%)						
4,073,347	Merlin Entertainments	15,075	0.98				
	Life assurance 2.35% (1.46%)						
4,159,531	St. James's Place	36,001	2.35				
	Media & photography 1.23% (1.17%)						
3,683,878	Informa	18,806	1.23				
	Oil & gas 1.36% (1.77%)						
1,683,929	Hunting	14,861	0.97				
791,694	Wood Group	6,041	0.39				
	Real estate 2.26% (2.23%)						
258,093	Derwent London	7,134	0.47				
4,181,361	Shaftesbury	27,472	1.79				
	Speciality & other finance 3.31% (0.92%)						
1,295,157	Close Bros Group	18,741	1.22				
4,803,318	Intermediate Capital Group	20,957	1.37				
5,679,652	Moneysupermarket.com	11,001	0.72				

Threadneedle Pan European Fund

Portfolio Statement

as at 7 March 2014

		Value	% of			Value	% of	
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value	
BELGIUM 2.60% (2.40%)								
	Banks 1.05% (0.00%)				Transport 1.03% (0.00%)			
89,196	KBC Group	3,296	1.05	436,353	Groupe Eurotunnel	3,232	1.03	
	Beverages 1.55% (2.40%)				Total France	53,189	16.89	
79,065	Anheuser-Busch InBev	4,896	1.55					
	Total Belgium	8,192	2.60	GERMANY 16.48% (22.54%)				
CANADA 0.00% (0.55%)								
	Mining 0.00% (0.55%)				Automobiles & parts 3.54% (3.00%)			
	Total Canada	-	-	86,932	Bayerische Motoren Werke	5,975	1.90	
				34,171	Continental	5,159	1.64	
DENMARK 3.13% (1.93%)					Chemicals 3.79% (5.46%)			
	General retailers 1.18% (0.00%)			96,509	BASF	6,447	2.05	
91,841	Pandora	3,729	1.18	49,085	Brenntag	5,490	1.74	
	Pharmaceuticals & biotechnology 1.95% (1.93%)				Health 1.02% (1.86%)			
216,644	Novo Nordisk	6,135	1.95	78,268	Fresenius Medical Care	3,202	1.02	
	Total Denmark	9,864	3.13		Household goods & textiles 0.92% (0.00%)			
FINLAND 0.54% (0.00%)					43,689	Adidas	2,908	0.92
	Engineering & machinery 0.54% (0.00%)				Insurance 2.00% (3.10%)			
68,980	Kone	1,683	0.54	60,541	Allianz	6,305	2.00	
	Total Finland	1,683	0.54		Media & photography 1.56% (1.94%)			
FRANCE 16.89% (12.69%)					172,617	ProSiebenSat.1 Media	4,902	1.56
	Aerospace & defence 0.81% (0.00%)				Pharmaceuticals & biotechnology 2.55% (4.19%)			
65,591	Thales	2,539	0.81	98,232	Bayer	8,050	2.55	
	Automobiles & parts 1.43% (0.00%)				Software & computer services 1.10% (2.99%)			
76,887	Renault	4,517	1.43	73,440	SAP	3,462	1.10	
	Banks 3.35% (3.12%)				Total Germany	51,900	16.48	
130,153	BNP Paribas	6,410	2.03	ITALY 1.68% (0.48%)				
105,714	Societe Generale	4,156	1.32		Banks 1.68% (0.00%)			
	Chemicals 0.00% (0.70%)			2,760,819	Intesa Sanpaolo	5,276	1.68	
172,755	LeGrand	6,264	1.99		Speciality & other finance 0.00% (0.48%)			
	Health 0.93% (0.00%)				Total Italy	5,276	1.68	
47,692	Essilor International	2,921	0.93	LUXEMBOURG 0.00% (0.58%)				
	General retailers 0.00% (0.94%)				Oil & gas 0.00% (0.58%)			
	Media & photography 1.80% (1.84%)				Total Luxembourg	-	-	
53,657	Numericable Group	1,263	0.40	NETHERLANDS 9.80% (6.65%)				
78,333	Publicis Groupe	4,407	1.40		Aerospace & defence 2.22% (2.04%)			
	Personal care & household products 1.13% (0.99%)			162,459	Airbus Group	6,987	2.22	
35,549	L'Oreal	3,566	1.13		Information technology hardware 1.50% (1.29%)			
	Software & computer services 2.56% (2.71%)			86,598	ASML Holdings	4,723	1.50	
63,062	Atos	3,708	1.18		Insurance 2.33% (1.86%)			
27,699	Iliad	4,337	1.38	851,912	ING Groep	7,321	2.33	
	Telecommunication services 1.86% (0.00%)				Life assurance 1.44% (1.46%)			
343,648	Vivendi	5,869	1.86	845,565	Aegon	4,546	1.44	
					Media & photography 1.17% (0.00%)			
				279,630	Reed Elsevier	3,696	1.17	
					Software & computer services 1.14% (0.00%)			
				51,739	Gemalto	3,583	1.14	
					Total Netherlands	30,856	9.80	

Threadneedle Pan European Fund

Portfolio Statement

(continued)

		Value £000	% of Net Asset Value			Value £000	% of Net Asset Value
NORWAY 1.16% (0.00%)							
	Banks 1.16% (0.00%)						
333,758	DnB NOR Bank	3,666	1.16	570,666	Speciality & other finance 2.33% (2.47%)	7,329	2.33
	Total Norway	3,666	1.16	100,779	Support services 1.66% (0.99%)	5,223	1.66
					Total Switzerland	29,921	9.50
PORTUGAL 0.00% (0.72%)				UNITED KINGDOM 26.18% (27.01%)			
	Oil & gas 0.00% (0.72%)				Automobiles & parts 1.32% (1.21%)		
	Total Portugal			1,048,999	GKN	4,160	1.32
REPUBLIC OF IRELAND 3.08% (1.36%)				4,380,252	Banks 1.14% (1.67%)	3,577	1.14
	Banks 1.53% (0.00%)			118,670	Lloyds Banking Group		
17,964,664	Bank of Ireland	4,828	1.53		Beverages 0.70% (2.77%)	2,204	0.70
					Diageo		
784,617	Transport 1.55% (1.36%)	4,884	1.55	103,695	Chemicals 1.08% (0.86%)	3,400	1.08
	Ryanair Holdings				Johnson Matthey		
	Total Republic of Ireland	9,712	3.08	367,903	Construction & building materials 2.95% (2.05%)	5,184	1.65
				215,878	Persimmon	4,091	1.30
SPAIN 3.00% (4.78%)					Travis Perkins		
	Banks 1.95% (1.28%)			89,203	Distributors 0.98% (1.03%)	3,098	0.98
691,832	Banco Popular Espanol	3,071	0.98		Wolseley		
618,238	Bankinter	3,069	0.97	302,442	Electronic & electrical equipment 0.00% (0.74%)	4,443	1.41
					Engineering & machinery 1.41% (1.37%)		
	General retailers 0.00% (1.52%)				IMI		
	Oil & gas 0.00% (0.70%)				Food producers & processors 0.00% (3.52%)		
					Health 1.16% (0.91%)	3,643	1.16
	Software & computer services 1.05% (1.28%)			132,220	Leisure entertainment & hotels 0.80% (1.24%)	2,528	0.80
127,475	Amadeus IT Group	3,304	1.05		Life assurance 5.48% (3.89%)	5,565	1.77
	Total Spain	9,444	3.00	2,348,139	Legal & General	5,657	1.80
SWEDEN 3.17% (1.90%)				409,953	Prudential	6,004	1.91
	Banks 1.45% (0.65%)			693,719	St. James's Place		
528,599	Nordea Bank	4,567	1.45		Mining 0.87% (0.00%)	2,753	0.87
				84,653	Rio Tinto		
161,961	Engineering & machinery 0.84% (0.00%)	2,635	0.84	549,048	Oil & gas 1.91% (1.65%)	6,023	1.91
	SKF 'B' Shares				BG Group		
					Personal care & household products 0.00% (1.61%)		
	Health 0.00% (1.25%)			108,579	Speciality & other finance 0.94% (0.56%)	2,958	0.94
					Schroders		
	Investment companies 0.88% (0.00%)			456,733	Support services 1.37% (1.92%)	4,316	1.37
122,163	Investment Kinnevik 'B' Shares	2,784	0.88		Ashtead Group		
	Total Sweden	9,986	3.17	1,526,388	Telecommunication services 4.07% (0.00%)	6,241	1.98
SWITZERLAND 9.50% (15.46%)				2,687,142	Vodafone Group	6,581	2.09
	Chemicals 0.00% (2.30%)				Total United Kingdom	82,426	26.18
	Diversified industrials 0.93% (1.04%)						
1,290	Sika	2,932	0.93				
	Food producers & processors 0.00% (3.45%)						
	General retailers 1.37% (0.00%)						
73,427	Cie Financiere Richemont Registered	4,332	1.37				
	Household goods & textiles 0.00% (2.65%)						
	Pharmaceuticals & biotechnology 3.21% (2.56%)						
56,846	Roche Holding	10,105	3.21				

Threadneedle Pan European Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 1.08% (0.00%)			
Telecommunication services 1.08% (0.00%)			
120,448	Verizon Communications	3,397	1.08
Total United States of America		3,397	1.08
Total value of investments		309,512	98.29
Net other assets (0.95%)		5,378	1.71
Net assets		314,890	100.00

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

March 2013 comparatives in brackets.

Threadneedle European Bond Fund

Portfolio Statement

as at 7 March 2014

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 1.16% (0.33%)									
		A+ 0.25% (0.33%)							
EUR	610,000	BHP Billiton Finance 2.125% 29/11/2018	525	0.25	EUR	500,000	AA- 0.20% (0.00%) Total Capital Canada 1.875% 09/07/2020	420	0.20
		A- 0.68% (0.00%)					Total Canada	1,763	0.85
EUR	820,000	SPI Electricity & Gas 2.375% 24/07/2020	693	0.34	CAYMAN ISLANDS 1.20% (0.97%)				
EUR	835,000	SPI Electricity & Gas 3% 13/02/2024	708	0.34	EUR	1,700,000	AA 0.82% (0.44%) IPIC GMTN 5.875% 14/03/2021	1,701	0.82
		BBB 0.23% (0.00%)					A- 0.00% (0.28%)		
EUR	500,000	Santos Finance 8.25% 22/09/2070	470	0.23			BBB 0.38% (0.25%)		
		Total Australia	2,396	1.16	EUR	450,000	Petrobras International Finance 4.875% 07/03/2018	403	0.20
AUSTRIA 1.58% (4.10%)					GBP	335,000	Yorkshire Water 6% 24/04/2025	365	0.18
		Aaa 0.60% (0.75%)					Total Cayman Islands	2,469	1.20
EUR	1,500,000	Hypo Alpe-Adria International 2.375% 13/12/2022	1,228	0.60	DENMARK 0.21% (0.37%)				
		AA+ 0.50% (3.35%)					A- 0.00% (0.25%)		
EUR	1,150,000	Republic of Austria 3.15% 20/06/2044	1,032	0.50	GBP	325,000	Danske Bank 5.375% 29/09/2021	339	0.17
		A- 0.13% (0.00%)					BBB- 0.17% (0.00%)		
EUR	300,000	Vienna Insurance Group 5.5% 09/10/2043	267	0.13	EUR	100,000	Danske Bank 5.75% 31/10/2049	84	0.04
		Baa2 0.02% (0.00%)					Total Denmark	423	0.21
EUR	50,000	Hypo Alpe-Adria International 4.375% 24/01/2017	37	0.02	FINLAND 0.22% (1.63%)				
		Baa3 0.20% (0.00%)					AAA 0.00% (1.16%)		
EUR	500,000	Raiffeisenlandesbank Niederosterre 5.875% 27/11/2023	422	0.20			Aaa 0.00% (0.47%)		
		Ba3 0.13% (0.00%)			EUR	525,000	Citycon 3.75% 24/06/2020	454	0.22
EUR	300,000	Bawag PSK Bank 8.125% 30/10/2023	272	0.13			Total Finland	454	0.22
		Total Austria	3,258	1.58	FRANCE 8.21% (6.73%)				
BELGIUM 5.35% (3.95%)									
		Aa3 0.00% (3.49%)			EUR	1,000,000	AAA 0.40% (0.00%) HSBC France 2% 16/10/2023	828	0.40
		A1 0.21% (0.00%)			EUR	1,600,000	Aaa 0.72% (0.89%) AXA Bank Europe 3.5% 05/11/2020	1,486	0.72
EUR	500,000	Eandis 2.875% 09/10/2023	427	0.21			AA+ 0.00% (2.69%)		
		A 0.52% (0.32%)			EUR	6,000,000	Aa1 5.73% (0.00%) Government of France 1% 25/11/2018	4,996	2.42
EUR	1,250,000	Anheuser-Busch InBev 2.25% 24/09/2020	1,067	0.52	EUR	5,000,000	Government of France 2.5% 15/01/2015	4,228	2.05
		BB+ 0.11% (0.14%)			EUR	3,100,000	Government of France 3.25% 25/05/2045	2,603	1.26
EUR	283,000	KBC Bank 8% 14/05/2049	237	0.11			A+ 0.47% (0.26%)		
		Not rated 4.51% (0.00%)			EUR	1,150,000	BNP Paribas 2.25% 13/01/2021	966	0.47
EUR	10,960,000	Belgium Kingdom 2.6% 22/06/2024	9,304	4.51			A 0.00% (0.79%)		
		Total Belgium	11,035	5.35			BBB+ 0.13% (0.42%)		
BRAZIL 0.00% (0.71%)					EUR	300,000	GDF Suez 3.875% 10/07/2049	260	0.13
		BBB 0.00% (0.71%)					BBB 0.16% (0.79%)		
		Total Brazil	-	-	EUR	400,000	Societe Des Autoroutes 2.25% 16/01/2020	339	0.16
CANADA 0.85% (0.00%)							Baa2 0.12% (0.15%)		
		Aaa 0.65% (0.00%)			EUR	295,000	Caisse Central du Crédit Immobilier de France 3.75% 10/03/2014	245	0.12
EUR	1,600,000	Canadian Imperial Bank 1.25% 07/08/2018	1,343	0.65					

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
FRANCE 8.21% (6.73%) (continued)					Baa2 6.42% (0.00%)				
		BBB- 0.18% (0.61%)			EUR	800,000	Buoni Poliennali Del Tes		
EUR	400,000	Casino Guichard-Perrachon 3.994% 09/03/2020	365	0.18	EUR	1,300,000	Buoni Poliennali Del Tes 3.75% 01/05/2021	704	0.34
		BB+ 0.00% (0.13%)			EUR	3,250,000	Buoni Poliennali Del Tes 4% 01/09/2020	1,172	0.57
		BB 0.10% (0.00%)			EUR	1,300,000	Buoni Poliennali Del Tes 4.75% 01/06/2017	2,971	1.44
EUR	250,000	Banque PSA Finance 3.625% 29/04/2014	208	0.10	EUR	1,300,000	Buoni Poliennali Del Tes 4.75% 01/09/2028	1,182	0.57
		Not rated 0.20% (0.00%)			EUR	6,950,000	Buoni Poliennali Del Tes 4.75% 01/09/2044	6,146	2.98
EUR	500,000	Bureau Veritas 3.125% 21/01/2021	423	0.20	EUR	1,100,000	Buoni Poliennali Del Tes 5.5% 01/11/2022	1,069	0.52
		Total France	16,947	8.21					
GERMANY 3.57% (8.65%)					EUR	2,525,000	Not rated 2.39% (0.36%) Buoni Poliennali Del Tes 3.75% 01/09/2024	2,158	1.04
		AAA 0.85% (1.22%)			EUR	685,000	Davide Campari-Milano 4.5% 25/10/2019	612	0.30
GBP	1,800,000	L-Bank Foerderbank 0.875% 15/12/2017	1,752	0.85	EUR	2,500,000	Monte Dei Paschi Siena 3.5% 20/03/2017	2,159	1.05
		Aaa 0.00% (5.65%)					Total Italy	20,535	9.95
		AaaU 1.05% (0.00%)							
EUR	2,600,000	Bundesrepublik Deutschland 2.5% 04/07/2044	2,164	1.05					
		AA- 0.81% (1.03%)			JAPAN 0.14% (0.00%)				
EUR	1,800,000	NRW Bank 4.5% 29/05/2017	1,674	0.81	EUR	340,000	BB+ 0.14% (0.00%) Softbank 4.625% 15/04/2020	295	0.14
		A 0.32% (0.17%)					Total Japan	295	0.14
EUR	800,000	BSH Bosch und Siemens 1.875% 13/11/2020	666	0.32					
		A- 0.34% (0.26%)			LATVIA 1.44% (0.00%)				
EUR	800,000	Talanx 3.125% 13/02/2023	698	0.34	EUR	3,500,000	BBB+ 1.44% (0.00%) Republic of Latvia 2.625% 21/01/2021	2,968	1.44
		BBB- 0.00% (0.19%)					Total Latvia	2,968	1.44
		BB- 0.10% (0.13%)			LUXEMBOURG 4.00% (1.32%)				
EUR	235,000	Unitymedia Hessen 7.5% 15/03/2019	212	0.10	EUR	3,100,000	AaaE 1.24% (0.00%) European Investment Bank 1.5% 15/04/2021	2,560	1.24
		B 0.10% (0.00%)			EUR	1,875,000	AA 1.36% (0.00%) EFSF 1.75% 29/10/2020	1,577	0.76
EUR	230,000	Deutsche Raststätten 6.75% 30/12/2020	208	0.10	EUR	1,500,000	EFSF 2.125% 19/02/2024	1,246	0.60
		Total Germany	7,374	3.57					
ITALY 9.95% (10.50%)					EUR	535,000	Aa2 0.21% (0.00%) Nestle Finance International 1.25% 04/05/2020	440	0.21
		A 0.62% (0.36%)					A 0.00% (0.11%)		
EUR	365,000	ENI 3.25% 10/07/2023	322	0.16			BBB 1.00% (0.81%)		
EUR	1,020,000	ENI 4.25% 03/02/2020	957	0.46	EUR	590,000	Gaz Capital 3.755% 15/03/2017	501	0.24
		A- 0.00% (0.33%)			EUR	1,113,000	Gelf Bond Issuer 3.125% 03/04/2018	960	0.47
		BBB+ 0.20% (0.16%)			EUR	640,000	Glencore Finance Europe 4.625% 03/04/2018	589	0.29
EUR	487,000	Assicurazioni Generali 2.875% 14/01/2020	417	0.20			Baa2 0.00% (0.18%)		
		BBB 0.00% (0.42%)					BB+ 0.00% (0.09%)		
		Baa2 0.19% (8.82%)					Ba1 0.08% (0.00%)		
EUR	495,000	*Romulus Finance 1.198% 20/02/2015	402	0.19	EUR	170,000	HeidelbergCement Finance 8% 31/01/2017	165	0.08
		Ba2 0.00% (0.05%)							
		BB+ 0.13% (0.00%)							
EUR	300,000	Telecom Italia 5.125% 25/01/2016	264	0.13					

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 4.00% (1.32%) (continued)							Baa3 0.32% (0.33%)		
		BB 0.11% (0.00%)			EUR	700,000	HIT Finance 5.75% 09/03/2018	671	0.32
EUR	260,000	Wind Acquisition Finance 7.375% 15/02/2018	228	0.11			BB+ 0.13% (0.27%)		
		BB- 0.00% (0.13%)			EUR	300,000	Telefonica Europe 6.5% 29/09/2049	271	0.13
		Total Luxembourg	8,266	4.00			Ba2 0.00% (0.10%)		
MEXICO 2.81% (1.68%)							Not rated 0.13% (0.00%)		
		A- 0.00% (0.24%)			EUR	294,000	Celesio Finance 4.5% 26/04/2017	263	0.13
		BBB+ 2.81% (0.00%)					Total Netherlands	11,504	5.57
EUR	2,000,000	Petroleos Mexicanos 5.5% 09/01/2017	1,849	0.89	NORWAY 0.98% (1.58%)				
EUR	4,800,000	United Mexican States 2.75% 22/04/2023	3,958	1.92			AAA 0.00% (0.58%)		
		BBB 0.00% (1.44%)			EUR	1,000,000	SpareBank 1 Boligkredit 4% 03/02/2021	960	0.46
		Total Mexico	5,807	2.81			AA- 0.23% (0.00%)		
NETHERLANDS 5.57% (7.50%)							AA 0.29% (0.26%)		
		AAA 0.00% (1.45%)			EUR	550,000	Statoil 2% 10/09/2020	465	0.23
		AA 0.38% (0.53%)			EUR	700,000	SpareBank 1 SR Bank 2.125% 27/02/2019	591	0.29
EUR	605,000	Roche Finance Europe 2% 25/06/2018	524	0.25			A- 0.00% (0.16%)		
EUR	300,000	Shell International Finance 4.625% 22/05/2017	279	0.13			Total Norway	2,016	0.98
		AA- 0.00% (0.23%)			POLAND 2.08% (4.17%)				
		A+ 0.00% (0.69%)					A 1.59% (2.69%)		
		A 0.00% (0.23%)			PLN	15,000,000	Republic of Poland 5.75% 25/10/2021	3,278	1.59
		A- 1.00% (0.92%)					A- 0.49% (1.48%)		
EUR	331,000	Achmea 2.5% 19/11/2020	278	0.13	EUR	1,200,000	Republic of Poland 3% 15/01/2024	1,023	0.49
EUR	600,000	Aegon 3% 18/07/2017	528	0.26			Total Poland	4,301	2.08
EUR	600,000	KBC IFIMA 2.125% 10/09/2018	509	0.25	PORTUGAL 4.17% (0.00%)				
EUR	290,000	Linde Finance 7.375% 14/07/2066	272	0.13			Ba3 0.56% (0.00%)		
EUR	560,000	Tennet 2.125% 01/11/2020	470	0.23	EUR	1,275,000	Obrigações do Tesouro 5.65% 15/02/2024	1,141	0.56
		BBB+ 1.57% (1.64%)					BBu 3.61% (0.00%)		
EUR	600,000	CRH Finance 5% 25/01/2019	570	0.28	EUR	8,500,000	Obrigações do Tesouro 4.75% 14/06/2019	7,456	3.61
EUR	1,050,000	F. van Lanschot Bankiers 4.625% 22/04/2014	875	0.42			Total Portugal	8,597	4.17
EUR	365,000	ING Bank 3.625% 25/02/2026	305	0.15	REPUBLIC OF IRELAND 1.81% (4.89%)				
EUR	500,000	ING Bank 6.125% 29/05/2023	469	0.23			AA+ 0.50% (0.12%)		
EUR	1,200,000	Urenco Finance 2.5% 15/02/2021	1,007	0.49	EUR	550,000	GE Capital European Funding 5.375% 16/01/2018	527	0.25
		BBB 0.89% (0.62%)			EUR	310,000	GE Capital European Funding 5.375% 23/01/2020	308	0.15
EUR	150,000	ABN Amro Bank 6.375% 27/04/2021	148	0.07	EUR	175,000	GE Capital European Funding 6.025% 01/03/2038	200	0.10
EUR	325,000	Achmea 6% 04/04/2043	299	0.14			A 0.27% (0.08%)		
EUR	800,000	Deutsche Annington 2.125% 25/07/2016	675	0.33	EUR	663,000	Swisscom 2% 30/09/2020	555	0.27
EUR	476,000	Deutsche Annington 3.625% 08/10/2021	417	0.20			BBB+ 0.42% (4.63%)		
EUR	325,000	Tennet 6.655% 29/06/2049	300	0.15	EUR	273,000	Bord Gais Eireann 3.625% 04/12/2017	245	0.12
		BBB- 1.15% (0.49%)			EUR	310,000	ESB Finance 3.494% 12/01/2024	272	0.13
EUR	735,000	Bharti Airtel International 4% 10/12/2018	633	0.31	EUR	365,000	ESB Finance 4.375% 21/11/2019	343	0.17
EUR	825,000	Madrileña Red de Gas 3.779% 11/09/2018	730	0.35					
GBP	390,000	PostNL 7.5% 14/08/2018	459	0.22					
EUR	600,000	Repsol International Finance 4.375% 20/02/2018	552	0.27					

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
REPUBLIC OF IRELAND 1.81% (4.89%) (continued)					SWEDEN 1.04% (8.42%)				
		BB+ 0.62% (0.00%)					AAA 0.43% (5.49%)		
EUR	784,000	Bank of Ireland 3.25% 15/01/2019	669	0.32	EUR	1,000,000	Swedish Covered Bond 3.25% 30/03/2017	894	0.43
EUR	330,000	FGA Capital Ireland 2.875% 26/01/2018	280	0.13			AA+ 0.00% (2.07%)		
EUR	389,000	FGA Capital Ireland 4% 17/10/2018	343	0.17			AA- 0.24% (0.27%)		
		Not rated 0.00% (0.06%)			EUR	600,000	Nordea Bank 1.375% 12/04/2018	500	0.24
		Total Republic of Ireland	3,742	1.81			A+ 0.37% (0.44%)		
ROMANIA 1.09% (0.00%)							Skandinaviska Enskilda 2% 18/03/2019	508	0.25
		BB+ 1.09% (0.00%)			EUR	600,000			
EUR	2,550,000	Romania 4.625% 18/09/2020	2,259	1.09	EUR	275,000	Skandinaviska Enskilda 3.875% 12/04/2017	247	0.12
		Total Romania	2,259	1.09			BBB- 0.00% (0.15%)		
RUSSIAN FEDERATION 1.55% (0.00%)							Total Sweden	2,149	1.04
		BBB 1.55% (0.00%)			SWITZERLAND 0.64% (0.51%)				
EUR	3,800,000	Russian Federation 3.625% 16/09/2020	3,203	1.55			A+ 0.00% (0.27%)		
		Total Russian Federation	3,203	1.55			A 0.22% (0.00%)		
SLOVAKIA 0.77% (1.10%)							Credit Suisse London 3.875% 25/01/2017	448	0.22
		A 0.77% (1.10%)			EUR	500,000			
EUR	1,800,000	Slovakia Government Bond 3.625% 16/01/2029	1,596	0.77			BBB- 0.42% (0.24%)		
		Total Slovakia	1,596	0.77	EUR	661,000	Credit Suisse 5.75% 18/09/2025	601	0.29
SLOVENIA 4.84% (0.91%)							UBS 4.75% 12/02/2026	262	0.13
		A 0.00% (0.91%)					Total Switzerland	1,311	0.64
		A- 4.84% (0.00%)			UNITED KINGDOM 20.80% (20.83%)				
EUR	9,615,000	Republika Slovenija 4% 22/03/2018	8,488	4.11			AAA 2.57% (5.69%)		
EUR	1,800,000	Republika Slovenija 4.375% 02/04/2014	1,496	0.73	EUR	1,400,000	Abbey National Treasury Service 4.375% 24/01/2018	1,313	0.64
		Total Slovenia	9,984	4.84	GBP	1,000,000	Bank of Scotland 4.875% 20/12/2024	1,117	0.54
SOUTH KOREA 1.07% (0.00%)					EUR	925,000	Barclays Bank 2.25% 22/02/2017	803	0.39
		Aa3 0.86% (0.00%)			EUR	2,200,000	Northern Rock Asset Management 3.875% 16/11/2020	2,073	1.00
EUR	2,150,000	Korea Development Bank 1.5% 30/05/2018	1,779	0.86			Aaa 1.49% (2.09%)		
		A+ 0.21% (0.00%)			GBP	2,000,000	*Coventry Building Society 2.12094% 10/02/2015	2,026	0.98
EUR	525,000	Export-Import Bank of Korea 2% 30/04/2020	432	0.21	EUR	1,100,000	Lloyds Bank 4% 29/09/2020	1,055	0.51
		Total South Korea	2,211	1.07			AA+ 10.09% (6.49%)		
SPAIN 6.97% (4.36%)					GBP	1,750,000	UK Treasury 4.25% 07/12/2027	1,972	0.96
		AA- 0.38% (0.20%)			GBP	3,205,000	UK Treasury 4.25% 07/12/2040	3,630	1.76
EUR	900,000	Kutxabank 3% 01/02/2017	784	0.38	GBP	4,000,000	UK Treasury 4.5% 07/09/2034	4,647	2.25
		A3 0.00% (0.63%)			GBP	3,900,000	UK Treasury 4.75% 07/12/2030	4,641	2.25
		BBB 0.86% (0.30%)			GBP	4,300,000	UK Treasury 8% 07/06/2021	5,924	2.87
EUR	285,000	Ferrovial Emisiones 3.375% 30/01/2018	251	0.12			A+ 0.17% (0.00%)		
EUR	700,000	Santander International Debt 4.625% 21/03/2016	620	0.30	GBP	326,000	Motability Operations Group 5.25% 28/09/2016	356	0.17
GBP	820,000	Telefonica Emisiones 5.375% 02/02/2018	895	0.44			A 0.37% (0.48%)		
		BBB- 5.73% (3.23%)			EUR	825,000	Lloyds Bank 6.375% 17/06/2016	768	0.37
EUR	400,000	BBVA Senior Finance 3.75% 17/01/2018	358	0.17			A- 0.90% (1.13%)		
EUR	13,350,000	Bonos y Obligaciones del Estado 3.8% 30/04/2024	11,470	5.56	EUR	851,000	BAT International Finance 0.788% 06/03/2018	707	0.34
		Total Spain	14,378	6.97	EUR	745,000	BAT International Finance 5.375% 29/06/2017	704	0.34
					EUR	525,000	HSBC Holdings 3.375% 10/01/2024	450	0.22

Threadneedle European Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 20.80% (20.83%) (continued)					A+ 0.00% (0.53%)				
		BBB+ 0.55% (1.31%)					A- 0.88% (0.91%)		
GBP	485,000	London Power Networks 5.375% 11/11/2016	531	0.26	EUR	350,000	American International Group 4.375% 26/04/2016	310	0.15
GBP	250,000	RSA Insurance Group 9.375% 20/05/2039	306	0.15	EUR	900,000	Bank of America 4.625% 07/08/2017	830	0.40
GBP	265,000	Tesco 5.5% 13/12/2019	296	0.14	EUR	640,000	Citigroup 7.375% 04/09/2019	686	0.33
		BBB 1.71% (1.12%)					BBB+ 0.99% (0.00%)		
EUR	170,000	Aviva 6.125% 05/07/2043	162	0.08	EUR	325,000	Bank of America 4.75% 06/05/2019	270	0.13
EUR	525,000	Barclays Bank 6% 14/01/2021	509	0.25	EUR	450,000	*Citigroup 0.962% 31/05/2017	366	0.18
GBP	475,000	BG Energy Capital 6.5% 30/11/2072	517	0.25	EUR	725,000	SABMiller Holdings 1.875% 20/01/2020	603	0.29
GBP	490,000	British Telecom 8.5% 07/12/2016	576	0.28					
GBP	700,000	ENW Finance 6.75% 20/06/2015	746	0.36	EUR	930,000	Verizon Communications 3.25% 17/02/2026	795	0.39
EUR	690,000	Imperial Tobacco Finance 8.375% 17/02/2016	653	0.32					
EUR	400,000	NGG Finance 4.25% 18/06/2076	344	0.17					
		Baa2 0.30% (0.33%)					BBB 0.00% (0.45%)		
GBP	550,000	Bupa Finance 7.5% 04/07/2016	621	0.30			Total United States of America	5,579	2.70
		BBB- 1.26% (1.80%)					DERIVATIVES -0.05% (-0.01%)		
EUR	675,000	Atrium European Real estate 4% 20/04/2020	573	0.28	EUR	(12,000,000)	Credit default swaps -0.06% (0.00%) Goldman Sachs EUR Markit iTraxx Europe 20/12/2018 Spread 100	(134)	(0.06)
EUR	635,000	G4S 2.625% 06/12/2018	540	0.26			Forward foreign exchange contracts 0.01% (-0.01%)		
EUR	575,000	Rentokil Initial 3.375% 24/09/2019	505	0.25			Sell EUR 1,860,126		
EUR	400,000	Royal Bank of Scotland 6.934% 09/04/2018	379	0.18			Buy PLN 7,800,000 Goldman Sachs	(3)	-
EUR	292,000	Royal Bank of Scotland 10.5% 16/03/2022	296	0.14			Sell PLN 7,800,000		
GBP	285,000	UBM 6.5% 23/11/2016	316	0.15			Buy EUR 1,861,726 Goldman Sachs	3	-
		BB+ 0.23% (0.14%)					Sell PLN 24,000,000		
GBP	215,000	GKN Holdings 6.75% 28/10/2019	251	0.12			Buy EUR 5,749,968 JP Morgan	30	0.01
GBP	200,000	LBG Capital No 1 11.04% 19/03/2020	231	0.11			Total derivatives	(104)	(0.05)
		Ba1 0.16% (0.00%)					Total value of investments	199,645	96.72
EUR	390,000	Prosecure Funding 4.668% 30/06/2016	337	0.16			Net other assets (2.54%)	6,789	3.28
		BB 0.07% (0.00%)					Net assets	206,434	100.00
GBP	125,000	AA Bond 9.5% 31/07/2019	140	0.07					
		BB- 0.29% (0.00%)							
GBP	570,000	Virgin Media Secured Finance 7% 15/01/2018	591	0.29					
		Caa1 0.08% (0.00%)							
GBP	175,000	Co-operative Bank 5.125% 20/09/2017	174	0.08					
		Not rated 0.56% (0.25%)							
GBP	295,000	**Cattles 0% 05/07/2017	9	-					
GBP	360,000	First Hydro Finance 9% 31/07/2021	471	0.23					
GBP	120,000	Nationwide Building Society 6.875% 20/03/2049	122	0.06					
GBP	515,000	Pennon Group 6.75% 08/03/2049	547	0.27					
		Total United Kingdom	42,929	20.80					
UNITED STATES OF AMERICA 2.70% (2.26%)									
		AAA 0.30% (0.00%)							
EUR	737,000	Microsoft 2.125% 06/12/2021	619	0.30					
		AA- 0.53% (0.37%)							
EUR	450,000	Metropolitan Life Global Funding I 2.375% 11/01/2023	373	0.18					
EUR	870,000	Procter & Gamble 2% 05/11/2021	727	0.35					

Threadneedle European Bond Fund

Portfolio Statement

(continued)

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

	Value £000
AAA	9,399
Aaa	8,098
Aaae	2,560
Aaau	2,164
AA+	22,881
Aa1u	11,827
AA	5,327
Aa2	440
AA-	4,943
Aa3	1,779
A+	3,034
A1	427
A	9,657
A2	591
A-	19,117
BBB+	16,705
BBB	13,942
Baa2	1,305
Baa2u	13,244
BBB-	18,832
Baa3	1,093
BB+	5,184
Ba1	502
BB	576
BBu	7,456
BB-	803
Ba3	1,413
B	208
Caa1	174
Not rated	15,934
Total bonds	199,615
Derivatives	30
Total value of investments	199,645

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

March 2013 comparatives in brackets.

*Variable rate bonds.

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

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value	
GERMANY 6.63% (6.96%) (continued)					BB+ 0.00% (1.05%)					
BBB- 0.00% (0.32%)					BB 0.19% (0.00%)					
		BB- 0.48% (0.44%)			EUR	175,000	Wind Acquisition Finance 7.375% 15/02/2018	153	0.19	
EUR	417,000	Unitymedia Hessen 7.5% 15/03/2019	376	0.48						
		B 0.28% (0.00%)			BB- 0.00% (0.23%)					
EUR	245,000	Deutsche Raststätten 6.75% 30/12/2020	221	0.28	Total Luxembourg					
Total Germany				5,237	6.63	3,683 4.66				
ITALY 4.87% (5.50%)					MEXICO 1.00% (1.82%)					
A 1.83% (1.22%)					A- 0.00% (0.95%)					
EUR	410,000	ENI 3.25% 10/07/2023	361	0.46						
EUR	1,155,000	ENI 4.25% 03/02/2020	1,083	1.37	EUR	925,000	Petroleos Mexicanos 3.125% 27/11/2020	786	1.00	
A- 0.00% (1.38%)					BBB+ 1.00% (0.00%)					
		BBB+ 1.11% (0.54%)			BBB 0.00% (0.87%)					
EUR	574,000	Assicurazioni Generali 2.875% 14/01/2020	491	0.62	Total Mexico					
EUR	405,000	Assicurazioni Generali 5.125% 16/09/2024	388	0.49	786 1.00					
BBB 0.00% (0.89%)					NETHERLANDS 15.59% (17.60%)					
		Baa2 0.50% (0.00%)			AA 0.82% (1.35%)					
EUR	483,000	*Romulus Finance 1.198% 20/02/2015	392	0.50	EUR	750,000	Roche Finance Europe 2% 25/06/2018	650	0.82	
		BB+ 0.45% (0.00%)			AA- 0.00% (0.69%)					
EUR	400,000	Telecom Italia 5.125% 25/01/2016	351	0.45	A+ 0.00% (2.02%)					
Ba2 0.00% (0.20%)					A 0.00% (0.84%)					
		Not rated 0.98% (1.27%)			EUR	402,000	Achmea 2.5% 19/11/2020	337	0.43	
EUR	870,000	Davide Campari-Milano 4.5% 25/10/2019	777	0.98	EUR	1,100,000	KBC IFIMA 2.125% 10/09/2018	934	1.18	
Total Italy				3,843	4.87	EUR	345,000	Linde Finance 7.375% 14/07/2066	323	0.41
JAPAN 0.37% (0.00%)					EUR	840,000	Tennet 2.125% 01/11/2020	706	0.89	
		BB+ 0.37% (0.00%)			BBB+ 3.68% (4.34%)					
EUR	340,000	Softbank 4.625% 15/04/2020	295	0.37	EUR	800,000	CRH Finance 5% 25/01/2019	761	0.96	
Total Japan				295	0.37	EUR	750,000	F. van Lanschot Bankiers 4.625% 22/04/2014	625	0.79
LUXEMBOURG 4.66% (6.06%)					EUR	535,000	ING Bank 3.625% 25/02/2026	448	0.57	
		Aa2 0.86% (0.00%)			EUR	525,000	ING Bank 6.125% 29/05/2023	493	0.62	
EUR	830,000	Nestle Finance International 1.25% 04/05/2020	682	0.86	EUR	700,000	Urenco Finance 2.5% 15/02/2021	587	0.74	
		AA- 0.00% (0.96%)			BBB 2.93% (2.51%)					
		A 0.00% (0.55%)			EUR	225,000	ABN Amro Bank 6.375% 27/04/2021	223	0.28	
		BBB 3.30% (2.70%)			EUR	450,000	Achmea 6% 04/04/2043	414	0.52	
EUR	860,000	Gaz Capital 3.755% 15/03/2017	731	0.93	EUR	1,000,000	Deutsche Annington 2.125% 25/07/2016	844	1.07	
EUR	1,415,000	Gulf Bond Issuer 3.125% 03/04/2018	1,220	1.54	EUR	554,000	Deutsche Annington 3.625% 08/10/2021	486	0.62	
EUR	710,000	Glencore Finance Europe 4.625% 03/04/2018	654	0.83	EUR	375,000	Tennet 6.655% 29/06/2049	346	0.44	
Baa2 0.00% (0.57%)					BBB- 3.44% (2.18%)					
		Ba1 0.31% (0.00%)			EUR	795,000	Bharti Airtel International 4 % 10/12/2018	685	0.87	
EUR	250,000	HeidelbergCement Finance 8% 31/01/2017	243	0.31	EUR	1,000,000	Madrileña Red de Gas 3.779% 11/09/2018	885	1.12	
Baa3 0.97% (1.16%)					GBP	425,000	PostNL 7.5% 14/08/2018	500	0.63	
					EUR	700,000	Repsol International Finance 4.375% 20/02/2018	644	0.82	
					EUR	800,000	HIT Finance 5.75% 09/03/2018	767	0.97	

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
NETHERLANDS 15.59% (17.60%) (continued)					A3 0.00% (2.02%)				
		BB+ 0.46% (0.39%)					BBB 2.75% (0.95%)		
EUR	400,000	Telefonica Europe 6.5% 29/09/2049	361	0.46	EUR	365,000	Ferrovial Emisiones 3.375% 30/01/2018	321	0.41
		Ba2 0.00% (0.23%)			EUR	900,000	Santander International Debt 4.625% 21/03/2016	798	1.01
		Not rated 0.38% (0.00%)			GBP	966,000	Telefonica Emisiones 5.375% 02/02/2018	1,054	1.33
EUR	331,000	Celesio Finance 4.5% 26/04/2017	296	0.38			BBB- 0.57% (0.48%)		
		Total Netherlands	12,315	15.59	EUR	500,000	BBVA Senior Finance 3.75% 17/01/2018	448	0.57
NORWAY 1.90% (1.38%)							Ba1 0.22% (0.26%)		
		AA- 0.83% (0.00%)			EUR	200,000	Kutxabank 4.38% 28/09/2015	174	0.22
EUR	780,000	Statoil 2% 10/09/2020	659	0.83			Total Spain	3,492	4.42
		A2 1.07% (0.86%)			SWEDEN 1.60% (2.05%)				
EUR	1,000,000	SpareBank 1 SR Bank 2.125% 27/02/2019	845	1.07			AA- 0.85% (0.85%)		
		A- 0.00% (0.52%)			EUR	800,000	Nordea Bank 1.375% 12/04/2018	667	0.85
		Total Norway	1,504	1.90			A+ 0.75% (0.90%)		
REPUBLIC OF IRELAND 6.16% (3.12%)					EUR	700,000	Skandinaviska Enskilda 2% 18/03/2019	593	0.75
		AA+ 1.60% (1.38%)					BBB- 0.00% (0.30%)		
EUR	660,000	GE Capital European Funding 5.375% 16/01/2018	632	0.80			Total Sweden	1,260	1.60
EUR	375,000	GE Capital European Funding 5.375% 23/01/2020	372	0.47	SWITZERLAND 3.24% (0.28%)				
EUR	225,000	GE Capital European Funding 6.025% 01/03/2038	257	0.33			Aaa 1.92% (0.00%)		
		A 0.77% (0.34%)			EUR	1,760,000	Credit Suisse Guernsey 2.625% 01/12/2015	1,514	1.92
EUR	726,000	Swisscom 2% 30/09/2020	607	0.77			BBB- 1.32% (0.28%)		
		BBB+ 1.57% (1.12%)			EUR	714,000	Credit Suisse 5.75% 18/09/2025	649	0.82
EUR	587,000	Bord Gais Eireann 3.625% 04/12/2017	527	0.67	EUR	465,000	UBS 4.75% 12/02/2026	399	0.50
EUR	340,000	ESB Finance 3.494% 12/01/2024	299	0.38			Total Switzerland	2,562	3.24
EUR	435,000	ESB Finance 4.375% 21/11/2019	409	0.52	UNITED KINGDOM 19.65% (19.65%)				
		BB+ 2.05% (0.00%)					AAA 0.00% (0.95%)		
EUR	921,000	Bank of Ireland 3.25% 15/01/2019	786	0.99			Aaa 0.00% (0.61%)		
EUR	570,000	FGA Capital Ireland 2.875% 26/01/2018	483	0.61			A+ 0.52% (0.00%)		
EUR	401,000	FGA Capital Ireland 4% 17/10/2018	354	0.45	GBP	375,000	Motability Operations Group 5.25% 28/09/2016	410	0.52
		Not rated 0.17% (0.28%)					A 0.00% (1.40%)		
EUR	150,000	Baggot Securities 10.24% 29/12/2049	135	0.17			A- 3.85% (2.86%)		
		Total Republic of Ireland	4,861	6.16	EUR	1,038,000	BAT International Finance 0.788% 06/03/2018	863	1.09
SLOVENIA 0.81% (0.00%)					EUR	855,000	BAT International Finance 5.375% 29/06/2017	808	1.02
		A- 0.81% (0.00%)			EUR	570,000	HSBC Holdings 3.375% 10/01/2024	489	0.62
EUR	725,000	Republika Slovenija 4% 22/03/2018	640	0.81	EUR	910,000	Royal Bank of Scotland 5.375% 30/09/2019	886	1.12
		Total Slovenia	640	0.81			BBB+ 1.86% (3.09%)		
SOUTH KOREA 0.86% (0.00%)					GBP	755,000	London Power Networks 5.375% 11/11/2016	827	1.05
		A+ 0.86% (0.00%)			GBP	250,000	RSA Insurance Group 9.375% 20/05/2039	306	0.39
EUR	825,000	Export-Import Bank of Korea 2% 30/04/2020	678	0.86	GBP	300,000	Tesco 5.5% 13/12/2019	336	0.42
		Total South Korea	678	0.86					
SPAIN 4.42% (4.62%)									
		AA- 0.88% (0.91%)							
EUR	800,000	Kutxabank 3% 01/02/2017	697	0.88					

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 19.65% (19.65%) (continued)					A+ 0.00% (1.12%)				
BBB 4.69% (3.59%)					A 0.00% (0.50%)				
EUR	230,000	Aviva 6.125% 05/07/2043	219	0.28					
EUR	600,000	Barclays Bank 6% 14/01/2021	582	0.74					
GBP	275,000	BG Energy Capital 6.5% 30/11/2072	299	0.38	A- 2.84% (2.92%)				
GBP	585,000	British Telecom 8.5% 07/12/2016	688	0.87	EUR	450,000	American International Group 4.375% 26/04/2016	398	0.50
GBP	775,000	ENW Finance 6.75% 20/06/2015	825	1.04	EUR	1,100,000	Bank of America 4.625% 07/08/2017	1,014	1.28
EUR	785,000	Imperial Tobacco Finance 8.375% 17/02/2016	743	0.94	EUR	785,000	Citigroup 7.375% 04/09/2019	841	1.06
EUR	400,000	NGG Finance 4.25% 18/06/2076	344	0.44	BBB+ 3.33% (1.17%)				
Baa2 0.93% (0.95%)					EUR	465,000	*Citigroup 0.962% 31/05/2017	378	0.48
GBP	650,000	Bupa Finance 7.5% 04/07/2016	734	0.93	EUR	450,000	Bank of America 4.75% 06/05/2019	373	0.47
BBB- 3.82% (4.71%)					EUR	300,000	Citigroup 4.25% 25/02/2030	250	0.32
EUR	750,000	Atrium European Real estate 4% 20/04/2020	637	0.81	EUR	850,000	SABMiller Holdings 1.875% 20/01/2020	707	0.90
EUR	835,000	G4S 2.625% 06/12/2018	710	0.90	EUR	1,070,000	Verizon Communications 3.25% 17/02/2026	915	1.16
EUR	625,000	Rentokil Initial 3.375% 24/09/2019	549	0.69	BBB 0.00% (1.01%)				
EUR	350,000	Royal Bank of Scotland 10.5% 16/03/2022	355	0.45	Total United States of America				
EUR	425,000	Royal Bank of Scotland 6.934% 09/04/2018	402	0.51	7,070 8.95				
GBP	325,000	UBM 6.5% 23/11/2016	360	0.46	DERIVATIVES 0.11% (0.53%)				
BB+ 0.66% (0.29%)					Credit default swaps 0.12% (-0.23%)				
GBP	205,000	GKN Holdings 6.75% 28/10/2019	239	0.30	EUR	800,000	Barclays EUR AXA 4.5% 20/09/2018 Spread 100	8	0.01
GBP	250,000	LBG Capital No 1 11.04% 19/03/2020	288	0.36	EUR	1,000,000	Barclays EUR Credit Agricole 20/03/2019 Spread 100	6	-
Ba1 0.44% (0.29%)					EUR	1,200,000	Morgan Stanley Lloyds TSB Bank 3.375% 20/12/2017 Spread 300	90	0.11
EUR	400,000	Prosecure Funding 4.668% 30/06/2016	346	0.44	Forward foreign exchange contracts -0.01% (0.76%)				
BB 0.18% (0.35%)					Sell GBP 100,000				
GBP	125,000	AA Bond 9.5% 31/07/2019	140	0.18	Buy EUR 120,779 J.P. Morgan				
BB- 0.90% (0.00%)					Sell GBP 135,000				
GBP	685,000	Virgin Media Secured Finance 7% 15/01/2018	710	0.90	Buy EUR 164,320 BNP				
CCC+ 0.18% (0.17%)					Sell EUR 254,777				
GBP	113,090	††Annington Finance No5 0% 15/01/2023	145	0.18	Buy GBP 210,000 RBS				
Caa1 0.31% (0.00%)					Sell GBP 27,000				
GBP	245,000	Co-operative Bank 5.125% 20/09/2017	244	0.31	Buy EUR 32,447 J.P. Morgan				
Not rated 1.31% (0.39%)					Sell GBP 35,000				
GBP	300,000	**Cattles 0% 05/07/2017	9	0.01	Buy EUR 42,450 Citi				
GBP	210,000	First Hydro Finance 9% 31/07/2021	275	0.35	Sell GBP 35,000				
EUR	350,000	**Lehman Bros Capital Fund 0% 22/02/2049	-	-	Buy EUR 42,471 BNP				
GBP	165,000	Nationwide Building Society 6.875% 20/03/2049	168	0.21	Sell GBP 50,000				
GBP	550,000	Pennon Group 6.75% 08/03/2049	584	0.74	Buy EUR 61,047 Citi				
Total United Kingdom					Sell GBP 545,000				
					Buy EUR 662,224 J.P. Morgan				
					Sell GBP 630,000				
					Buy EUR 757,009 HSBC				
					Sell GBP 630,000				
					Buy EUR 758,481 J.P. Morgan				
					Sell EUR 83,946				
					Buy GBP 70,000 RBS				
					Sell GBP 8,212,655				
					Buy EUR 9,870,386 Citi				
					Total derivatives				
					84 0.11				
UNITED STATES OF AMERICA 8.95% (8.58%)					Total value of investments				
AAA 1.08% (0.00%)					75,949 96.16				
EUR	1,010,000	Microsoft 2.125% 06/12/2021	849	1.08	Net other assets (1.77%)				
AA- 1.70% (1.86%)					3,035 3.84				
EUR	600,000	Metropolitan Life Global Funding I 2.375% 11/01/2023	498	0.63	Net assets				
EUR	1,014,000	Procter & Gamble 2% 05/11/2021	847	1.07	78,984 100.00				

Threadneedle European Corporate Bond Fund

Portfolio Statement

(continued)

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

	Value £000
AAA	849
Aaa	1,514
AaaU	3,189
AA+	1,261
AA	650
Aa2	682
AA-	4,040
A+	3,610
A1	513
A	3,852
A2	845
A-	10,927
BBB+	10,253
BBB	12,594
Baa2	1,619
BBB-	8,572
Baa3	1,189
BB+	3,556
Ba1	763
BB	667
BB-	1,086
Ba3	272
B	221
CCC+	145
Caa1	244
Not rated	2,752
Derivatives	84
Total value of investments	75,949

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

March 2013 comparatives in brackets.

*Variable rate bonds.

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

††At 7 March 2014, there were investments totalling £144,934 (2013: £510,648) (0.18% (2013: 0.75%) 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 European High Yield Bond Fund

Portfolio Statement

as at 7 March 2014

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRIA 0.30% (0.37%)									
		BB 0.30% (0.37%)							
EUR	400,000	Sappi Papier Holding 6.625% 15/04/2018	355	0.04					
USD	1,245,000	Sappi Papier Holding 7.75% 15/07/2017	826	0.09					
USD	2,205,000	Sappi Papier Holding 8.375% 15/06/2019	1,467	0.17					
		Total Austria	2,648	0.30					
BELGIUM 0.70% (0.41%)									
		BB+ 0.70% (0.41%)							
USD	5,200,000	KBC Bank 8% 25/01/2023	3,553	0.40					
EUR	3,243,000	KBC Bank 8% 14/05/2049	2,714	0.30					
		Total Belgium	6,267	0.70					
CANADA 0.60% (0.91%)									
		BB 0.00% (0.91%)							
		BB- 0.60% (0.00%)							
EUR	5,973,000	Bombardier 6.125% 15/05/2021	5,359	0.60					
		Total Canada	5,359	0.60					
CAYMAN ISLANDS 1.82% (3.35%)									
		BB 1.05% (0.21%)							
USD	1,600,000	Sable International Finance 8.75% 01/02/2020	1,072	0.12					
EUR	1,605,000	UPCB Finance 6.375% 01/07/2020	1,425	0.16					
EUR	6,661,000	UPCB Finance 7.625% 15/01/2020	5,950	0.67					
USD	1,400,000	UPCB Finance VI 6.875% 15/01/2022	912	0.10					
		BB- 0.00% (1.23%)							
		B 0.00% (0.12%)							
		B2 0.37% (0.82%)							
EUR	3,636,000	Viridian Group 11.125% 01/04/2017	3,349	0.37					
		Not rated 0.40% (0.97%)							
GBP	1,250,000	Dubai Holding Commercial Operations Group 6% 01/02/2017	1,313	0.15					
USD	3,656,231	*PSOS Finance 12% 06/10/2015	2,252	0.25					
		Total Cayman Islands	16,273	1.82					
CROATIA 0.90% (1.01%)									
		B 0.90% (1.01%)							
EUR	1,635,000	Agrokor 9.125% 01/02/2020	1,540	0.17					
EUR	7,379,000	Agrokor 10% 07/12/2016	6,473	0.73					
		Total Croatia	8,013	0.90					
CZECH REPUBLIC 1.27% (0.00%)									
		Ba2 0.78% (0.00%)							
EUR	8,246,000	RPG Byty 6.75% 01/05/2020	7,041	0.78					
		B1 0.49% (0.00%)							
EUR	5,040,000	CE Energy 7% 01/02/2021	4,355	0.49					
		Total Czech Republic	11,396	1.27					
DENMARK 0.32% (0.46%)									
		BB+ 0.13% (0.00%)							
EUR	1,400,000	Danske Bank 5.75% 31/10/2049	1,181	0.13					
		B+ 0.19% (0.00%)							
EUR	2,000,222	*ISS Holdings 8.875% 15/05/2016	1,681	0.19					
		B 0.00% (0.46%)							
		Total Denmark	2,862	0.32					
FINLAND 0.29% (0.50%)									
		BB 0.29% (0.32%)							
GBP	2,362,000	UPM-Kymmene 6.625% 23/01/2017	2,578	0.29					
		Not rated 0.00% (0.18%)							
		Total Finland	2,578	0.29					
FRANCE 8.34% (7.08%)									
		BBB- 0.26% (0.00%)							
USD	3,405,000	Credit Agricole 8.125% 19/09/2033	2,361	0.26					
		BB+ 2.81% (2.83%)							
EUR	3,525,000	Lafarge 4.75% 23/03/2020	3,206	0.36					
EUR	1,900,000	Lafarge 5.375% 26/06/2017	1,743	0.19					
EUR	1,150,000	Lafarge 5.875% 09/07/2019	1,091	0.12					
GBP	850,000	Lafarge 6.625% 29/11/2017	948	0.11					
EUR	2,859,000	Lafarge 6.625% 29/11/2018	2,755	0.31					
EUR	1,370,000	Lafarge 6.75% 16/12/2019	1,336	0.15					
GBP	1,503,000	Lafarge 10% 30/05/2017	1,801	0.20					
EUR	900,000	Renault 3.125% 05/03/2021	756	0.08					
EUR	8,193,000	Renault 4.625% 18/09/2017	7,386	0.83					
EUR	4,381,000	SPCM 5.5% 15/06/2020	3,925	0.44					
USD	300,000	SPCM 6% 15/01/2022	190	0.02					
		BB 1.24% (1.60%)							
EUR	4,100,000	Crown European Holdings 7.125% 15/08/2018	3,592	0.40					
EUR	1,650,000	Nexans 5.75% 02/05/2017	1,495	0.17					
EUR	4,309,000	Rexel 5.125% 15/06/2020	3,817	0.43					
EUR	2,376,000	Rexel 7% 17/12/2018	2,156	0.24					
		BB- 0.12% (0.67%)							
EUR	1,230,000	Darty Financement 5.875% 01/03/2021	1,056	0.12					
		Ba3 0.17% (0.30%)							
EUR	1,495,000	Faurecia 9.375% 15/12/2016	1,482	0.17					
		B+ 2.12% (1.08%)							
EUR	1,595,000	Cerba European Lab 7% 01/02/2020	1,424	0.16					
EUR	6,704,000	Labco 8.5% 15/01/2018	5,931	0.66					
EUR	3,787,000	Novalis 6% 15/06/2018	3,336	0.37					
EUR	2,825,000	Peugeot 6.5% 18/01/2019	2,632	0.29					
EUR	6,073,000	Peugeot 7.375% 06/03/2018	5,760	0.64					
		B 0.55% (0.17%)							
EUR	1,910,000	Labeyrie Fine Foods 5.625% 15/03/2021	1,627	0.18					
EUR	3,739,000	Maisons du Monde 9% 01/08/2020	3,301	0.37					
		B3 0.18% (0.26%)							
EUR	1,673,000	Faurecia 8.75% 15/06/2019	1,583	0.18					
		CCC+ 0.56% (0.17%)							
EUR	5,627,000	Europcar Groupe 9.375% 15/04/2018	5,003	0.56					
		(P)B3 0.21% (0.00%)							
EUR	2,220,000	Autodis 6.5% 01/02/2019	1,880	0.21					

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 18.99% (19.19%) (continued)					NETHERLANDS 11.33% (13.05%)				
CHF	2,620,000	Sunrise Communications 5.625% 31/12/2017	1,853	0.21	BBB- 0.00% (0.51%)				
CHF	250,000	Sunrise Communications 7% 31/12/2017	180	0.02	BB+ 2.93% (2.14%)				
EUR	4,843,000	Sunrise Communications 7% 31/12/2017	4,250	0.47	EUR	4,312,000	EDP Finance 5.75% 21/09/2017	4,024	0.45
		B+ 4.58% (3.66%)			EUR	3,793,000	OI European Group 4.875% 31/03/2021	3,361	0.37
EUR	1,265,000	Albea Beauty Holdings 8.75% 01/11/2019	1,136	0.13	EUR	2,546,000	OI European Group 6.75% 15/09/2020	2,486	0.28
GBP	1,395,000	Cabot Financial Luxembourg 10.375% 01/10/2019	1,598	0.18	EUR	9,200,000	Telefonica Europe 6.5% 29/09/2049	8,306	0.93
EUR	6,264,000	Cirsa Funding Luxembourg 8.75% 15/05/2018	5,417	0.61	GBP	6,000,000	Telefonica Europe 6.75% 26/11/2049	6,322	0.71
CHF	1,033,333	*Matterhorn Mobile Holdings 5.393% 15/05/2019	711	0.08	EUR	1,800,000	Telefonica Europe 7.625% 29/09/2049	1,698	0.19
CHF	3,186,000	Matterhorn Mobile Holdings 6.75% 15/05/2019	2,334	0.26	BB 2.34% (1.29%)				
EUR	3,055,650	Numericable Finance 8.75% 15/02/2019	2,863	0.32	EUR	2,028,000	GMAC International Finance 7.5% 21/04/2015	1,788	0.20
EUR	3,142,750	Numericable Finance 12.375% 15/02/2019	3,170	0.35	EUR	951,000	Koninklijke KPN 6.125% 29/03/2049	836	0.09
EUR	1,750,000	SB Minerals Finance I 9.25% 15/08/2020	1,620	0.18	GBP	4,006,000	Koninklijke KPN 6.875% 14/03/2073	4,193	0.47
EUR	4,031,000	Telenet Finance 6.25% 15/08/2022	3,669	0.41	USD	3,400,000	Koninklijke KPN 7% 28/03/2073	2,130	0.24
EUR	2,171,000	Telenet Finance 6.75% 15/08/2024	1,985	0.22	USD	825,000	Koninklijke KPN 7% 28/03/2073 Registered	518	0.06
EUR	2,764,000	Telenet Finance III Luxembourg 6.625% 15/02/2021	2,490	0.28	EUR	2,314,000	Portugal Telecom International Finance 4.375% 24/03/2017	2,039	0.23
EUR	2,308,000	Telenet Finance Luxembourg 6.375% 15/11/2020	2,062	0.23	EUR	1,026,000	Portugal Telecom International Finance 4.625% 08/05/2020	891	0.10
EUR	12,523,000	Wind Acquisition Finance 11.75% 15/07/2017	11,000	1.23	EUR	1,881,000	Portugal Telecom International Finance 5% 04/11/2019	1,679	0.19
USD	1,400,000	Wind Acquisition Finance 11.75% 15/07/2017	884	0.10	EUR	1,800,000	Portugal Telecom International Finance 5.625% 08/02/2016	1,602	0.18
		B 0.74% (1.53%)			EUR	5,637,000	Portugal Telecom International Finance 5.875% 17/04/2018	5,174	0.58
CHF	4,242,000	Aguila 3 7.875% 31/01/2018	3,047	0.34	Ba2 0.00% (1.85%)				
USD	890,000	Aguila 3 7.875% 31/01/2018	564	0.06	EUR	3,016,000	Schaeffler Finance 4.25% 15/05/2018	2,605	0.29
EUR	1,970,000	GCS Holdco Finance I 6.5% 15/11/2018	1,740	0.19	EUR	4,523,000	Schaeffler Finance 7.75% 15/02/2017	4,320	0.48
EUR	1,488,000	Zinc Capital 8.875% 15/05/2018	1,320	0.15	B+ 2.16% (2.13%)				
		B2 0.00% (0.08%)			EUR	2,390,000	Cable Communications Systems 7.5% 01/11/2020	2,090	0.23
		B- 0.68% (0.77%)			EUR	5,819,000	Carlson Wagonlit 7.5% 15/06/2019	5,240	0.58
CHF	1,330,000	Mobile Challenger Intermediate 8.75% 15/03/2019	937	0.10	GBP	4,777,000	Intergen 7.5% 30/06/2021	5,075	0.57
EUR	760,000	Mobile Challenger Intermediate 8.75% 15/03/2019	653	0.07	EUR	2,298,000	Interxion Holding 6% 15/07/2020	2,051	0.23
EUR	675,000	Sunrise Communications 8.5% 31/12/2018	605	0.07	EUR	1,827,000	Nokia Siemens Networks 6.75% 15/04/2018	1,639	0.18
EUR	1,975,000	Takko Luxembourg 9.875% 15/04/2019	1,491	0.17	EUR	1,517,000	Nokia Siemens Networks 7.125% 15/04/2020	1,443	0.16
EUR	2,675,000	Xella HoldCo Finance 9.125% 15/09/2018	2,385	0.27	EUR	2,190,000	Refresco Group 7.375% 15/05/2018	1,923	0.21
		CCC+ 1.11% (2.28%)			B 2.38% (0.36%)				
EUR	3,000,000	Bilbao (Luxembourg) 10.5% 01/12/2018	2,613	0.29	EUR	1,860,000	Adria Bidco 7.875% 15/11/2020	1,597	0.18
EUR	2,550,000	*Matterhorn Financing 9.75% 15/04/2019	2,191	0.24	EUR	11,505,000	*Schaeffler Finance 6.875% 15/08/2018	10,185	1.14
EUR	4,625,000	Matterhorn Mobile Holdings 8.25% 15/02/2020	4,211	0.47	CHF	3,968,000	UPC Holding 6.75% 15/03/2023	2,924	0.33
USD	1,620,000	*Orion Engineered Carbons 9.25% 01/08/2019	1,005	0.11	EUR	3,800,000	UPC Holding 6.75% 15/03/2023	3,409	0.38
		CCC 0.58% (0.63%)			EUR	3,416,000	UPC Holding 8.375% 15/08/2020	3,127	0.35
EUR	6,131,405	*Kleopatra Holdings 0% 15/08/2017	5,207	0.58	EUR	1,580,000	Polish Television Holding 11% 15/01/2021	1,467	0.16
		Not rated 0.00% (0.46%)			Not rated 0.59% (1.06%)				
		Total Luxembourg	170,047	18.99	EUR	6,433,837	*Boats Investment Netherlands 11% 31/03/2017	2,471	0.27
					USD	5,333,060	OSX 3 Leasing 0% 20/03/2015	2,864	0.32
					Total Netherlands				
								101,477	11.33

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
NORWAY 0.00% (0.16%)					SINGAPORE 0.18% (0.00%)				
		CCC+ 0.00% (0.16%)					Not rated 0.18% (0.00%)		
		Total Norway	–	–	USD	434	NV Profit Share Preference Shares	–	–
					USD	2,650,000	Oro Negro Drilling 7.5% 24/01/2019	1,581	0.18
POLAND 0.00% (0.37%)					Total Singapore				
		B 0.00% (0.37%)						1,581	0.18
		Total Poland	–	–	SOUTH AFRICA 0.19% (0.51%)				
PORTUGAL 0.98% (1.80%)					B 0.19% (0.30%)				
		BB 0.10% (0.00%)			EUR	2,131,000	Edcon Proprietary 9.5% 01/03/2018	1,745	0.19
EUR	1,000,000	Portucel 5.375% 15/05/2020	896	0.10			Total South Africa	1,745	0.19
		BB– 0.88% (1.80%)			SPAIN 1.97% (1.96%)				
EUR	2,200,000	Banco Espirito Santo 4.75% 15/01/2018	1,913	0.21			Ba3 0.89% (0.00%)		
EUR	3,500,000	Banco Espirito Santo 5.875% 09/11/2015	3,064	0.34	EUR	2,820,000	Obrascon Huarte Lain 7.625% 15/03/2020	2,621	0.29
EUR	3,300,000	Caixa Geral de Depositos 5.625% 04/12/2015	2,908	0.33	EUR	5,855,000	Obrascon Huarte Lain 8.75% 15/03/2018	5,368	0.60
		Total Portugal	8,781	0.98			BB 0.00% (0.29%)		
REPUBLIC OF IRELAND 4.89% (7.40%)					Ba2 0.00% (1.67%)				
		BB+ 0.48% (0.89%)			EUR	1,182,000	Abengoa Finance 8.875% 05/02/2018	1,120	0.13
EUR	4,828,000	Smurfit Kappa Acquisition 7.75% 15/11/2019	4,319	0.48	EUR	2,979,000	NH Hoteles 6.875% 15/11/2019	2,671	0.30
		BB 0.75% (2.48%)					B– 0.27% (0.00%)		
EUR	6,623,000	Allied Irish Banks 5.625% 12/11/2014	5,638	0.63	EUR	1,710,000	*Port Aventura Entertainment Barcelona 5.911% 01/12/2019	1,427	0.16
GBP	1,381,000	*Argon Capital 2.855% 29/10/2049	1,105	0.12	EUR	1,160,000	Port Aventura Entertainment Barcelona 7.25% 01/12/2020	1,014	0.11
		BB– 0.00% (0.27%)					Not rated 0.28% (0.00%)		
EUR	4,684,000	AG Spring Finance 7.5% 01/06/2018	4,144	0.46	EUR	3,000,000	Banco Bilbao Vizcaya Argentaria 7% 19/11/2049	2,550	0.28
EUR	4,855,000	Ardagh Packaging Finance 7.375% 15/10/2017	4,283	0.48			(P)Ba3 0.10% (0.00%)		
EUR	1,475,000	Ardagh Packaging Finance USA 7.375% 15/10/2017	1,301	0.15	EUR	1,020,000	Obrascon Huarte Lain 4.75% 15/03/2022	855	0.10
EUR	653,000	Nara Cable Funding 8.5% 01/03/2020	639	0.07			Total Spain	17,626	1.97
EUR	4,108,000	Nara Cable Funding 8.875% 01/12/2018	3,700	0.41	SWEDEN 1.21% (3.24%)				
USD	2,120,000	Nara Cable Funding 8.875% 01/12/2018	1,374	0.16			BB 0.03% (0.34%)		
		B 0.15% (0.15%)			EUR	320,000	Stena 6.125% 01/02/2017	286	0.03
EUR	1,285,000	Bank of Ireland 10% 19/12/2022	1,315	0.15			B+ 0.47% (1.61%)		
		B– 0.36% (0.18%)			EUR	1,900,000	TVN Finance III 7.375% 15/12/2020	1,732	0.19
EUR	2,000,000	AG Spring Finance 9.5% 01/06/2019	1,760	0.20	EUR	2,892,000	TVN Finance III 7.875% 15/11/2018	2,540	0.28
EUR	1,585,000	Ono Finance II 11.125% 15/07/2019	1,459	0.16			B 0.45% (0.00%)		
		CCC+ 0.92% (1.03%)			EUR	1,780,000	Ciech Group Financing 9.5% 30/11/2019	1,711	0.19
EUR	3,658,167	ARD Finance 0% 01/06/2018	3,235	0.36	EUR	2,269,000	Eileme 2 11.75% 31/01/2020	2,277	0.26
EUR	4,754,000	Ardagh Glass Finance 7.125% 15/06/2017	4,033	0.45			B– 0.00% (0.66%)		
EUR	1,048,000	Ardagh Glass Finance 8.75% 01/02/2020	936	0.11			CCC+ 0.26% (0.63%)		
		Not rated 0.50% (0.41%)			EUR	2,492,000	Norcell Sweden 10.75% 29/09/2019	2,322	0.26
EUR	1,020,000	Baggot Securities 10.24% 29/12/2049	920	0.10			Total Sweden	10,868	1.21
EUR	3,975,000	Bank of Ireland 10% 30/07/2016	3,592	0.40					
		Total Republic of Ireland	43,753	4.89					

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SWITZERLAND 1.17% (0.16%)									
		BBB- 0.65% (0.00%)			GBP	1,533,000	Co-operative 7.5% 08/07/2026	1,611	0.18
USD	5,700,000	Credit Suisse 6.5% 08/08/2023	3,756	0.42	GBP	5,904,000	Elli Finance UK 8.75% 15/06/2019	6,555	0.73
EUR	2,390,000	UBS 4.75% 12/02/2026	2,051	0.23	GBP	1,500,000	Gala Group Finance 8.875% 01/09/2018	1,600	0.18
		BB+ 0.19% (0.16%)			GBP	1,797,000	Jerrold Finco 9.75% 15/09/2018	1,991	0.22
USD	2,716,000	Dufry Finance 5.5% 15/10/2020	1,677	0.19	GBP	1,850,000	Voyage Care BondCo 6.5% 01/08/2018	1,924	0.21
		BB- 0.33% (0.00%)					B1 0.41% (0.68%)		
USD	4,510,000	Credit Suisse 7.5% 11/12/2049	2,975	0.33	GBP	3,394,000	Thames Water Kemble Finance 7.75% 01/04/2019	3,654	0.41
		Total Switzerland	10,459	1.17			B 3.70% (1.96%)		
UNITED KINGDOM 22.19% (20.70%)					EUR	3,765,000	Avis Budget Finance 6% 01/03/2021	3,315	0.37
		BBB 0.00% (0.32%)			GBP	6,622,000	Care UK 9.75% 01/08/2017	7,054	0.79
		BBB- 2.16% (0.22%)			GBP	200,000	Crown Newco 8.875% 15/02/2019	211	0.02
GBP	2,760,000	Barclays Bank 14% 15/06/2049	3,734	0.42	GBP	1,990,000	Equiniti Newco 7.125% 15/12/2018	2,102	0.23
GBP	3,693,000	Daily Mail & General Trust 5.75% 07/12/2018	4,067	0.45	GBP	1,940,000	House of Fraser 8.875% 15/08/2018	2,107	0.24
GBP	1,170,000	Daily Mail & General Trust 10% 09/04/2021	1,554	0.17	GBP	2,537,000	IDH Finance 6% 01/12/2018	2,617	0.29
GBP	1,433,000	LBG Capital No 2 10.5% 29/09/2023	1,656	0.19	EUR	1,452,000	R&R Ice Cream 8.375% 15/11/2017	1,281	0.14
GBP	4,071,000	Lloyds Bank 13% 21/07/2049	6,658	0.74	GBP	3,760,000	Thomas Cook Finance 7.75% 15/06/2020	3,431	0.38
EUR	1,678,000	Royal Bank of Scotland 10.5% 16/03/2022	1,700	0.19	GBP	1,150,000	Thomas Cook Group 7.75% 22/06/2017	1,265	0.14
		Baa3 0.38% (0.40%)			GBP	3,517,000	Virgin Media Finance 8.875% 15/10/2019	3,806	0.43
GBP	2,876,000	Santander 10.0625% 06/04/2049	3,410	0.38	GBP	819,000	Vougeot Bidco 7.875% 15/07/2020	894	0.10
		BB+ 0.17% (1.37%)					B- 1.29% (0.60%)		
GBP	1,333,000	LBG Capital No 1 11.04% 19/03/2020	1,536	0.17	EUR	4,663,000	Kerling 10.625% 28/01/2017	4,123	0.46
		BB 3.11% (3.40%)			GBP	3,270,000	New Look Bondco 8.75% 14/05/2018	3,534	0.39
GBP	4,607,000	AA Bond 9.5% 31/07/2019	5,170	0.58	GBP	3,828,000	Odeon & UCI Finco 9% 01/08/2018	3,946	0.44
GBP	1,495,000	British Airways 8.75% 23/08/2016	1,700	0.19			B3 0.13% (0.23%)		
GBP	8,841,000	Crown Newco 3 7% 15/02/2018	9,322	1.04	GBP	1,000,000	Arqiva Broadcast Finance 9.5% 31/03/2020	1,129	0.13
GBP	2,657,000	Jaguar Land Rover 8.25% 15/03/2020	3,019	0.34			CCC+ 0.60% (0.14%)		
GBP	1,161,000	Lowell Group Finance 10.75% 01/04/2019	1,317	0.15	GBP	3,107,516	††Annington Finance No5 0% 15/01/2023	3,983	0.44
EUR	8,087,000	Rexam 6.75% 29/06/2067	7,233	0.81	GBP	1,390,000	IDH Finance 8.5% 01/06/2019	1,447	0.16
		BB- 3.38% (4.56%)					Caa1 0.89% (0.00%)		
GBP	2,119,000	Enterprise Inns 6.375% 26/09/2031	1,925	0.22	GBP	8,029,000	Co-operative Bank 5.125% 20/09/2017	7,991	0.89
GBP	5,771,000	Enterprise Inns 6.5% 06/12/2018	6,039	0.67			Not rated 1.85% (2.21%)		
GBP	3,290,000	Enterprise Inns 6.875% 15/02/2021	3,430	0.38	GBP	2,570,000	AA Pik Company 9.5% 07/11/2019	2,692	0.30
GBP	220,000	Enterprise Inns 6.875% 09/05/2025	223	0.03	GBP	6,350,000	First Hydro Finance 9% 31/07/2021	8,308	0.93
EUR	6,250,000	OTE 4.625% 20/05/2016	5,382	0.60	EUR	3,075,000	International Personal Finance 11.5% 06/08/2015	2,828	0.32
EUR	6,100,000	OTE 7.875% 07/02/2018	5,911	0.66	GBP	1,455,000	Nationwide Building Society 6.875% 20/03/2049	1,483	0.17
GBP	4,551,000	Southern Water Greensand 8.5% 15/04/2019	4,977	0.56	GBP	1,130,000	Premier Foods Plc 6.5% 15/03/2021	1,164	0.13
		BB+ 0.17% (1.37%)					Total United Kingdom	198,709	22.19
GBP	700,000	Virgin Media Secured Finance 5.5% 15/01/2021	729	0.08	UNITED STATES OF AMERICA 1.75% (2.01%)				
GBP	1,550,000	Virgin Media Secured Finance 7% 15/01/2018	1,607	0.18	EUR	1,427,000	MPT Operating Partnership 5.75% 01/10/2020	1,260	0.14
		Ba3 0.36% (0.35%)					BB- 0.41% (0.72%)		
GBP	3,034,000	Anglian Water (Osprey) Financing 7% 31/01/2018	3,217	0.36	EUR	1,463,000	Chesapeake Energy 6.25% 15/01/2017	1,331	0.15
		B+ 3.76% (4.26%)			EUR	2,755,000	Rain CII Carbon LLC 8.5% 15/01/2021	2,344	0.26
GBP	5,050,000	Aston Martin Capital 9.25% 15/07/2018	5,478	0.61			B+ 0.00% (0.29%)		
EUR	960,000	Barclays Bank 8% 15/12/2049	859	0.10			B 0.55% (0.12%)		
USD	6,250,000	Barclays Bank 8.25% 15/03/2049	3,985	0.45	USD	1,785,000	Chrysler Group 8% 15/06/2019	1,168	0.13
EUR	3,005,000	Boparan Finance 9.75% 30/04/2018	2,695	0.30	USD	3,984,000	Chrysler Group 8.25% 15/06/2021	2,676	0.30
GBP	1,900,000	Boparan Finance 9.875% 30/04/2018	2,054	0.23	EUR	1,294,000	Iron Mountain 6.75% 15/10/2018	1,083	0.12
GBP	4,700,000	Co-operative 6.875% 08/07/2020	4,946	0.55					

Threadneedle European High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 1.75% (2.01%) (continued)				
		B- 0.36% (0.51%)		
EUR	3,426,000	Infors US 10% 01/04/2019	3,201	0.36
		CCC+ 0.29% (0.37%)		
USD	4,200,000	Ocean Rig UDW 9.5% 27/04/2016	2,633	0.29
		Total United States of America	15,696	1.75
DERIVATIVES 0.22% (0.16%)				
		Credit default swaps 0.04% (0.06%)		
EUR	5,000,000	Meryll Lynch EUR Arcelormittal 6.125% 20/09/2018 Spread 100	(231)	(0.02)
EUR	3,300,000	Barclays EUR Fiat Finance North America 5.625% 20/09/2018 Spread 500	283	0.03
EUR	2,400,000	Goldman Sachs EUR Fiat Finance North America 5.625% 20/09/2018 Spread 500	202	0.02
EUR	2,500,000	BNP EUR Finmeccanica Finance 5.75% 20/09/2018 Spread 100	(107)	(0.01)
EUR	2,000,000	Meryll Lynch EUR Finmeccanica Finance 5.75% 20/09/2018 Spread 500	206	0.02
		Forward foreign exchange contracts 0.18% (0.10%)		
		Sell CHF 150,000		
		Buy EUR 123,296 RBS		
		Sell CHF 17,550,000		
		Buy EUR 14,369,263 RBS	(27)	
		Sell CHF 2,073,989		
		Buy EUR 1,700,770 J.P. Morgan	(1)	
		Sell USD 250,000		
		Buy EUR 182,565 UBS	2	
		Sell USD 300,000		
		Buy EUR 218,472 J.P. Morgan	2	
		Sell EUR 2,207,096		
		Buy CHF 2,694,604 J.P. Morgan	4	
		Sell GBP 200,000		
		Buy EUR 242,184 J.P. Morgan	1	
		Sell GBP 2,000,000		
		Buy EUR 2,427,008 J.P. Morgan	13	
		Sell USD 400,000		
		Buy EUR 290,862 RBS	3	
		Sell GBP 2,500,000		
		Buy EUR 3,050,711 J.P. Morgan	31	
		Sell USD 77,327,000		
		Buy EUR 56,211,532 Lloyds	497	0.06
		Sell GBP 500,000		
		Buy EUR 608,718 Citigroup	5	
		Sell CHF 125,000		
		Buy EUR 102,477 UBS		
		Sell USD 150,000		
		Buy EUR 108,985 UBS	1	
		Sell USD 150,000		
		Buy EUR 109,053 UBS	1	
		Sell USD 150,000		
		Buy EUR 109,328 J.P. Morgan	1	
		Sell GBP 95,000,000		
		Buy EUR 115,193,962 RBS	558	0.06
		Sell GBP 95,780,000		
		Buy EUR 116,142,723 Lloyds	565	0.06
		Total derivatives	2,009	0.22
		Total value of investments	808,388	90.28
		Net other assets (6.87%)	87,074	9.72
		Net assets	895,462	100.00

ANALYSIS OF INVESTMENTS BY ASSET CLASS

	Value £000	% of Investment
Fixed interest	761,816	94.24
Floating rate notes	44,563	5.51
Derivatives	2,009	0.25
Total value of investments	808,388	100.00

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS

	Value £000
BBB+	828
BBB	1,252
BBB-	27,537
Baa3	3,410
BB+	100,940
Ba1	31,295
BB	109,427
Ba2	7,041
BB-	115,875
Ba3	12,688
B+	142,556
(P)B+	1,112
B1	8,009
B	105,180
B2	3,349
B-	37,898
B3	2,712
(P)B3	1,880
(P)Ba3	855
CCC+	36,112
CCC	14,414
Caa1	7,991
Not rated	34,018
Total bonds & equities	806,379
Derivatives	2,009
Total value of investments	808,388

ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
Barclays	Cash	270
Goldman Sachs	Cash	250
Total collateral		520

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

March 2013 comparatives in brackets.

(P) refers to provisional rating.

*Variable rate bonds.

††At 7 March 2014, there were investments totalling £3,983,000 (0.44% 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 Strategic Bond Fund

Portfolio Statement

as at 7 March 2014

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
AUSTRALIA 0.73% (0.98%)					BBB 0.84% (1.04%)				
AA- 0.00% (0.30%)					USD	1,365,000	Hutchison Whamoa International 6% 28/10/2049	862	0.23
A+ 0.32% (0.26%)					GBP	800,000	Petrobras International Finance 5.375% 01/10/2029	704	0.19
GBP	1,230,000	BHP Billiton Finance 3.25% 25/09/2024	1,175	0.32	GBP	716,000	South East Water Finance 5.6577% 30/09/2019	794	0.21
A 0.00% (0.26%)					GBP	775,000	Southern Water Services 7.869% 31/03/2014	777	0.21
BBB 0.41% (0.16%)					BB 0.77% (0.00%)				
GBP	603,000	APT Pipelines 4.25% 26/11/2024	606	0.16	EUR	500,000	UPCB Finance 6.375% 01/07/2020	444	0.12
EUR	975,000	Santos Finance 8.25% 22/09/2070	917	0.25	EUR	2,360,000	UPCB Finance 7.625% 15/01/2020	2,108	0.57
Total Australia			2,698	0.73	USD	460,000	UPCB Finance VI 6.875% 15/01/2022	300	0.08
AUSTRIA 0.52% (0.27%)					BB- 0.00% (0.78%)				
BB 0.20% (0.27%)					B 0.00% (0.10%)				
EUR	400,000	Sappi Papier Holding 6.625% 15/04/2018	355	0.10	B2 0.13% (0.24%)				
USD	235,000	Sappi Papier Holding 7.75% 15/07/2017	156	0.04	EUR	535,000	Viridian Group 11.125% 01/04/2017	493	0.13
USD	350,000	Sappi Papier Holding 8.375% 15/06/2019	233	0.06	Not rated 0.25% (0.52%)				
Ba3 0.32% (0.00%)					GBP	400,000	Dubai Holding Commercial Operations Group 6% 01/02/2017	420	0.11
EUR	1,300,000	Bawag PSK Bank 8.125% 30/10/2023	1,178	0.32	USD	848,269	*PSOS Finance 12% 06/10/2015	522	0.14
Total Austria			1,922	0.52	Total Cayman Islands				
BELGIUM 1.04% (0.70%)					13,603 3.66				
A 0.77% (0.53%)					CROATIA 0.51% (0.59%)				
GBP	914,000	Anheuser-Busch InBev 4% 24/09/2025	923	0.25	B 0.51% (0.59%)				
GBP	1,300,000	Anheuser-Busch InBev 9.75% 30/07/2024	1,960	0.52	EUR	400,000	Agrokor 9.125% 01/02/2020	377	0.10
BB+ 0.27% (0.17%)					EUR	1,740,000	Agrokor 10% 07/12/2016	1,526	0.41
USD	1,400,000	KBC Bank 8% 25/01/2023	957	0.26	Total Croatia				
EUR	38,000	KBC Bank 8% 14/05/2049	32	0.01	1,903 0.51				
Total Belgium			3,872	1.04	CZECH REPUBLIC 0.63% (0.00%)				
CANADA 0.35% (0.82%)					Ba2 0.36% (0.00%)				
BBB+ 0.00% (0.32%)					EUR	1,560,000	RPG Byty 6.75% 01/05/2020	1,332	0.36
BB 0.00% (0.50%)					B1 0.27% (0.00%)				
BB- 0.35% (0.00%)					EUR	1,160,000	CE Energy 7% 01/02/2021	1,002	0.27
EUR	1,465,000	Bombardier 6.125% 15/05/2021	1,314	0.35	Total Czech Republic				
Total Canada			1,314	0.35	2,334 0.63				
CAYMAN ISLANDS 3.66% (3.90%)					DENMARK 0.60% (1.29%)				
AA+ 0.10% (0.00%)					A- 0.21% (0.21%)				
GBP	400,000	*Trafford Centre Finance 0.81031% 28/07/2035	349	0.10	GBP	760,000	Danske Bank 4% 09/12/2015	792	0.21
AA 0.28% (0.27%)					BBB+ 0.00% (0.30%)				
GBP	840,000	IPIC GMTN 6.875% 14/03/2026	1,044	0.28	BBB 0.20% (0.19%)				
Aa3 0.32% (0.00%)					GBP	650,000	TDC 5.625% 23/02/2023	726	0.20
USD	2,065,000	QNB Finance 2.875% 29/04/2020	1,201	0.32	Baa2 0.00% (0.33%)				
A 0.29% (0.28%)					BB+ 0.07% (0.00%)				
GBP	897,000	DWR Cymru Financing 6.015% 31/03/2028	1,062	0.29	EUR	310,000	Danske Bank 5.75% 31/10/2049	261	0.07
A- 0.68% (0.67%)					B+ 0.12% (0.00%)				
GBP	830,000	Southern Water Services 5% 31/03/2021	898	0.24	EUR	545,647	*ISS Holdings 8.875% 15/05/2016	459	0.12
GBP	1,400,000	Thames Water Utilities Cayman 7.241% 09/04/2058	1,625	0.44	B 0.00% (0.26%)				
Total Cayman Islands					Total Denmark				
					2,238 0.60				

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value	
FINLAND 0.18% (0.45%)						B 0.23% (0.08%)				
		BB 0.18% (0.17%)			EUR	260,000	Labeyrie Fine Foods 5.625% 15/03/2021	221	0.06	
GBP	623,000	UPM-Kymmene 6.625% 23/01/2017	680	0.18	EUR	697,000	Maisons du Monde 9% 01/08/2020	615	0.17	
		Not rated 0.00% (0.28%)								
		Total Finland	680	0.18	EUR	235,000	Faurecia 8.75% 15/06/2019	222	0.06	
FRANCE 7.31% (5.35%)						CCC+ 0.31% (0.00%)				
		A+ 0.91% (0.48%)			EUR	1,285,000	Europcar Groupe 9.375% 15/04/2018	1,142	0.31	
GBP	1,900,000	Electricite de France 5.5% 17/10/2041	2,107	0.57						
GBP	500,000	Electricite de France 6% 23/01/2014	576	0.15	EUR	490,000	(P)B3 0.11% (0.00%) Autodis 6.5% 01/02/2019	415	0.11	
GBP	600,000	Electricite de France 6.125% 02/06/2034	713	0.19						
		A 0.25% (0.24%)			EUR	600,000	Not rated 0.14% (0.00%) Bureau Veritas 3.125% 21/01/2021	508	0.14	
GBP	700,000	GDF Suez 7% 30/10/2028	912	0.25						
		A- 0.00% (0.16%)								
		BBB+ 0.46% (0.29%)			GERMANY 3.75% (4.50%)					
GBP	450,000	Credit Agricole 7.375% 18/12/2023	543	0.15						
GBP	1,100,000	Electricite de France 6% 29/12/2049	1,153	0.31	EUR	600,000	AAA 0.00% (0.52%) A 0.16% (0.52%) Münchener Rückversicherungs 6% 26/05/2041	588	0.16	
		BBB 0.31% (0.16%)								
GBP	530,000	AXA 5.625% 16/01/2054	536	0.14	EUR	470,000	BBB+ 0.11% (0.00%) Kabel Deutschland 6.5% 29/06/2018	408	0.11	
GBP	550,000	AXA 7.125% 15/12/2020	651	0.17						
		BBB- 0.55% (0.26%)			EUR	730,000	BBB 0.17% (0.00%) Kabel Deutsche Holding 6.5% 31/07/2017	642	0.17	
USD	2,961,000	Credit Agricole 8.125% 19/09/2033	2,053	0.55						
		BB+ 1.81% (1.52%)								
EUR	700,000	Lafarge 4.75% 23/03/2020	637	0.17						
EUR	500,000	Lafarge 5.375% 26/06/2017	459	0.12						
EUR	345,000	Lafarge 5.875% 09/07/2019	327	0.09						
GBP	330,000	Lafarge 6.625% 29/11/2017	368	0.10	EUR	2,440,000	BB 0.57% (0.72%) ThyssenKrupp 4% 27/08/2018	2,125	0.57	
EUR	1,170,000	Lafarge 6.625% 29/11/2018	1,127	0.30						
EUR	330,000	Lafarge 6.75% 16/12/2019	322	0.09						
GBP	155,000	Lafarge 10% 30/05/2017	186	0.05	EUR	1,695,000	BB- 0.61% (1.05%) Unitymedia Hessen 5.75% 15/01/2023	1,519	0.41	
EUR	210,000	Renault 3.125% 05/03/2021	176	0.05	EUR	830,000	Unitymedia Hessen 7.5% 15/03/2019	749	0.20	
EUR	2,370,000	Renault 4.625% 18/09/2017	2,137	0.57						
EUR	1,100,000	SPCM 5.5% 15/06/2020	986	0.27	EUR	675,000	B+ 0.25% (0.16%) Techem 6.125% 01/10/2019	609	0.17	
		BB 0.83% (1.03%)			EUR	350,000	Trionista Holdco 5% 30/04/2020	304	0.08	
EUR	1,330,000	Crown European Holdings 7.125% 15/08/2018	1,165	0.31						
EUR	200,000	Nexans 4.25% 19/03/2018	173	0.05	EUR	650,000	B 0.91% (0.18%) Deutsche Raststätten 6.75% 30/12/2020	587	0.16	
EUR	450,000	Nexans 5.75% 02/05/2017	408	0.11	EUR	660,000	Safari Holding Verwaltung 8.25% 15/02/2021	571	0.16	
EUR	1,238,000	Rexel 5.125% 15/06/2020	1,097	0.29	EUR	1,370,000	Unitymedia 9.5% 15/03/2021	1,314	0.35	
EUR	300,000	Rexel 7% 17/12/2018	272	0.07	EUR	975,000	Unitymedia 9.625% 01/12/2019	887	0.24	
		BB- 0.06% (0.34%)								
EUR	280,000	Darty Financement 5.875% 01/03/2021	240	0.06	EUR	675,000	B- 0.32% (0.75%) Techem Energy Metering Service 7.875% 01/10/2020	633	0.17	
		Ba3 0.09% (0.11%)			EUR	630,000	Trionista Topco 6.875% 30/04/2021	569	0.15	
EUR	329,000	Faurecia 9.375% 15/12/2016	326	0.09						
		B+ 1.19% (0.55%)			EUR	640,000	CCC+ 0.16% (0.00%) CeramTec Group 8.25% 15/08/2021	578	0.16	
EUR	400,000	Cerba European Lab 7% 01/02/2020	357	0.10						
EUR	1,755,000	Labco 8.5% 15/01/2018	1,553	0.42	EUR	1,936,000	CCC 0.49% (0.00%) KP Germany Erste 11.625% 15/07/2017	1,834	0.49	
EUR	878,000	Novalis 6% 15/06/2018	773	0.21						
EUR	625,000	Peugeot 6.5% 18/01/2019	582	0.16						
EUR	1,194,000	Peugeot 7.375% 06/03/2018	1,132	0.30						
		Not rated 0.00% (0.40%)								
		Total Germany						13,917	3.75	

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
HONG KONG 0.00% (0.24%)					BBB 0.57% (0.75%)				
		Not rated 0.00% (0.24%)			USD	1,150,000	Gaz Capital 5.999% 23/01/2021	704	0.19
		Total Hong Kong	–	–	GBP	1,250,000	Glencore Finance Europe 6.5% 27/02/2019	1,427	0.38
ITALY 3.44% (1.22%)					Baa2 0.00% (0.38%)				
		BBB 0.00% (0.15%)							
		Baa2 0.20% (0.00%)							
EUR	895,000	*Romulus Finance 1.198% 20/02/2015	727	0.20	USD	445,000	Arcelormittal 5% 25/02/2017	283	0.08
		Baa3 0.26% (0.26%)			EUR	300,000	CNH Industrial Finance 5.25% 11/03/2015	258	0.07
GBP	948,000	Acquedotto Pugliese 6.92% 29/06/2018	964	0.26	EUR	2,660,000	CNH Industrial Finance 6.25% 09/03/2018	2,509	0.68
		BB+ 1.78% (0.00%)			EUR	600,000	FMC Finance VIII 6.5% 15/09/2018	585	0.16
EUR	650,000	Enel 5% 15/01/2015	556	0.15					
GBP	260,000	Enel 6.625% 15/09/2015	269	0.07					
EUR	2,260,000	Telecom Italia 4.5% 25/01/2021	1,941	0.52					
GBP	3,650,000	Telecom Italia 5.625% 29/12/2015	3,857	1.04					
		BB 0.20% (0.19%)			EUR	1,070,000	HeidelbergCement Finance 6.75% 15/12/2015	968	0.26
EUR	820,000	GTECH 8.25% 31/03/2066	746	0.20	EUR	1,770,000	HeidelbergCement Finance 7.5% 03/04/2020	1,823	0.49
		Ba2 0.00% (0.06%)			EUR	2,765,000	HeidelbergCement Finance 8% 31/01/2017	2,685	0.72
		B+ 0.16% (0.00%)			EUR	850,000	HeidelbergCement Finance 8.5% 31/10/2019	1,200	0.32
EUR	670,000	Gamenet 7.25% 01/08/2018	578	0.16	EUR	1,105,000	HeidelbergCement Finance 9.5% 15/12/2018	918	0.25
		B 0.17% (0.12%)							
EUR	727,000	Zobebe Holding 7.875% 01/02/2018	644	0.17	EUR	2,395,000	Gestamp Funding Luxembourg 5.875% 31/05/2020	984	0.26
		(P)B2 0.00% (0.08%)							
		(P)B3 0.00% (0.08%)							
		B- 0.25% (0.00%)							
EUR	1,075,000	Snai 7.625% 15/06/2018	941	0.25	EUR	230,000	Altice Financing 6.5% 15/01/2022	200	0.05
		CCC 0.06% (0.00%)			EUR	1,579,000	Bormioli Rocco Holdings 10% 01/08/2018	1,432	0.39
EUR	255,000	Snai 12% 15/12/2018	231	0.06	EUR	180,000	Elior Finance & Co. 6.5% 01/05/2020	165	0.04
		D 0.00% (0.05%)			EUR	260,000	*Empark Funding 5.79% 15/12/2019	220	0.06
		Not rated 0.36% (0.23%)			EUR	410,000	Empark Funding 6.75% 15/12/2019	362	0.10
EUR	1,494,000	Davide Campari-Milano 4.5% 25/10/2019	1,334	0.36	EUR	300,000	Fiat Finance & Trade 6.125% 08/07/2014	253	0.07
		Total Italy	12,788	3.44	EUR	596,000	Fiat Finance & Trade 6.625% 15/03/2018	546	0.15
					EUR	2,224,000	Fiat Finance & Trade 6.75% 14/10/2019	2,075	0.56
					EUR	685,000	Fiat Finance & Trade 6.875% 13/02/2015	594	0.16
					EUR	700,000	Fiat Finance & Trade 7.375% 09/07/2018	662	0.18
					EUR	1,340,000	Fiat Finance & Trade 7.625% 15/09/2014	1,146	0.31
					CHF	577,000	Sunrise Communications 5.625% 31/12/2017	408	0.11
					CHF	577,000	Sunrise Communications 7% 31/12/2017	1,084	0.29
JAPAN 0.34% (0.00%)					B- 2.47% (2.87%)				
		BB+ 0.34% (0.00%)							
EUR	1,460,000	Softbank 4.625% 15/04/2020	1,267	0.34	EUR	230,000	Altice Financing 6.5% 15/01/2022	200	0.05
		Total Japan	1,267	0.34	EUR	1,579,000	Bormioli Rocco Holdings 10% 01/08/2018	1,432	0.39
					EUR	180,000	Elior Finance & Co. 6.5% 01/05/2020	165	0.04
					EUR	260,000	*Empark Funding 5.79% 15/12/2019	220	0.06
					EUR	410,000	Empark Funding 6.75% 15/12/2019	362	0.10
					EUR	300,000	Fiat Finance & Trade 6.125% 08/07/2014	253	0.07
					EUR	596,000	Fiat Finance & Trade 6.625% 15/03/2018	546	0.15
					EUR	2,224,000	Fiat Finance & Trade 6.75% 14/10/2019	2,075	0.56
					EUR	685,000	Fiat Finance & Trade 6.875% 13/02/2015	594	0.16
					EUR	700,000	Fiat Finance & Trade 7.375% 09/07/2018	662	0.18
					EUR	1,340,000	Fiat Finance & Trade 7.625% 15/09/2014	1,146	0.31
					CHF	577,000	Sunrise Communications 5.625% 31/12/2017	408	0.11
					CHF	577,000	Sunrise Communications 7% 31/12/2017	1,084	0.29
KAZAKHSTAN 0.06% (0.13%)					B+ 2.29% (1.74%)				
		Baa2 0.06% (0.13%)							
USD	359,810	*Tengizchevroil Finance 6.124% 15/11/2014	217	0.06	EUR	280,000	Albea Beauty Holdings 8.75% 01/11/2019	252	0.07
		Total Kazakhstan	217	0.06	GBP	310,000	Cabot Financial Luxemburg 10.375% 01/10/2019	355	0.10
					EUR	1,185,000	Cirsa Funding Luxemburg 8.75% 15/05/2018	1,025	0.28
					CHF	273,333	*Matterhorn Mobile Holdings 5.393% 15/05/2019	188	0.05
LUXEMBOURG 10.93% (11.86%)					B+ 2.29% (1.74%)				
		AA- 0.00% (0.24%)							
		A 0.22% (0.19%)							
EUR	900,000	Hannover Finance 5% 30/06/2043	825	0.22	CHF	1,050,000	Matterhorn Mobile Holdings 6.75% 15/05/2019	769	0.21
					EUR	676,650	Numericable Finance 8.75% 15/02/2019	634	0.17
					EUR	617,500	Numericable Finance 12.375% 15/02/2019	623	0.17
					EUR	430,000	Telenet Finance 6.25% 15/08/2022	391	0.11

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 10.93% (11.86%) (continued)					Baa2 0.00% (0.15%)				
EUR	495,000	Telenet Finance 6.75% 15/08/2024	453	0.12					
EUR	720,000	Telenet Finance III Luxembourg 6.625% 15/02/2021	649	0.17	EUR	900,000	Bharti Airtel International 4% 10/12/2018	775	0.21
EUR	650,000	Telenet Finance Luxembourg 6.375% 15/11/2020	581	0.16	GBP	1,100,000	Generali Finance 6.214% 29/06/2049	1,102	0.30
EUR	2,895,000	Wind Acquisition Finance 11.75% 15/07/2017	2,543	0.68	GBP	315,000	PostNL 7.5% 14/08/2018	371	0.10
		B 0.33% (0.79%)					BB+ 1.53% (1.20%)		
CHF	715,000	Aguila 3 7.875% 31/01/2018	514	0.14	EUR	1,120,000	EDP Finance 5.75% 21/09/2017	1,045	0.28
USD	300,000	Aguila 3 7.875% 31/01/2018	190	0.05	EUR	932,000	Ol European Group 4.875% 31/03/2021	826	0.22
EUR	430,000	GCS Holdco Finance I 6.5% 15/11/2018	380	0.10	EUR	730,000	Ol European Group 6.75% 15/09/2020	713	0.19
EUR	182,000	Zinc Capital 8.875% 15/05/2018	161	0.04	EUR	2,100,000	Telefonica Europe 6.5% 29/09/2049	1,896	0.51
		B- 0.34% (0.50%)			GBP	800,000	Telefonica Europe 6.75% 26/11/2049	843	0.23
EUR	420,000	Sunrise Communications 8.5% 31/12/2018	377	0.10	EUR	400,000	Telefonica Europe 7.625% 29/09/2049	377	0.10
EUR	487,000	Takko Luxembourg 9.875% 15/04/2019	368	0.10			BB 1.42% (0.79%)		
EUR	600,000	Xella HoldCo Finance 9.125% 15/09/2018	535	0.14	EUR	1,492,000	GMAC International Finance 7.5% 21/04/2015	1,316	0.35
		CCC+ 0.53% (1.18%)			EUR	213,000	Koninklijke KPN 6.125% 29/03/2049	187	0.05
EUR	660,000	Bilbao (Luxembourg) 10.5% 01/12/2018	575	0.15	GBP	881,000	Koninklijke KPN 6.875% 14/03/2073	922	0.25
EUR	1,007,000	Matterhorn Mobile Holdings 8.25% 15/02/2020	917	0.25	USD	750,000	Koninklijke KPN 7% 28/03/2073	470	0.13
EUR	265,000	*Matterhorn Financing 9.75% 15/04/2019	228	0.06	USD	225,000	Koninklijke KPN 7% 28/03/2073 Registered	141	0.04
USD	445,000	*Orion Engineered Carbons 9.25% 01/08/2019	276	0.07	EUR	640,000	Portugal Telecom International Finance 4.375% 24/03/17	564	0.15
		CCC 0.33% (0.21%)			EUR	250,000	Portugal Telecom International Finance 4.625% 08/05/2020	217	0.06
EUR	1,432,423	*Kleopatra Holdings 0% 15/08/2017	1,216	0.33	EUR	410,000	Portugal Telecom International Finance 5% 04/11/2019	366	0.10
		Not rated 0.00% (0.22%)			EUR	590,000	Portugal Telecom International Finance 5.625% 08/02/2016	525	0.14
		Total Luxembourg	40,612	10.93	EUR	594,000	Portugal Telecom International Finance 5.875% 17/04/2018	545	0.15
MEXICO 0.79% (0.88%)					Ba2 0.00% (0.73%)				
		A- 0.00% (0.27%)					BB- 1.05% (1.29%)		
GBP	1,350,000	United Mexican States 6.75% 06/02/2024	1,632	0.44	EUR	964,000	Schaeffler Finance 4.25% 15/05/18	833	0.22
		BBB+ 0.44% (0.00%)			EUR	1,300,000	Schaeffler Finance 7.75% 15/02/2017	1,242	0.33
GBP	665,000	América Móvil 6.375% 06/09/2073	700	0.19	EUR	470,000	Ziggo Bond 8% 15/05/2018 GTD SNR	415	0.11
		BBB 0.19% (0.43%)			EUR	1,630,000	Ziggo Bond 8% 15/05/2018	1,444	0.39
USD	925,000	BBVA Bancomer 6.75% 30/09/2022	604	0.16			B+ 1.15% (1.21%)		
		Baa2 0.16% (0.18%)			EUR	520,000	Cable Communications Systems 7.5% 01/11/2020	455	0.12
		Total Mexico	2,936	0.79	EUR	1,385,000	Carlson Wagonlit 7.5% 15/06/2019	1,247	0.33
		NETHERLANDS 8.68% (10.57%)			GBP	899,000	Intergen 7.5% 30/06/2021	955	0.26
		A+ 0.00% (0.44%)			EUR	542,000	Interxion Holding 6% 15/07/2020	484	0.13
GBP	1,130,000	Linde Finance 8.125% 14/07/2066	1,280	0.34	EUR	451,000	Nokia Siemens Networks 6.75% 15/04/2018	404	0.11
		A- 0.34% (0.62%)			EUR	374,000	Nokia Siemens Networks 7.125% 15/04/2020	356	0.10
USD	1,810,000	ING Bank 4.125% 21/11/2023	1,092	0.29	EUR	420,000	Refresco Group 7.375% 15/05/2018	369	0.10
GBP	800,000	ING Bank 6.875% 29/05/2023	893	0.24			B 0.91% (0.20%)		
GBP	995,000	Siemens Financierungsamt 6.125% 14/09/2066	1,075	0.29	EUR	2,306,000	*Schaeffler Finance 6.875% 15/08/2018	2,042	0.55
		BBB+ 0.82% (1.53%)			EUR	785,000	UPC Holding 6.75% 15/03/2023	704	0.19
GBP	563,000	Petrobras Global Finance 6.625% 16/01/2034	549	0.15	EUR	685,000	UPC Holding 8.375% 15/08/2020	627	0.17
		BBB 0.15% (0.23%)					B- 0.09% (0.70%)		
		Not rated 0.61% (0.86%)			EUR	355,000	Polish Television Holding 11% 15/01/2021	330	0.09
					EUR	1,396,460	*Boats Investment Netherlands 11% 31/03/2017	537	0.14

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value	
NETHERLANDS 8.68% (10.57%) (continued)					BB- 0.87% (0.16%)					
USD	1,500,000	OSX 3 Leasing 0% 20/03/2015	806	0.22	EUR	1,046,000	AG Spring Finance 7.5% 01/06/2018	925	0.25	
USD	1,410,000	Rabobank Nederland 8.375% 26/07/2049	924	0.25	EUR	1,550,000	Ardagh Packaging Finance 7.375% 15/10/2017	1,367	0.37	
Total Netherlands				32,264	8.68	EUR	147,000	Nara Cable Funding 8.5% 01/03/2020	144	0.04
NORWAY 0.15% (0.73%)					EUR	860,000	Nara Cable Funding 8.875% 01/12/2018	774	0.21	
A- 0.00% (0.22%)					USD	460,000	Nara Cable Funding 8.875% 01/12/2018	298	0.08	
BBB 0.00% (0.28%)					B 0.10% (0.09%)					
USD	960,000	Eksporthfinans 3% 17/11/2014	575	0.15	EUR	380,000	Bank of Ireland 10% 19/12/2022	389	0.10	
BB+ 0.15% (0.16%)					B- 0.11% (0.11%)					
CCC+ 0.00% (0.07%)					EUR	450,000	Ono Finance II 11.125% 15/07/2019	414	0.11	
Total Norway				575	0.15	CCC+ 0.41% (0.42%)				
POLAND 0.00% (0.12%)					EUR	788,840	ARD Finance 0% 01/06/2018	697	0.19	
B 0.00% (0.12%)					EUR	965,000	Ardagh Glass Finance 7.125% 15/06/2017	819	0.22	
Total Poland				-	-	Not rated 0.24% (0.18%)				
PORTUGAL 1.42% (0.87%)					EUR	210,000	Baggot Securities 10.24% 29/12/2049	189	0.05	
BB 0.05% (0.00%)					EUR	768,000	Bank of Ireland 10% 30/07/2016	694	0.19	
EUR	200,000	Portucel 5.375% 15/05/2020	179	0.05	Total Republic of Ireland					
BB- 0.38% (0.87%)					16,349 4.40					
EUR	500,000	Banco Espirito Santo 4.75% 15/01/2018	435	0.12	ROMANIA 0.35% (0.00%)					
EUR	1,100,000	Banco Espirito Santo 5.875% 09/11/2015	963	0.26	BB+ 0.35% (0.00%)					
BBu 0.99% (0.00%)					USD	2,126,000	Romania 4.875% 22/01/2024	1,305	0.35	
EUR	4,200,000	Obrigações do Tesouro 4.75% 14/06/2019	3,684	0.99	Total Romania					
Total Portugal				5,261	1.42	1,305 0.35				
QATAR 0.21% (0.24%)					RUSSIAN FEDERATION 0.16% (0.19%)					
AA 0.21% (0.24%)					BBB 0.16% (0.19%)					
USD	1,200,000	Qatari Diar Finance 5% 21/07/2020	795	0.21	USD	1,000,000	Russian Federation 4.5% 04/04/2022	587	0.16	
Total Qatar				795	0.21	Total Russian Federation				
REPUBLIC OF IRELAND 4.40% (4.68%)					587 0.16					
AA+ 0.75% (0.73%)					SERBIA 0.50% (0.00%)					
GBP	1,760,000	GE Capital UK Funding 5.125% 24/05/2023	1,972	0.53	BB- 0.50% (0.00%)					
GBP	700,000	GE Capital UK Funding 5.875% 04/11/2020	816	0.22	USD	2,975,000	Republic of Serbia 5.875% 03/12/2018	1,873	0.50	
BBB 0.15% (0.00%)					Total Serbia					
EUR	730,000	RZD Capital 3.374% 20/05/2021	574	0.15	1,873 0.50					
Baa3 0.23% (0.00%)					SINGAPORE 0.36% (0.27%)					
USD	1,500,000	Uralkali 3.723% 30/04/2018	853	0.23	AAA 0.27% (0.27%)					
BB+ 0.90% (0.52%)					GBP	900,000	Temasek Financial (I) 4.625% 26/07/2022	1,002	0.27	
EUR	1,535,000	Bank of Ireland 3.25% 15/01/2019	1,309	0.35	Not rated 0.09% (0.00%)					
EUR	712,000	FGA Capital Ireland 4% 17/10/2018	629	0.17	USD	570,000	Oro Negro Drilling 7.5% 24/01/2019	340	0.09	
EUR	1,565,000	Smurfit Kappa Acquisition 7.75% 15/11/2019	1,400	0.38	Total Singapore					
Total Republic of Ireland				5,261	1.42	1,342 0.36				
SLOVENIA 0.11% (0.00%)					SOUTH AFRICA 0.11% (0.30%)					
A- 0.11% (0.00%)					BB 0.00% (0.15%)					
USD	690,000	Republika Slovenija 4.125% 18/02/2019	421	0.11	B 0.11% (0.15%)					
Total Slovenia					421 0.11					
SOUTH AFRICA 0.11% (0.30%)					B 0.11% (0.15%)					
BB 0.00% (0.15%)					EUR	483,000	Edcon Proprietary 9.5% 01/03/2018	395	0.11	
EUR	1,870,000	Allied Irish Banks 5.625% 12/11/2014	1,592	0.43	Total South Africa					
GBP	617,000	*Argon Capital 2.855% 29/10/2049	494	0.13	395 0.11					

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
SPAIN 1.20% (1.31%)					UNITED KINGDOM 35.40% (36.44%)				
		BBB 0.28% (0.24%)					AAA 1.07% (1.64%)		
GBP	950,000	Telefonica Emisiones 5.289% 09/12/2022	1,017	0.28	GBP	1,190,000	Broadgate Financing 4.821% 05/07/2033	1,290	0.35
		BB 0.00% (0.15%)			GBP	505,000	Fosse Master Issuer 4.635% 18/01/2017	543	0.15
		Ba2 0.00% (0.92%)			GBP	905,000	Nationwide Building Society 5.625% 28/01/2026	1,081	0.29
		Ba3 0.42% (0.00%)			GBP	950,000	Silverstone Masters Issuer 5.063% 21/10/2016	1,032	0.28
EUR	200,000	Obrascon Huarte Lain 7.375% 28/04/2015	176	0.05			Aaa 1.12% (1.21%)		
EUR	400,000	Obrascon Huarte Lain 7.625% 15/03/2020	372	0.10	GBP	1,173,000	Barclays Bank 4.25% 12/01/2022	1,261	0.34
EUR	1,100,000	Obrascon Huarte Lain 8.75% 15/03/2018	1,008	0.27	GBP	995,000	Clydesdale Bank 4.625% 08/06/2026	1,062	0.29
		B 0.28% (0.00%)			GBP	1,600,000	Lloyds Bank 5.125% 07/03/2025	1,818	0.49
EUR	415,000	Abengoa Finance 8.875% 05/02/2018	393	0.11			AA+ 0.00% (0.12%)		
EUR	717,000	NH Hoteles 6.875% 15/11/2019	643	0.17			AA 0.66% (0.66%)		
		B- 0.16% (0.00%)			GBP	900,000	Land Securities Capital Markets 5.125% 07/02/2036	1,023	0.28
EUR	370,000	*Port Aventura Entertainment Barcelona 5.911% 01/12/2019	309	0.08	GBP	1,205,289	*Telereal Securitisation 5.9478% 10/12/2031	1,426	0.38
EUR	350,000	Port Aventura Entertainment Barcelona 7.25% 01/12/2020	306	0.08			AA- 0.75% (0.75%)		
		(P)Ba3 0.06% (0.00%)			GBP	1,143,691	*Integrated Accomodation Service 6.48% 31/03/2029	1,388	0.37
EUR	270,000	Obrascon Huarte Lain 4.75% 15/03/2022	226	0.06	GBP	618,254	*Octagon Healthcare 5.333% 31/12/2035	675	0.18
		Total Spain	4,450	1.20	GBP	690,000	*Southern Gas Network 4.875% 21/03/2029	732	0.20
SWEDEN 0.82% (1.46%)							A+ 0.46% (1.33%)		
		A- 0.20% (0.20%)			GBP	725,000	Motability Operations 6.625% 10/12/2019	873	0.23
GBP	555,000	Vattenfall 6.875% 15/04/2039	744	0.20	GBP	845,000	Motability Operations Group 4.375% 08/02/2027	870	0.23
		BB 0.03% (0.03%)					A 0.78% (1.87%)		
EUR	135,000	Stena 6.125% 01/02/2017	121	0.03	GBP	757,534	*Canary Wharf Finance II 6.455% 22/04/2030	922	0.25
		B+ 0.19% (0.75%)			GBP	200,000	Greene King Finance 5.106% 15/03/2034	217	0.06
EUR	430,000	TVN Finance III 7.375% 15/12/2020	392	0.11	GBP	1,076,561	*Longstone Finance 4.791% 19/04/2030	1,180	0.32
EUR	340,000	TVN Finance III 7.875% 15/11/2018	299	0.08	GBP	540,000	Longstone Finance 4.896% 19/04/2036	545	0.15
		B 0.25% (0.00%)					A2 0.13% (0.13%)		
EUR	400,000	Ciech Group Financing 9.5% 30/11/2019	385	0.10	GBP	380,000	Prudential 6.875% 20/01/2023	473	0.13
EUR	545,000	Eileme 2 11.75% 31/01/2020	547	0.15			A- 5.19% (6.60%)		
		B- 0.00% (0.21%)			GBP	460,000	Anglian Water Services Financing 4.5% 05/10/2027	468	0.13
		CCC+ 0.15% (0.27%)			GBP	650,000	Annington Finance No4 6.5676% 10/01/2023	682	0.18
EUR	580,000	Norcell Sweden 10.75% 29/09/2019	540	0.15	GBP	953,000	BAT International Finance 4% 04/09/2026	954	0.26
		Total Sweden	3,028	0.82	GBP	1,115,000	BAT International Finance 7.25% 12/03/2024	1,426	0.38
SWITZERLAND 1.13% (0.77%)							A 0.00% (0.32%)		
		BBB- 0.88% (0.36%)			GBP	962,000	Experian Finance 3.5% 15/10/2021	967	0.26
USD	1,200,000	Credit Suisse 6.5% 08/08/2023	791	0.21	GBP	614,000	Heathrow Funding 5.225% 15/02/2025	675	0.18
EUR	555,000	UBS 4.75% 12/02/2026	476	0.13	GBP	870,000	Heathrow Funding 6.75% 03/12/2026	1,087	0.29
USD	885,000	UBS 4.75% 22/05/2023	542	0.15	GBP	1,285,000	HSBC Holdings 6% 29/03/2040	1,426	0.38
USD	2,185,000	UBS Jersey 7.25% 22/02/2022	1,445	0.39	GBP	650,000	HSBC Holdings 6.375% 18/10/2022	721	0.19
		BB+ 0.08% (0.09%)			GBP	700,000	HSBC Holdings 7% 07/04/2038	870	0.23
USD	500,000	Dufry Finance 5.5% 15/10/2020	309	0.08	GBP	1,025,000	Hutchison Ports 6.75% 07/12/2015	1,116	0.30
		BB- 0.17% (0.00%)			GBP	1,115,433	*Juturna 5.0636% 10/08/2033	1,227	0.33
USD	940,000	Credit Suisse 7.5% 11/12/2049	620	0.17	GBP	580,000	National Grid Electricity Transmission 4% 08/06/2027	566	0.15
		Total Switzerland	4,183	1.13	GBP	740,000	National Grid Electricity Transmission 7.375% 13/01/2031	999	0.27
					GBP	1,300,000	National Grid Gas 6% 13/05/2038	1,584	0.43
					USD	1,600,000	Prudential 7.75% 23/03/2049	1,033	0.28

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
UNITED KINGDOM 35.40% (36.44%) (continued)									
GBP	1,720,000	Royal Bank of Scotland 6.625% 17/09/2018	2,016	0.54	GBP	345,000	SSE 5.453% 01/10/2049	357	0.10
GBP	365,000	SSE 8.375% 20/11/2028	521	0.14	GBP	491,000	Standard Life 5.5% 04/12/2042	518	0.14
GBP	905,000	Standard Life 6.75% 12/07/2049	996	0.27	GBP	695,000	Tate & Lyle International Finance 6.75% 25/11/2019	816	0.22
A3 0.00% (0.25%)									
BBB+ 4.05% (3.66%)									
GBP	703,000	Aspire Defence Finance 4.674% 31/03/2040	708	0.19	GBP	975,000	*Telereal Securitisation 4.0902% 10/12/2033	985	0.26
GBP	425,000	Direct Line Insurance 9.25% 27/04/2042	541	0.15	GBP	505,000	Western Power Distribution 5.75% 16/04/2032	575	0.15
GBP	570,000	Eastern Power Networks 6.25% 12/11/2036	694	0.19	GBP	960,000	Western Power Distribution West 6% 09/05/2025	1,112	0.30
GBP	615,000	ENW Finance 6.125% 21/07/2021	715	0.19	Baa2 0.13% (0.13%)				
GBP	559,000	Gatwick Funding 5.25% 23/01/2024	612	0.16	GBP	425,000	Bupa Finance 7.5% 04/07/2016	480	0.13
GBP	496,000	HSBC Capital Funding LP 8.208% 30/06/2049	530	0.14	BBB- 1.57% (2.08%)				
GBP	725,000	Legal & General Group 5.875% 01/10/2049	780	0.21	GBP	490,000	Barclays Bank 6.875% 27/11/2049	503	0.14
GBP	100,000	Legal & General Group 6.385% 02/11/2049	106	0.03	GBP	321,000	Barclays Bank 14% 15/06/2049	434	0.12
GBP	1,200,000	Legal and General Group 10% 23/07/2041	1,613	0.43	GBP	185,000	LBG Capital No 2 10.5% 29/09/2023	214	0.06
GBP	750,000	NIE Finance 6.375% 02/06/2026	888	0.24	GBP	105,000	LBG Capital No 2 15% 22/01/2029	172	0.05
GBP	842,000	RSA Insurance Group 6.701% 12/05/2049	885	0.24	GBP	589,268	*RMPA Services 5.337% 30/09/2038	647	0.17
GBP	570,000	RSA Insurance Group 9.375% 20/05/2039	698	0.19	USD	1,332,000	Royal Bank of Scotland 9.5% 16/03/2022	937	0.25
GBP	537,000	Scottish Widows 5.5% 16/06/2023	554	0.15	GBP	487,000	Unique Pub Finance 6.542% 30/03/2021	510	0.14
GBP	403,000	Severn Trent Water Utilities 4.875% 24/01/2042	416	0.11	Baa3 0.91% (0.56%)				
GBP	790,000	Severn Trent Water Utilities 6% 22/01/2018	893	0.24	GBP	1,120,000	Bupa Finance 5% 25/04/2023	1,136	0.31
GBP	470,000	South Eastern Power Networks 6.375% 12/11/2031	571	0.15	GBP	1,070,000	National Express Group 6.25% 13/01/2017	1,179	0.32
GBP	1,530,000	Tesco 6.125% 24/02/2022	1,738	0.47	GBP	865,000	Santander 10.0625% 06/04/2049	1,026	0.28
GBP	755,000	*Tesco Property Finance 6 5.4111% 13/07/2044	770	0.21	BB+ 1.56% (0.82%)				
GBP	1,026,883	*Tesco Property Finance 7.6227% 13/07/2039	1,330	0.36	GBP	555,000	GKN Holdings 6.75% 28/10/2019	648	0.17
Baa1 0.05% (0.00%)					GBP	1,737,000	LBG Capital No 1 11.04% 19/03/2020	2,002	0.54
GBP	185,000	Morrison (Wm) Supermarkets 4.625% 08/12/2023	186	0.05	GBP	790,000	Nationwide Building Society 6.875% 20/03/2049	805	0.22
BBB 5.98% (3.91%)					USD	1,809,000	Royal Bank of Scotland Group 6.125% 15/12/2022	1,127	0.30
GBP	187,000	Anglian Water Services Financing 4.5% 22/02/2026	181	0.05	GBP	1,090,000	William Hill 7.125% 11/11/2016	1,215	0.33
GBP	1,240,000	Aviva 6.125% 29/09/2049	1,291	0.35	BB 1.73% (2.24%)				
GBP	765,000	Aviva 6.625% 03/06/2041	858	0.23	GBP	1,000,000	AA Bond 9.5% 31/07/2019	1,122	0.30
GBP	1,635,000	Barclays Bank 10% 21/05/2021	2,159	0.58	GBP	350,000	British Airways 8.75% 23/08/2016	398	0.11
GBP	1,784,000	BG Energy Capital 6.5% 30/11/2072	1,941	0.52	GBP	2,010,000	Crown Newco 3 7% 15/02/2018	2,119	0.57
GBP	1,270,000	ENW Finance 6.75% 20/06/2015	1,353	0.36	GBP	750,000	Jaguar Land Rover 8.25% 15/03/2020	852	0.23
GBP	830,000	Eversholt Funding 5.831% 02/12/2020	944	0.25	GBP	296,000	Lowell Group Finance 10.75% 01/04/2019	336	0.09
GBP	780,000	Eversholt Funding 6.359% 02/12/2025	924	0.25	EUR	1,775,000	Rexam 6.75% 29/06/2067	1,588	0.43
GBP	1,222,000	Global Switch Holdings 4.375% 13/12/2022	1,250	0.34	BB- 2.29% (2.34%)				
GBP	310,000	Imperial Tobacco Finance 5.5% 28/09/2026	342	0.09	GBP	2,552,000	Enterprise Inns 6.5% 06/12/2018	2,671	0.72
GBP	715,000	Imperial Tobacco Finance 7.75% 24/06/2019	872	0.23	GBP	50,000	Enterprise Inns 6.875% 15/02/2021	52	0.01
GBP	665,000	Imperial Tobacco Finance 8.125% 15/03/2024	871	0.23	EUR	1,500,000	OTE 4.625% 20/05/2016	1,292	0.35
GBP	750,000	Imperial Tobacco Finance 9% 17/02/2022	1,004	0.27	EUR	700,000	OTE 7.25% 12/02/2015	606	0.16
GBP	595,000	Lloyds TSB Bank 6.9625% 29/05/2020	622	0.17	EUR	1,080,000	OTE 7.875% 07/02/2018	1,047	0.28
GBP	550,000	Lloyds TSB Bank 7.625% 22/04/2025	672	0.18	GBP	920,000	Southern Water Greensand 8.5% 15/04/2019	1,006	0.27
EUR	1,205,000	Nationwide Building Society 6.75% 22/07/2020	1,203	0.32	GBP	455,000	Virgin Media Secured Finance 5.5% 15/01/2021	474	0.13
GBP	1,070,000	NGG Finance 5.625% 18/06/2073	1,091	0.29	GBP	1,334,000	Virgin Media Secured Finance 7% 15/01/2018	1,383	0.37
GBP	330,000	SPD Finance 5.875% 17/07/2026	376	0.10	Ba3 0.19% (0.19%)				
					GBP	680,000	Anglian Water (Osprey) Financing 7% 31/01/2018	721	0.19

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Value £000	% of Investment
DERIVATIVES –0.60% (–0.87%) (continued)					ANALYSIS OF INVESTMENTS BY ASSET CLASS		
		Sell EUR 88,614,000		–			
		Buy GBP 73,083,067 Lloyds	(425)	(0.11)			
		Sell USD 150,000		–	Fixed Interest	335,900	93.96
		Buy GBP 90,110 J.P. Morgan	1	–	Floating Rate Notes	23,813	6.66
		Sell EUR 1,200,000		–	Derivatives	(2,227)	(0.62)
		Buy GBP 986,816 Lloyds	(9)	–	Total value of investments	357,486	100.00
		Futures 0.03% (0.00%)			ANALYSIS OF INVESTMENTS BY CREDIT RATINGS		
EUR	(38)	UBS Euro Bobl Future Expiring June 2014	9	–		Value	
EUR	(252)	UBS Euro-BUND Future Expiring June 2014	96	0.03		£000	
JPY	(47)	UBS Japan 10 Year Bond Future Expiring June 2014		–	AAA	4,948	
USD	(148)	UBS US 10 Year Note Future Expiring June 2014	2	–	Aaa	4,141	
USD	105	UBS US Long Bond Future Expiring June 2014	(6)	–	AA+	3,137	
		Credit default swaps –0.47% (–0.29%)			AA	4,288	
EUR	(4,350,000)	Credit Suisse EUR RWE 5.75% 20/06/2018 Spread 100	(45)	(0.01)	AA–	5,024	
USD	(3,000,000)	Goldman Sachs USD Commonwealth Bank 6.25% 20/06/2018 Spread 100	(26)	(0.01)	Aa3	1,201	
USD	(3,000,000)	Goldman Sachs USD National Australia Bank 3.50% 20/06/2018 Spread 100	(25)	(0.01)	A+	6,314	
USD	(3,000,000)	Goldman Sachs USD Westpac Banking 4.25% 20/06/2018 Spread 100	(25)	(0.01)	A	9,134	
EUR	1,270,000	Credit Suisse EUR Abertis Infraestructura 4.75% 20/03/2019 Spread 100	(22)	(0.01)	A2	473	
EUR	(1,200,000)	Goldman Sachs EUR Banco Espirito Santo 20/12/2018 Spread 500	(76)	(0.02)	A–	37,374	
EUR	(2,000,000)	Citigroup EUR Commerzbank 6.25% 20/09/2018 Spread 500	(237)	(0.06)	BBB+	26,816	
EUR	(2,200,000)	Citigroup EUR Enel-Societa 5.25% 20/12/2018 Spread 100	(4)	–	Baa1	186	
EUR	1,400,000	Credit Suisse EUR Finmeccanica Finance 5.75% 20/06/2018 Spread 500	147	0.04	BBB	37,417	
EUR	(10,000,000)	Barclays EUR Markit iTraxx Cross-Over 20/06/2017 Spread 500	(893)	(0.25)	BBB–	13,334	
EUR	1,090,000	Goldman Sachs EUR Postnl 20/12/2018 Spread 100	(11)	–	Baa3	5,158	
EUR	(1,100,000)	BNP EUR Unicredit 4.5% 20/06/2018 Spread 500	(119)	(0.03)	BB+	36,525	
EUR	(1,500,000)	Citigroup EUR Unicredit 4.5% 20/09/2018 Spread 500	(168)	(0.05)	Ba1	7,594	
EUR	(8,500,000)	HSBC EUR Unilever 20/03/2018 Spread 100	(224)	(0.06)	BB	27,721	
EUR	(1,375,000)	J.P. Morgan EUR United utilities 6.875% 20/06/2018 Spread 100	(3)	–	Bbu	3,684	
EUR	(1,375,000)	J.P. Morgan EUR United utilities 6.875% 20/06/2018 Spread 100	(3)	–	Ba2	1,332	
EUR	(250,000)	Credit Suisse EUR Veolia Environnement 20/12/2018 Spread 100	(1)	–	BB–	30,769	
EUR	(4,000,000)	Goldman Sachs EUR Veolia Environnement 20/12/2018 Spread 100	(8)	–	Ba3	3,781	
EUR	500,000	Goldman Sachs EUR Virgin Media Finance 5.125% 20/09/2018 Spread 500	44	0.01	(P)Ba3	226	
EUR	(4,000,000)	Credit Suisse EUR Kelda Group 'B' Shares 20/03/2018 Spread 100	(10)	–	B+	29,784	
		Interest rate swaps 0.00% (0.00%)			B1	1,874	
GBP	(8,400,000)	Barclays GBP Libor-BBA/0.02705 26/11/2023	66	0.02	B	22,791	
		Total derivatives	(2,227)	(0.60)	B2	493	
		Total value of investments	357,486	96.21	B–	7,773	
		Net other assets (1.78%)	14,080	3.79	B3	724	
		Net assets	371,566	100.00	(P)B3	415	
					CCC+	7,765	
					Caa1	850	
					CCC	3,281	
					Not rated	11,358	
					Total bonds	359,713	
					Derivatives	(2,227)	
					Total value of investments	357,486	

Threadneedle Strategic Bond Fund

Portfolio Statement

(continued)

ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
Credit Suisse	Cash	370
Total collateral		370

ANALYSIS OF UNDERLYING EXPOSURE FUTURES AND OPTIONS

	Value £000
UBS US 10 Year Note Future Expiring June 2014	(10,959)
UBS US Long Bond Future Expiring June 2014	8,267
UBS Euro Bobl Future Expiring June 2014	(3,941)
UBS Euro-BUND Future Expiring June 2014	(29,760)
UBS Japan 10 Year Bond Future Expiring June 2014	(39,421)
Total net exposure	(75,814)

The calculation of the % Net Asset Value may not sum to 100% due to rounding.
March 2013 comparatives in brackets.

*Variable rate bonds.

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

††At 7 March 2014, there were investments totalling £905,000 (2013: £6,026,000) (0.24% (2013: 1.54%) 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 American Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 3.18% (5.03%)				GENERAL INDUSTRIALS 10.42% (7.98%)			
	Chemicals 1.98% (2.09%)				Aerospace & defence 2.59% (2.24%)		
235,932	Airgas	15,221	0.72	271,113	Boeing	20,849	0.99
488,279	LyondellBasell	26,531	1.26	482,195	United Technologies	33,878	1.60
	Construction & building materials 1.20% (1.07%)				Diversified industrials 0.00% (1.00%)		
675,639	Jacobs Engineering Group	25,415	1.20				
	Forestry & paper 0.00% (1.87%)				Electronic & electrical equipment 2.78% (1.14%)		
	Total basic industries	67,167	3.18	498,826	Amphenol 'A' Shares	26,846	1.27
				710,200	Eaton	31,918	1.51
CYCLICAL CONSUMER GOODS 0.90% (1.04%)					Engineering & machinery 5.05% (3.60%)		
	Automobiles & parts 0.90% (1.04%)				Ingersoll-Rand	28,264	1.34
844,980	General Motors	18,927	0.90	443,975	Pentair	21,902	1.04
	Total cyclical consumer goods	18,927	0.90	167,208	Precision Castparts	26,082	1.24
				401,301	Thermo Fisher Scientific	30,268	1.43
CYCLICAL SERVICES 19.52% (23.20%)					Total general industrials	220,007	10.42
	Distributors 1.09% (1.06%)			INFORMATION TECHNOLOGY 15.64% (15.21%)			
450,036	Wesco International	23,009	1.09		Information technology hardware 5.60% (7.14%)		
	General retailers 3.11% (4.36%)			191,387	Apple	60,593	2.87
528,207	Home Depot	25,969	1.23	2,388,472	Applied Materials	27,598	1.31
1,515,274	Tyco International	39,599	1.88	940,957	Lam Research	29,945	1.42
	Leisure entertainment & hotels 1.22% (1.32%)				Software & computer services 10.04% (8.07%)		
490,433	Las Vegas Sands	25,689	1.22	1,553,454	EMC	24,946	1.18
	Media & photography 6.23% (7.93%)			625,403	Facebook	26,428	1.25
1,623,932	Comcast Class A	50,489	2.39	112,382	Google	81,760	3.87
702,960	Discovery Communications			365,591	IHS Class A	26,187	1.24
	'A' Shares	36,050	1.71	64,794	priceline.com	52,735	2.50
1,231,968	Interpublic Group of Companies	12,919	0.61		Total information technology	330,192	15.64
1,568,766	Twenty-First Century Fox	32,135	1.52	NON-CYCLICAL CONSUMER GOODS 18.72% (16.59%)			
	Support services 4.68% (4.71%)				Beverages 1.10% (0.53%)		
878,188	Accenture	43,904	2.08	462,373	Constellation Brands 'A' Shares	23,127	1.10
320,930	Alliance Data Systems	54,792	2.60		Health 2.73% (3.69%)		
	Transport 3.19% (3.82%)			953,510	Covidien	40,640	1.93
1,625,956	Delta Air Lines	34,306	1.62	413,711	Davita Healthcare Partners	16,969	0.80
299,342	Union Pacific	33,198	1.57		Personal care & household products 3.00% (2.08%)		
	Total cyclical services	412,059	19.52	1,145,068	Colgate-Palmolive	43,046	2.04
				489,540	Estee Lauder Companies Class C	20,161	0.96
FINANCIALS 20.27% (19.73%)					Pharmaceuticals & biotechnology 11.89% (10.29%)		
	Banks 7.64% (10.45%)			200,877	Actavis	25,643	1.21
5,741,540	Bank of America	59,457	2.82	513,755	Amgen	38,060	1.80
961,146	BB&T	22,228	1.05	765,219	Express Scripts Holding	35,645	1.69
1,480,482	J.P. Morgan Chase	52,052	2.46	758,431	Gilead Sciences	36,153	1.71
1,472,162	Zions Bancorporation	27,618	1.31	601,055	Mead Johnson Nutrition	29,766	1.41
	Insurance 1.26% (3.13%)			686,228	Merck & Co	23,443	1.11
456,144	ACE	26,706	1.26	3,224,440	Pfizer	62,473	2.96
	Life assurance 1.54% (0.00%)				Total non-cyclical consumer goods	395,126	18.72
627,141	Prudential Financial	32,468	1.54	NON-CYCLICAL SERVICES 2.90% (2.03%)			
	Speciality & other finance 9.83% (6.15%)				Food & drug retailers 1.26% (1.01%)		
495,443	American Express	27,639	1.31	610,765	CVS Caremark	26,676	1.26
2,390,241	Blackstone Group	49,091	2.32		Telecommunication services 1.64% (1.02%)		
569,318	Capital One Financial	25,484	1.21	775,492	Crown Castle International	34,648	1.64
446,804	CME Group	20,456	0.97		Total non-cyclical services	61,324	2.90
996,920	Discover Financial Services	34,955	1.66				
372,564	Visa 'A' Shares	49,777	2.36				
	Total financials	427,931	20.27				

Threadneedle American Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
RESOURCES 7.53% (8.36%)			
Oil & gas 7.53% (8.36%)			
457,536	Anadarko Petroleum	23,608	1.12
410,718	Chevron	28,133	1.33
847,962	Halliburton	28,797	1.37
752,950	Noble Energy	30,901	1.46
411,307	Occidental Petroleum	23,627	1.12
757,441	Valero Energy	23,875	1.13
	Total resources	158,941	7.53
DERIVATIVES 0.01% (-0.06%)			
Forward foreign exchange contracts 0.01% (-0.06%)			
	Sell USD 26,772		
	Buy EUR 19,476 J.P. Morgan	–	–
	Sell EUR 30,542		
	Buy USD 42,041 J.P. Morgan	–	–
	Sell USD 5,395		
	Buy EUR 3,927 J.P. Morgan	–	–
	Sell USD 6,173,000		
	Buy GBP 3,698,314 RBS	16	–
	Sell EUR 558,575		
	Buy USD 767,562 J.P. Morgan	(5)	–
	Sell EUR 774		
	Buy USD 1,065 J.P. Morgan	–	–
	Sell USD 13,735,988		
	Buy EUR 9,999,984 J.P. Morgan	100	0.01
	Sell USD 14,333		
	Buy EUR 10,491 J.P. Morgan	–	–
	Sell USD 154,419		
	Buy EUR 112,225 J.P. Morgan	1	–
	Total derivatives	112	0.01
Total value of investments		2,091,786	99.09
Net other assets (0.89%)		19,106	0.91
Net assets		2,110,892	100.00

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

March 2013 comparatives in brackets.

Threadneedle American Select Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 5.75% (7.38%)				GENERAL INDUSTRIALS 9.93% (6.19%)			
	Chemicals 3.66% (6.27%)				Aerospace & defence 1.54% (0.00%)		
503,657	Airgas	32,493	1.62	438,313	United Technologies	30,795	1.54
942,394	Methanex	41,020	2.04				
	Construction & building materials 2.09% (1.11%)				Electronic & electrical equipment 3.82% (0.83%)		
781,212	Eagle Materials	41,950	2.09	787,301	Eaton	35,382	1.76
	Total basic industries	115,463	5.75	818,136	TE Connectivity	28,686	1.43
				616,976	Universal Display	12,660	0.63
					Engineering & machinery 4.57% (5.36%)		
				610,858	Pentair	30,135	1.50
				817,524	Thermo Fisher Scientific	61,661	3.07
					Total general industrials	199,319	9.93
CYCLICAL CONSUMER GOODS 3.18% (0.00%)				INFORMATION TECHNOLOGY 18.78% (16.72%)			
	Automobiles & parts 1.86% (0.00%)				Information technology hardware 7.19% (7.20%)		
935,895	Delphi Automotive	37,377	1.86	185,331	Apple	58,676	2.92
	Household goods & textiles 1.32% (0.00%)			1,287,184	Fortinet	17,998	0.90
307,187	Mohawk Industries	26,488	1.32	1,059,221	Lam Research	33,709	1.68
	Total cyclical consumer goods	63,865	3.18	894,307	Synaptics	33,966	1.69
					Software & computer services 11.59% (9.52%)		
				591,174	Facebook	24,981	1.24
				126,293	Google	91,880	4.58
				1,102,776	Informatica	26,714	1.33
				237,689	LinkedIn	29,619	1.47
				73,219	priceline.com	59,592	2.97
					Total information technology	377,135	18.78
CYCLICAL SERVICES 16.83% (25.08%)				NON-CYCLICAL CONSUMER GOODS 15.47% (14.48%)			
	General retailers 4.18% (3.15%)				Health 0.27% (2.90%)		
819,947	Dunkin' Brands Group	25,140	1.25	183,614	HCA Holdings	5,436	0.27
2,247,653	Tyco International	58,739	2.93		Personal care & household products 4.51% (1.02%)		
	Leisure entertainment & hotels 1.42% (1.00%)			1,280,672	Colgate-Palmolive	48,144	2.40
544,512	Las Vegas Sands	28,522	1.42	1,028,765	Estee Lauder Companies Class C	42,368	2.11
	Media & photography 6.59% (12.03%)				Pharmaceuticals & biotechnology 10.69% (10.56%)		
677,391	Charter Communications	51,164	2.55	539,995	Amgen	40,004	1.99
845,941	Discovery Communications 'A' Shares	43,382	2.16	651,600	Express Scripts Holding	30,353	1.51
1,847,131	Twenty-First Century Fox	37,837	1.88	1,376,117	Gilead Sciences	65,596	3.27
	Support services 2.47% (5.29%)			869,025	Mead Johnson Nutrition	43,037	2.14
289,998	Alliance Data Systems	49,511	2.47	1,844,399	Pfizer	35,735	1.78
	Transport 2.17% (3.61%)				Total non-cyclical consumer goods	310,673	15.47
2,064,149	Delta Air Lines	43,551	2.17				
	Total cyclical services	337,846	16.83	NON-CYCLICAL SERVICES 0.00% (2.63%)			
					Telecommunication services 0.00% (2.63%)		
					Total non-cyclical services	-	-
FINANCIALS 21.95% (21.53%)				RESOURCES 6.84% (6.74%)			
	Banks 4.04% (10.97%)				Oil & gas 6.84% (6.74%)		
4,852,763	Bank of America	50,253	2.50	744,312	Anadarko Petroleum	38,405	1.91
881,688	J.P. Morgan Chase	30,999	1.54	1,187,293	Halliburton	40,320	2.01
	Insurance 1.14% (3.83%)			663,381	Noble Energy	27,225	1.36
389,453	ACE	22,802	1.14	264,708	Pioneer Natural resources	31,304	1.56
	Life assurance 2.78% (0.00%)				Total resources	137,254	6.84
1,076,570	Prudential Financial	55,736	2.78				
	Real estate 1.00% (0.53%)						
2,994,550	Annaly Capital Management	20,007	1.00				
	Speciality & other finance 12.99% (6.20%)						
2,759,951	Blackstone Group	56,684	2.82				
438,780	CME Group	20,088	1.00				
1,917,168	Discover Financial Services	67,222	3.35				
997,711	United Rentals	52,665	2.62				
481,553	Visa 'A' Shares	64,339	3.20				
	Total financials	440,795	21.95				

Threadneedle American Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
DERIVATIVES 0.03% (-0.04%)			
Forward foreign exchange contracts 0.03% (-0.04%)			
	Sell USD 17,043		
	Buy EUR 12,475 J.P. Morgan	-	-
	Sell USD 1,992		
	Buy EUR 1,447 J.P. Morgan	-	-
	Sell USD 21,130		
	Buy 15,356 J.P. Morgan	-	-
	Sell USD 2,273		
	Buy EUR 1,648 J.P. Morgan	-	-
	Sell EUR 2,133		
	Buy USD 2,929 J.P. Morgan	-	-
	Sell USD 31,497,769		
	Buy EUR 22,930,800 J.P. Morgan	230	0.01
	Sell USD 3,178		
	Buy EUR 2,316 J.P. Morgan	-	-
	Sell EUR 245,964		
	Buy USD 338,442 J.P. Morgan	(2)	-
	Sell EUR 25,325		
	Buy USD 34,811 J.P. Morgan	-	-
	Sell EUR 263,760		
	Buy USD 362,555 J.P. Morgan	(2)	-
	Sell USD 39,634		
	Buy EUR 28,843 J.P. Morgan	-	-
	Sell EUR 3,019,993		
	Buy USD 4,126,026 J.P. Morgan	(43)	-
	Sell USD 4,150,000		
	Buy GBP 2,486,312 RBS	11	-
	Sell EUR 30,531		
	Buy USD 42,026 J.P. Morgan	-	-
	Sell USD 5,494		
	Buy EUR 3,997 J.P. Morgan	-	-
	Sell EUR 4,064		
	Buy USD 5,577 J.P. Morgan	-	-
	Sell USD 55,478,149		
	Buy EUR 40,388,838 J.P. Morgan	405	0.02
	Sell USD 68,207		
	Buy EUR 49,636 J.P. Morgan	-	-
	Sell USD 7,702,694		
	Buy EUR 5,607,665 J.P. Morgan	56	-
	Sell EUR 56,910		
	Buy USD 78,203 J.P. Morgan	(1)	-
	Sell EUR 7,078		
	Buy USD 9,739 J.P. Morgan	-	-
	Sell USD 9,852		
	Buy EUR 7,167 J.P. Morgan	-	-
	Sell USD 119,328		
	Buy EUR 86,810 J.P. Morgan	1	-
	Sell EUR 10,726		
	Buy USD 14,721 J.P. Morgan	-	-
	Sell EUR 11,411		
	Buy USD 15,740 J.P. Morgan	-	-
	Total	655	0.03
Total value of investments		1,983,005	98.76
Net other assets/(liabilities) (-0.71%)		24,910	1.24
Net assets		2,007,915	100.00

ANALYSIS OF COLLATERAL RECEIVED

Counterparty	Type	Value £000
J.P. Morgan	Cash	50
Total collateral		50

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

March 2013 comparatives in brackets.

Threadneedle American Smaller Companies Fund (US)

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 10.66% (8.17%)				FINANCIALS 19.14% (19.36%)			
	Chemicals 0.62% (3.28%)				Banks 2.93% (7.26%)		
88,575	Methanex	3,855	0.62	597,881	First Horizon National	4,323	0.69
				202,686	First Republic Bank	6,322	1.01
	Construction & building materials 9.08% (4.37%)			607,118	FirstMerit	7,728	1.23
64,190	Chicago Bridge & Iron	3,268	0.52		Insurance 4.42% (4.98%)		
236,980	Eagle Materials	12,725	2.03				
580,024	Louisiana Pacific	6,294	1.01	361,628	Brown & Brown	6,646	1.06
292,542	Owens Corning	7,923	1.27	793,555	CNO Financial Group	8,880	1.42
399,867	PulteGroup	4,906	0.78	349,923	Essent Group	4,964	0.79
149,660	Trex Company	6,888	1.10	366,077	Fidelity National	7,184	1.15
548,891	Tri Pointe Homes	5,939	0.95		Real estate 4.97% (5.28%)		
420,676	USG	8,891	1.42	631,658	American Homes 4 Rent	6,405	1.02
	Forestry & paper 0.96% (0.52%)			141,231	Alexandria Real Estate	6,171	0.99
351,515	Boise Cascade	6,010	0.96	135,027	Rayonier	3,791	0.61
	Total basic industries	66,699	10.66	560,784	Starwood Property Trust	8,092	1.29
				232,035	Weingarten Realty Investors	4,227	0.68
				269,751	Whitestone Reit	2,362	0.38
CYCLICAL CONSUMER GOODS 3.59% (1.51%)					Speciality & other finance 6.82% (1.84%)		
	Automobiles & parts 2.57% (1.51%)			50,819	Affiliated Managers Group	5,928	0.95
854,055	American Axle & Manufacturing Holdings	10,031	1.60	1,893,040	MGIC Investment	10,457	1.67
311,287	Gentherm	6,039	0.97	164,335	Outerwall	6,973	1.11
	Household goods & textiles 1.02% (0.00%)			151,490	Santander Consumer USA Holdings	2,235	0.36
396,014	Wolverine World Wide	6,369	1.02	207,886	Springleaf Holdings	3,447	0.55
	Total cyclical consumer goods	22,439	3.59	257,846	United Rentals	13,611	2.18
					Total financials	119,746	19.14
CYCLICAL SERVICES 19.14% (20.88%)				GENERAL INDUSTRIALS 7.21% (8.74%)			
	Distributors 1.62% (0.00%)				Aerospace & defence 0.73% (0.96%)		
197,958	Wesco International	10,121	1.62	88,756	B/E Aerospace	4,587	0.73
	General retailers 4.84% (4.60%)				Diversified industrials 1.10% (0.00%)		
148,300	ANN	3,148	0.50	107,146	Criteo	3,660	0.58
199,170	Cabelas	8,058	1.29	71,714	Proto Labs	3,225	0.52
267,982	Five Below	6,172	0.99		Electronic & electrical equipment 2.73% (3.37%)		
197,407	Foot Locker	5,033	0.80	129,076	Energizer Holdings	7,311	1.17
223,631	Williams-Sonoma	7,853	1.26	150,700	FLIR Systems	3,165	0.51
	Leisure entertainment & hotels 3.40% (2.46%)			320,168	Universal Display	6,570	1.05
495,613	AVIS Budget Group	14,386	2.30		Engineering & machinery 2.65% (4.41%)		
372,210	Cinemark Holdings	6,856	1.10	153,134	Crane	6,650	1.06
	Media & photography 0.97% (1.56%)			387,436	MasTec	9,938	1.59
354,546	Sinclair Broadcast Group	6,074	0.97		Total general industrials	45,106	7.21
	Support services 5.35% (8.16%)				INFORMATION TECHNOLOGY 12.76% (11.44%)		
35,799	Alliance Data Systems	6,112	0.98		Information technology hardware 7.54% (3.92%)		
190,360	MAXIMUS	5,513	0.88	444,802	Fortinet	6,219	0.99
239,322	Monro Muffler Brake	8,764	1.40	266,437	Lam Research	8,479	1.35
251,617	Robert Half International	6,329	1.01	477,588	PerkinElmer	13,131	2.10
175,518	Total System Services	3,232	0.52	996,900	Spansion	10,068	1.61
534,579	UTI Worldwide	3,533	0.56	245,235	Synaptics	9,314	1.49
	Transport 2.96% (4.10%)				Software & computer services 5.22% (7.52%)		
105,316	Alaska Air Group	5,714	0.91	188,306	Cornerstone OnDemand	6,523	1.04
211,345	American Airlines Group	4,893	0.78	655,269	Cyrusone	9,021	1.44
172,488	Ryder System	7,977	1.27	453,452	Informatica	10,985	1.76
	Total cyclical services	119,768	19.14	62,984	Ultimate Software Group	6,122	0.98
					Total information technology	79,862	12.76

Threadneedle American Smaller Companies Fund (US)

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
NON-CYCLICAL CONSUMER GOODS 12.71% (12.26%)			
Beverages 1.07% (1.05%)			
133,726	Constellation Brands 'A' Shares	6,689	1.07
Food producers & processors 3.19% (1.95%)			
548,686	Pinnacle Foods	9,276	1.48
253,733	Treehouse Foods	10,690	1.71
Health 6.10% (7.43%)			
139,123	Align Technology	4,543	0.73
264,771	Centene	9,920	1.58
103,580	IDEXX Laboratories	7,827	1.25
175,053	Omnicare	6,028	0.96
272,003	Tenet Healthcare	6,948	1.11
62,295	Universal Health Services	2,971	0.47
Pharmaceuticals & biotechnology 2.35% (1.83%)			
199,625	Charles River Laboratories	6,926	1.11
85,608	Jazz Pharmaceuticals	7,735	1.24
Total non-cyclical consumer goods		79,553	12.71
NON-CYCLICAL SERVICES 2.38% (2.86%)			
Packaging 0.00% (0.99%)			
Telecommunication services 2.38% (1.87%)			
709,455	Ruckus Wireless	6,433	1.03
148,067	SBA Communications	8,437	1.35
Total non-cyclical services		14,870	2.38
RESOURCES 7.77% (9.78%)			
Mining 0.74% (2.10%)			
767,350	Cypress Semiconductor	4,660	0.74
Oil & gas 7.03% (7.68%)			
223,567	Athlon Energy	4,837	0.77
209,251	Forum Energy Technologies	3,330	0.53
220,253	Franks International	3,200	0.51
298,493	Laredo Petroleum	4,551	0.73
243,071	SemGroup 'A' Shares	9,748	1.56
597,256	Superior Energy Services	10,553	1.69
330,606	Western Refining	7,729	1.24
Total resources		48,608	7.77
UTILITIES 1.56% (0.00%)			
Electricity 1.56% (0.00%)			
483,612	Westar Energy	9,771	1.56
Total utilities		9,771	1.56
DERIVATIVES 0.00% (0.00%)			
Forward foreign exchange contracts 0.00% (0.00%)			
	Sell USD 4,690,000		
	Buy GBP 2,809,832 RBS	12	-
Total derivatives		12	-
Total value of investments		606,434	96.92
Net other assets (5.00%)		19,245	3.08
Net assets		625,679	100.00

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

March 2013 comparatives in brackets.

Threadneedle Dollar Bond Fund

Portfolio Statement

as at 7 March 2014

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
FIXED INTEREST 96.38% (91.51%)					AAA 0.00% (5.79%)				
Aaa+ 0.00% (2.69%)					BBB+ 16.85% (6.35%)				
AA+ 30.13% (28.36%)					USD	1,210,000	Citigroup 3.5% 15/05/2023	678	1.08
USD	1,040,000	General Electric 2.7% 09/10/2022	594	0.95	USD	1,050,000	CVS Caremark 4% 05/12/2023	639	1.02
USD	1,060,000	General Electric 4.65% 17/10/2021	693	1.10	USD	1,150,000	Electricite de France 5.25% 29/07/2049	697	1.11
USD	550,000	US Treasury N/B 0.125% 30/04/2015	328	0.52	USD	1,060,000	Enterprise Products Oper 3.9% 15/02/2024	630	1.00
USD	2,500,000	US Treasury N/B 0.25% 15/05/2015	1,493	2.38	USD	1,175,000	Heineken 3.4% 01/04/2022	695	1.11
USD	2,115,000	US Treasury N/B 0.25% 15/12/2014	1,263	2.01	USD	1,044,000	Hewlett-Packard 2.75% 14/01/2019	630	1.00
USD	40,000	US Treasury N/B 1.125% 30/04/2020	23	0.04	USD	988,000	ING Bank 4.125% 21/11/2023	596	0.95
USD	5,525,000	US Treasury N/B 1.125% 31/05/2019	3,207	5.11	USD	1,150,000	McKesson 2.284% 15/03/2019	685	1.09
USD	7,500,000	US Treasury N/B 1.25% 31/10/2015	4,546	7.25	USD	1,070,000	Petroleos Mexicanos 3.5% 18/07/2018	661	1.05
USD	1,174,500	US Treasury N/B 1.625% 15/11/2022	649	1.03	USD	1,090,000	SABMiller Holdings 2.2% 01/08/2018	651	1.04
USD	3,975,800	US Treasury N/B 2% 15/02/2023	2,258	3.60	USD	500,000	SABMiller Holdings 3.75% 15/01/2022	304	0.48
USD	25,600	US Treasury N/B 2% 15/11/2021	15	0.02	USD	1,150,000	Swedish Export Credit 2.875% 14/11/2023	675	1.08
USD	1,990,000	US Treasury N/B 2.5% 15/08/2023	1,171	1.87	USD	1,025,000	Tesco 5.5% 15/11/2017	685	1.09
USD	1,200,000	US Treasury N/B 2.875% 15/05/2043	611	0.97	USD	890,000	Thomson Reuters 4.3% 23/11/2023	540	0.86
USD	3,100,000	US Treasury N/B 4.25% 15/05/2039	2,058	3.28	USD	1,250,000	Verizon Communications 2.45% 01/11/2022	674	1.07
AA 1.37% (2.95%)					USD	1,763,000	Verizon Communications 5.15% 15/09/2023	1,142	1.82
USD	440,000	Qatari Diar Finance 5% 21/07/2020	292	0.47	Baa1 0.00% (0.53%)				
USD	790,000	State of Qatar 6.55% 09/04/2019	564	0.90	BBB 11.63% (4.45%)				
Aa2 0.00% (1.10%)					USD	1,030,000	ABN Amro Bank 6.25% 13/09/2022	674	1.07
AA- 4.03% (2.46%)					USD	548,000	BG Energy Capital 6.5% 30/11/2072	360	0.57
USD	1,050,000	Japan Tobacco 2.1% 23/07/2018	631	1.01	USD	587,000	British Telecom 9.625% 15/12/2030	533	0.85
USD	2,070,000	Novartis Capital 3.4% 06/05/2024	1,226	1.95	USD	1,625,000	Deutsche Annington 3.2% 02/10/2017	995	1.59
USD	1,000,000	UniCredito Bank Austria 7.25% 15/02/2017	671	1.07	USD	1,030,000	Hutchison Whampoa International 6% 28/10/2049	651	1.04
Aa3 1.07% (0.00%)					USD	1,140,000	Imperial Tobacco Finance 3.5% 11/02/2023	648	1.03
USD	1,160,000	QNB Finance 2.875% 29/04/2020	674	1.07	USD	1,070,000	Pacific Gas & Electric 3.85% 15/11/2023	643	1.02
A+ 3.10% (4.13%)					USD	470,000	Petrobras International Finance 3.875% 27/01/2016	288	0.46
USD	1,050,000	BHP Billiton Finance USA 3.85% 30/09/2023	637	1.02	USD	494,000	Rosneft International Finance 4.199% 06/03/2022	262	0.42
USD	540,000	Export-Import Bank of Korea 5.125% 29/06/2020	361	0.58	USD	1,000,000	Russian Federation 4.5% 04/04/2022	587	0.94
USD	460,000	HSBC Holdings 5.1% 05/04/2021	306	0.49	USD	645,000	Time Warner Cable 5.5% 01/09/2041	395	0.63
USD	1,065,000	Sun Hung Kai Properties 3.375% 25/02/2024	633	1.01	USD	1,030,000	Xstrata Canada Finance 4.95% 15/11/2021	639	1.02
A 6.25% (6.64%)					USD	1,050,000	Yum! Brands 3.875% 01/11/2023	620	0.99
USD	1,300,000	Abbey National Treasury Service 3.05% 23/08/2018	803	1.28	Baa2 0.78% (0.61%)				
USD	1,000,000	Anheuser-Busch InBev Worldwide 5.375% 15/01/2020	688	1.10	USD	275,000	Alicorp 3.875% 20/03/2023	153	0.24
USD	460,000	CLP Power Hong Kong Financing 4.75% 12/07/2021	291	0.46	USD	515,000	BBVA Bancomer 6.75% 30/09/2022	336	0.54
USD	1,160,000	EADS Finance 2.7% 17/04/2023	651	1.04	BBB- 4.60% (6.80%)				
USD	290,000	GDF Suez 1.625% 10/10/2017	174	0.28	USD	500,000	Alpek 5.375% 08/08/2023	298	0.47
USD	1,020,000	J.P. Morgan Chase 4.35% 15/08/2021	650	1.04	USD	500,000	Credit Agricole 8.125% 19/09/2033	347	0.55
USD	1,115,000	Philip Morris International 3.6% 15/11/2023	658	1.05	USD	500,000	Credit Suisse 6.5% 08/08/2023	330	0.53
A- 8.68% (9.97%)					USD	1,000,000	El Paso Pipeline Partners 5% 01/10/2021	627	1.00
USD	1,040,000	American International Group 4.125% 15/02/2024	631	1.01	USD	1,072,000	Kansas City Southern 3.85% 15/11/2023	628	1.00
USD	1,600,000	AT&T 2.375% 27/11/2018	962	1.53	USD	370,000	PPL Capital Funding 4.2% 15/06/2022	226	0.36
USD	1,000,000	Bank of America 5% 13/05/2021	659	1.05	USD	90,000	UBS 4.75% 22/05/2023	55	0.09
USD	1,085,000	BAT International Finance 3.25% 07/06/2022	634	1.01	USD	570,000	UBS Jersey 7.25% 22/02/2022	377	0.60
USD	700,000	Experian Finance 2.375% 15/06/2017	418	0.67	Baa3 1.68% (0.58%)				
USD	1,130,000	Heathrow Funding 2.5% 25/06/2015	683	1.09	USD	525,000	Dubai Electricity & Water 7.375% 21/10/2020	374	0.60
USD	1,040,000	MetLife 4.368% 15/09/2023	654	1.04	USD	1,190,000	Uralkali 3.723% 30/04/2018	677	1.08
USD	955,000	Prudential 7.75% 23/03/2049	617	0.98	BB+ 2.39% (3.16%)				
USD	310,000	Republika Slovenija 4.125% 18/02/2019	189	0.30	USD	400,000	KBC Bank 8% 25/01/2023	273	0.43
					USD	500,000	LBG Capital No 1 7.875% 01/11/2020	330	0.53
					USD	376,000	Romania 4.875% 22/01/2024	231	0.37
					USD	875,000	Royal Bank of Scotland Group 6.125% 15/12/2022	545	0.87
					USD	200,000	Softbank 4.5% 15/04/2020	120	0.19

Threadneedle Japan Fund

Portfolio Statement

as at 7 March 2014

		Value	% of			Value	% of
		£000	Net Asset Value			£000	Net Asset Value
BASIC INDUSTRIES 10.69% (10.61%)							
	Chemicals 1.03% (3.92%)						
213,200	JSR	2,230	1.03				
	Construction & building materials 6.12% (4.87%)						
187,000	Iida Group Holdings	1,703	0.79				
732,000	Sekisui Chemical	5,090	2.36				
393,800	Sekisui House	3,046	1.41				
1,606,000	Taiheiyō Cement	3,378	1.56				
	Steel & other metals 3.54% (1.82%)						
1,186,000	Hanwa	3,106	1.44				
223,800	Maruichi Steel Tube	3,589	1.66				
409,000	Nippon Steel & Sumikin Bussa	948	0.44				
	Total basic industries	23,090	10.69				
CYCLICAL CONSUMER GOODS 11.10% (17.16%)							
	Automobiles & parts 9.51% (14.83%)						
159,300	Daihatsu Motor	1,535	0.71				
2,160,000	Mazda Motor	6,157	2.85				
448,900	Mitsubishi Motors	2,999	1.39				
786,200	Nissan Motor	4,095	1.89				
169,000	Toyota Motor	5,766	2.67				
	Household goods & textiles 1.59% (2.33%)						
320,700	Sony	3,426	1.59				
	Total cyclical consumer goods	23,978	11.10				
CYCLICAL SERVICES 10.52% (5.89%)							
	Distributors 0.00% (1.47%)						
	General retailers 4.54% (1.25%)						
217,400	Aeon	1,572	0.73				
1,014,000	J. Front Retailing	3,907	1.81				
79,900	Ryohin Keikaku	4,324	2.00				
	Media & photography 2.80% (0.47%)						
153,900	Dentsu	3,567	1.65				
217,000	Fuji Media Holdings	2,490	1.15				
	Support services 1.72% (0.00%)						
370,400	Kuroda Electric	3,711	1.72				
	Transport 1.46% (2.70%)						
876,000	Tokyu	3,162	1.46				
	Total cyclical services	22,733	10.52				
FINANCIALS 19.13% (24.97%)							
	Banks 9.35% (14.36%)						
664,000	Chiba Bank	2,462	1.14				
2,341,300	Mitsubishi UFJ Financial Group	8,167	3.78				
235,100	Sumitomo Mitsui Financial Group	6,355	2.94				
1,148,000	Sumitomo Mitsui Trust Holdings	3,213	1.49				
	Insurance 0.00% (0.47%)						
	Real estate 1.95% (4.00%)						
333,900	Nomura Real estate Holdings	4,208	1.95				
	Speciality & other finance 7.83% (6.14%)						
1,406,900	Ashikaga Holdings	3,929	1.82				
385,900	Japan Exchange Group	5,704	2.64				
524,400	Nomura Holdings	2,154	1.00				
	GENERAL INDUSTRIALS 24.98% (16.42%)						
	Diversified industrials 4.80% (4.80%)						
696	Nomura Real estate Residential	2,166	1.00				
565,500	Tokai Tokyo Securities	2,955	1.37				
	Total financials	41,313	19.13				
	Electronic & electrical equipment 12.99% (10.73%)						
608,100	Mitsui	5,715	2.65				
329,200	OSG	3,470	1.61				
79,800	Tamron	1,171	0.54				
	Engineering & machinery 7.19% (0.89%)						
448,600	DMG Mori Seiki	3,706	1.72				
314,100	Komatsu	4,071	1.88				
95,800	Sho-Bond Holdings	2,542	1.18				
664,000	Tadano	5,205	2.41				
	Total general industrials	53,943	24.98				
	INFORMATION TECHNOLOGY 9.06% (10.42%)						
	Information technology hardware 0.21% (1.58%)						
107,800	Renesas Electronics	446	0.21				
	Software & computer services 8.85% (8.84%)						
152,500	Konami	2,316	1.07				
1,577,900	Monex Group	3,904	1.81				
11,100	Nintendo	812	0.38				
268,900	Nomura Research Institute	5,290	2.45				
183,400	SCSK	3,204	1.48				
77,100	Softbank	3,589	1.66				
	Total information technology	19,561	9.06				
	NON-CYCLICAL CONSUMER GOODS 9.87% (9.40%)						
	Beverages 3.36% (3.02%)						
265,000	Kirin Holdings	2,131	0.99				
248,300	Suntory Beverage & Food	5,114	2.37				
	Food producers & processors 0.00% (0.51%)						
	Health 2.08% (0.00%)						
884,000	Shimadzu	4,502	2.08				
	Pharmaceuticals & biotechnology 4.43% (5.87%)						
91,100	Ono Pharmaceutical	5,168	2.39				
123,000	Santen Pharmaceutical	3,364	1.56				
36,100	Takeda Pharmaceutical	1,034	0.48				
	Total non-cyclical consumer goods	21,313	9.87				
	NON-CYCLICAL SERVICES 0.62% (3.85%)						
	Food & drug retailers 0.62% (3.25%)						
32,400	Lawson	1,331	0.62				
	Packaging 0.00% (0.60%)						
	Total non-cyclical services	1,331	0.62				

Threadneedle Japan Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
RESOURCES 1.48% (0.00%)			
	Mining 1.48% (0.00%)		
1,683,000	Mitsubishi Materials	3,189	1.48
	Total resources	3,189	1.48
UTILITIES 1.93% (1.10%)			
	Electricity 1.93% (1.10%)		
221,700	Electric Power Development	4,181	1.93
	Total utilities	4,181	1.93
DERIVATIVES -0.01% (0.00%)			
	Forward foreign exchange contracts -0.01% (0.00%)		
	Sell GBP 602,764		
	Buy JPY 102,500,000 RBS	(9)	(0.01)
	Total derivatives	(9)	(0.01)
Total value of investments		214,623	99.37
Net other assets (0.18%)		1,357	0.63
Net assets		215,980	100.00

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

March 2013 comparatives in brackets.

Threadneedle Asia Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 21.15% (18.85%)				Real estate 0.00% (0.25%)			
Banks 8.07% (8.02%)				Software & computer services 3.34% (1.42%)			
454,461	Australia & New Zealand Banking Group	8,060	1.88	37,351	Baidu (ADS)	4,114	0.96
175,814	Commonwealth Bank of Australia	7,273	1.70	210,096	Tencent Holdings	10,191	2.38
571,030	National Australia Bank	10,799	2.52	Support services 0.32% (0.00%)			
457,613	Westpac Banking	8,448	1.97	946,000	China Conch Venture Holdings	1,357	0.32
Diversified industrials 0.48% (2.07%)				Total Cayman Islands			
202,923	Ansell	2,061	0.48			36,295	8.47
Engineering & machinery 0.00% (0.48%)				CHINA 7.66% (7.83%)			
Food & drug retailers 0.73% (0.00%)				Automobiles & parts 0.76% (1.26%)			
157,729	Woolworths	3,118	0.73	1,301,926	Great Wall Motor	3,268	0.76
General retailers 1.33% (0.00%)				Banks 3.04% (3.86%)			
240,955	Wesfarmers	5,695	1.33	7,713,000	Bank of China 'H' Shares	1,897	0.44
Health 0.34% (0.00%)				14,005,524	China Construction Bank	5,641	1.32
329,305	Virtus Health	1,449	0.34	15,515,551	Industrial & Commercial Bank of China	5,463	1.28
Insurance 0.62% (0.00%)				Construction & building materials 0.75% (0.43%)			
385,543	QBE Insurance Group	2,668	0.62	1,440,000	Anhui Conch Cement	3,199	0.75
Mining 3.58% (3.98%)				Electronic & electrical equipment 0.61% (0.56%)			
456,146	BHP Billiton	9,369	2.19	1,491,939	Zhuzhou CSR Times Electric Company	2,621	0.61
168,461	Rio Tinto	5,957	1.39	Insurance 0.99% (1.16%)			
Oil & gas 0.00% (0.71%)				882,136	Ping An Insurance Group	4,238	0.99
Pharmaceuticals & biotechnology 1.08% (0.00%)				Oil & gas 1.51% (0.56%)			
118,224	CSL	4,626	1.08	1,780,000	China Oilfield Services	2,572	0.60
Real estate 1.81% (1.07%)				7,202,288	China Petroleum & Chemical	3,903	0.91
842,384	Lend Lease Group	5,280	1.23	Total China			
2,635,424	Mirvac Group	2,497	0.58			32,802	7.66
Speciality & other finance 0.88% (0.98%)				HONG KONG 11.66% (13.37%)			
120,849	Macquarie Group	3,741	0.88	Banks 0.49% (0.00%)			
Support services 0.92% (0.00%)				1,164,710	BOC Hong Kong Holdings	2,108	0.49
700,389	Amcor	3,932	0.92	Diversified industrials 3.12% (2.93%)			
Telecommunication services 1.31% (1.54%)				1,178,184	Hutchison Whampoa	9,953	2.32
2,033,205	Telstra	5,602	1.31	838,041	Wharf Holdings	3,405	0.80
Total Australia				Engineering & machinery 0.85% (0.00%)			
		90,575	21.15	5,978,468	Guangdong Investment	3,631	0.85
BERMUDA 0.40% (1.60%)				Information technology hardware 0.57% (0.55%)			
Diversified industrials 0.00% (1.03%)				3,815,780	Lenovo Group	2,429	0.57
Household goods & textiles 0.40% (0.57%)				Insurance 2.56% (2.46%)			
2,253,721	Li & Fung	1,736	0.40	3,821,316	AIA Group	10,942	2.56
Total Bermuda				Oil & gas 0.65% (1.41%)			
		1,736	0.40	2,929,760	CNOOC	2,802	0.65
CAYMAN ISLANDS 8.47% (4.83%)				Real estate 2.30% (5.02%)			
General retailers 0.00% (0.30%)				579,952	Cheung Kong Holdings	5,631	1.31
Food producers & processors 0.57% (0.00%)				2,690,521	China Overseas Land	4,250	0.99
788,000	China Mengniu Dairy	2,447	0.57	Telecommunication services 1.12% (1.00%)			
Leisure entertainment & hotels 1.62% (1.34%)				445,191	China Mobile	2,512	0.59
1,395,432	Sands China	6,930	1.62	2,915,224	China Unicom (Hong Kong)	2,254	0.53
Oil & gas 2.62% (1.52%)				Total Hong Kong			
2,940,000	CIMC Enric Holdings	3,006	0.70			49,917	11.66
1,051,957	ENN Energy Holdings	4,136	0.96				
5,477,940	Towngas China	4,114	0.96				

Threadneedle Asia Fund

Portfolio Statement

(continued)

		Value	% of			Value	% of
Holding	Investment	£000	Net Asset Value	Holding	Investment	£000	Net Asset Value
INDIA 7.42% (8.26%)							
	Automobiles & parts 0.70% (1.09%)			3,252,630	General retailers 0.70% (0.00%)		
313,101	Mahindra & Mahindra	2,998	0.70		Robinsons Retail Holdings	2,989	0.70
	Banks 2.49% (3.17%)				Real estate 0.00% (0.46%)		
768,697	HDFC Bank	5,341	1.25		Total Philippines	15,734	3.67
228,218	ICICI Bank	5,313	1.24	SINGAPORE 2.23% (5.40%)			
	Engineering & machinery 0.36% (0.54%)				Banks 1.45% (1.79%)		
673,296	Motherson Sumi Systems	1,526	0.36	810,412	DBS Group Holdings	6,209	1.45
	Leisure entertainment & hotels 0.00% (0.80%)			663,487	Keppel	3,335	0.78
	Pharmaceuticals & biotechnology 0.93% (0.00%)				Real estate 0.00% (0.85%)		
667,822	Sun Pharmaceutical Industries	3,994	0.93		Telecommunication services 0.00% (0.59%)		
	Software & computer services 2.05% (0.71%)				Total Singapore	9,544	2.23
325,779	HCL Technologies	4,711	1.10	SOUTH KOREA 11.91% (14.30%)			
111,901	Infosys Technologies	4,088	0.95		Automobiles & parts 2.33% (1.80%)		
	Speciality & other finance 0.00% (0.62%)			128,240	Halla Visteon Climate Control	2,847	0.66
	Tobacco 0.89% (1.33%)			53,190	Hyundai Motor	7,131	1.67
1,162,413	ITC	3,827	0.89		Banks 1.05% (1.03%)		
	Total India	31,798	7.42	195,063	Hana Financial Holdings	4,496	1.05
INDONESIA 1.83% (3.27%)					Chemicals 0.49% (0.53%)		
	Banks 0.82% (1.06%)			15,028	LG Chem	2,116	0.49
7,224,824	Bank Mandiri (Persero)	3,492	0.82		Construction & building materials 0.49% (0.00%)		
	Construction & building materials 0.00% (1.03%)			122,110	Hyundai Development Company	2,097	0.49
	Gas distribution 0.00% (0.52%)				Electricity 0.78% (1.12%)		
	Media & photography 0.55% (0.25%)			158,310	Korea Electric Power	3,324	0.78
15,641,489	Surya Citra Media	2,374	0.55		Engineering & machinery 0.51% (0.62%)		
	Telecommunication services 0.46% (0.00%)			116,320	Samsung Heavy Industries	2,171	0.51
16,564,600	Telekomunikasi Indonesia	1,974	0.46		Food producers & processors 0.00% (0.46%)		
	Transport 0.00% (0.41%)				General retailers 0.00% (0.47%)		
	Total Indonesia	7,840	1.83		Health 0.00% (0.93%)		
LUXEMBOURG 0.56% (0.45%)					Information technology hardware 4.36% (6.57%)		
	Personal care & household products 0.56% (0.45%)			15,995	Samsung Electronics	12,030	2.81
1,493,970	Samsonite International	2,394	0.56	306,210	SK Hynix	6,627	1.55
	Total Luxembourg	2,394	0.56		Software & computer services 0.80% (0.00%)		
				7,394	Naver	3,433	0.80
MALAYSIA 1.59% (0.46%)					Speciality & other finance 0.00% (0.51%)		
	Banks 0.70% (0.46%)				Steel & other metals 0.00% (0.26%)		
1,682,200	Malayan Banking	2,995	0.70		Telecommunication services 1.10% (0.00%)		
	Electricity 0.89% (0.00%)			39,942	SK Telecom	4,715	1.10
1,745,700	Tenaga Nasional	3,827	0.89		Total South Korea	50,987	11.91
	Total Malaysia	6,822	1.59	TAIWAN 11.45% (8.27%)			
PHILIPPINES 3.67% (2.75%)					Construction & building materials 0.61% (0.00%)		
	Banks 0.51% (0.84%)			2,819,000	Taiwan Cement	2,610	0.61
503,610	Asia United Bank	482	0.11		Electronic & electrical equipment 1.30% (1.45%)		
1,560,735	Metroplitan Bank & Trust	1,710	0.40	1,014,000	Delta Electronics	3,392	0.79
	Diversified industrials 0.67% (0.87%)			1,296,000	Hon Hai Precision Industry	2,164	0.51
377,874	Ayala	2,891	0.67		General retailers 1.01% (0.35%)		
	Food producers & processors 1.79% (0.58%)			608,000	Makalot Industrial	2,016	0.47
11,290,300	Alliance Global Group	4,542	1.06	605,000	President Chain Store	2,329	0.54
1,658,820	Universal Robina	3,120	0.73				

Threadneedle Asia Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
TAIWAN 11.45% (8.27%) (continued)			
Information technology hardware 6.39% (4.18%)			
4,093,000	Advanced Semiconductor Engineering	2,610	0.61
816,000	Mediatek	7,618	1.78
7,622,408	Taiwan Semiconductor	17,151	4.00
Real estate 0.50% (0.00%)			
1,458,000	Huaku Development	2,121	0.50
Speciality & other finance 1.64% (1.48%)			
10,446,153	CTBC Financial Holdings	4,072	0.95
7,952,300	E.Sun Financial Holding	2,935	0.69
Telecommunication services 0.00% (0.81%)			
Total Taiwan		49,018	11.45
THAILAND 3.31% (4.68%)			
Banks 1.05% (1.28%)			
503,732	Kasikornbank	1,625	0.38
970,774	SIAM Commercial Bank	2,845	0.67
General retailers 0.00% (0.92%)			
Oil & gas 0.95% (0.93%)			
3,011,669	PTT Global Chemical	4,066	0.95
Telecommunication services 1.31% (1.55%)			
639,630	Advanced Info Service	2,508	0.59
1,392,327	Total Access Communication	2,755	0.64
182,644	Total Access Communication Non-voting Shares	361	0.08
Total Thailand		14,160	3.31
UNITED KINGDOM 4.02% (3.90%)			
Collective investment schemes 4.02% (3.90%)			
7,978,678	\$Threadneedle China Opportunities Fund	17,228	4.02
Total United Kingdom		17,228	4.02
UNITED STATES OF AMERICA 0.00% (0.28%)			
Health 0.00% (0.28%)			
Total United States of America		-	-
Total value of investments		416,850	97.33
Net other assets (1.50%)		11,417	2.67
Net assets		428,267	100.00

§Related party.

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

March 2013 comparatives in brackets.

Threadneedle Latin America Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
ARGENTINA 0.56% (0.00%)				Telecommunication services 0.43% (0.09%)			
	Oil & gas 0.56% (0.00%)			200,000	LINX	2,273	0.43
175,000	YFA	2,973	0.56	Total Brazil			
Total Argentina						255,906	48.48
BERMUDA 3.97% (4.38%)				CANADA 1.48% (2.08%)			
	Banks 2.25% (2.61%)			900,000	Oil & gas 1.48% (2.08%)		
150,000	Credicorp	11,876	2.25		Pacific Rubiales Energy	7,835	1.48
Food producers & processors 1.72% (1.77%)				Total Canada			
1,250,000	Cosan	9,052	1.72			7,835	1.48
Total Bermuda				CHILE 3.54% (3.35%)			
		20,928	3.97	General retailers 2.77% (2.48%)			
BRAZIL 48.48% (55.62%)				2,850,000	SACI Falabella	14,634	2.77
	Automobiles & parts 1.31% (2.43%)			Software & computer services 0.77% (0.87%)			
1,150,002	Iochpe-Maxion	6,929	1.31	3,350,544	Sonda	4,042	0.77
Banks 10.22% (10.74%)				Total Chile			
742,975	Banco Bradesco	5,350	1.01			18,676	3.54
2,600,000	Banco Bradesco ADR	18,704	3.54	LUXEMBOURG 3.02% (1.04%)			
3,699,999	Itaú Unibanco Banco Multiplo	29,906	5.67	Oil & gas 1.33% (1.04%)			
Beverages 7.38% (6.01%)				275,000	Tenaris	7,011	1.33
9,000,000	Ambev	38,923	7.38	Steel & other metals 1.69% (0.00%)			
Diversified industrials 3.18% (2.70%)				500,000	Ternium	8,930	1.69
7,700,003	Itausa-Investimentos Itau	16,792	3.18	Total Luxembourg			
Food producers & processors 5.85% (1.34%)						15,941	3.02
1,350,000	BRF	15,362	2.91	MEXICO 32.24% (23.70%)			
265,000	Cia Brasileira de Distribuicao	6,664	1.26	Banks 3.02% (1.89%)			
410,000	M Dias Branco	8,858	1.68	4,200,000	Grupo Financiero Banorte	15,961	3.02
General retailers 0.40% (7.56%)				Beverages 5.18% (6.30%)			
500,000	Raia Drogasil	2,119	0.40	1,000,000	ARCA Continental	3,211	0.61
Household goods & textiles 1.25% (1.08%)				470,000	Fomento Economico Mexicano	24,111	4.57
1,925,000	Alpargatas	6,609	1.25	Chemicals 0.00% (1.90%)			
Insurance 1.48% (0.00%)				Construction & building materials 4.84% (3.12%)			
825,000	BB Seguridade Participações	4,990	0.95	3,300,000	Cemex	25,551	4.84
1,250,000	OdontoPrev	2,800	0.53	Diversified industrials 2.72% (1.54%)			
Mining 6.34% (8.21%)				10,000,000	Alfa	14,356	2.72
4,650,000	Vale	33,480	6.34	Food producers & processors 1.03% (0.00%)			
Oil & gas 5.05% (5.35%)				4,250,000	Grupo Lala	5,438	1.03
3,850,000	Petroleo Brasileiro	26,664	5.05	General retailers 4.11% (2.86%)			
Real estate 0.79% (3.24%)				2,500,000	Alsea	4,619	0.88
750,000	Iguatemi Empresa de Shopping	4,162	0.79	650,000	El Puerto de Liverpool	3,891	0.74
Software & computer services 0.80% (0.00%)				10,000,894	Wal-Mart de Mexico	13,128	2.49
500,000	TOTVS	4,207	0.80	Media & photography 3.42% (1.93%)			
Speciality & other finance 0.00% (1.69%)				950,000	Grupo Televisa	18,044	3.42
Steel & other metals 1.31% (2.36%)				Mining 3.45% (2.17%)			
1,850,000	Gerdau	6,897	1.31	9,650,921	Grupo Mexico	18,227	3.45
Support services 2.69% (2.82%)				Pharmaceuticals & biotechnology 0.29% (1.07%)			
2,550,152	CCR	11,083	2.10	1,000,000	Genomma Lab Internacional	1,538	0.29
425,000	Valid Solucoes	3,134	0.59	Real estate 1.42% (0.92%)			
				2,300,000	Macquarie Mexico Real estate	2,325	0.44
				4,200,273	TF Administradora Industrial	5,181	0.98

Threadneedle Latin America Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
MEXICO 32.24% (23.70%) (continued)			
Speciality & other finance 0.43% (0.00%)			
2,000,000	Bolsa Mexicana de Valores	2,269	0.43
Support services 1.35% (0.00%)			
4,500,000	OHL Mexico	7,107	1.35
Telecommunication services 0.98% (0.00%)			
450,000	América Móvil Series L	5,194	0.98
Total Mexico		170,151	32.24
PANAMA 2.57% (2.67%)			
Aerospace & defence 2.57% (2.67%)			
182,500	Copa Holdings Class A	13,559	2.57
Total Panama		13,559	2.57
PERU 0.52% (0.71%)			
Construction & building materials 0.52% (0.71%)			
500,000	Cementos Pacasmayo	2,732	0.52
Total Peru		2,732	0.52
UNITED KINGDOM 0.00% (1.47%)			
Mining 0.00% (1.47%)			
Total United Kingdom		-	-
UNITED STATES OF AMERICA 0.00% (1.11%)			
Mining 0.00% (1.11%)			
Total United States of America		-	-
DERIVATIVES 0.00% (0.00%)			
Forward foreign exchange contracts 0.00% (0.00%)			
	Sell USD 758,000		
	Buy GBP 454,126 RBS	2	-
Total Derivatives		2	-
Total value of investments		508,703	96.38
Net other assets (3.87%)		19,134	3.62
Net assets		527,837	100.00

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

March 2013 comparatives in brackets.

Threadneedle Emerging Market Bond Fund

Portfolio Statement

as at 7 March 2014

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value		
ARGENTINA 1.85% (2.71%)					CROATIA 0.41% (1.88%)						
		Not rated 1.85% (2.71%)					BB+ 0.00% (1.88%)				
USD	6,537,022	Republic of Argentina 0% 03/10/2015	3,657	1.42			BB 0.41% (0.00%)				
USD	2,250,602	Republic of Argentina 0% 17/04/2017	1,114	0.43	USD	595,000	Croatia 6.25% 27/04/2017	382	0.15		
		Total Argentina	4,771	1.85	USD	1,010,000	Croatia 6.75% 05/11/2019	665	0.26		
							Total Croatia	1,047	0.41		
BRAZIL 7.15% (6.96%)					EGYPT 0.00% (0.25%)						
		A- 2.49% (0.00%)					B- 0.00% (0.25%)				
BRL	8,590	Letra Tesouro Nacional 0% 01/01/2017	1,586	0.62			Total Egypt	-	-		
BRL	18,836	Nota do Tesouro Nacional 0% 01/01/2015	4,800	1.87							
		BBB 4.66% (5.93%)					EL SALVADOR 0.54% (1.20%)				
USD	1,850,000	Banco Nacional de Desenvolvimento Econômico e Social 5.75% 26/09/2023	1,131	0.44	USD	727,000	Republic of El Salvador 5.875% 30/01/2025	392	0.15		
USD	1,660,000	Caixa Economica Federal 4.5% 03/10/2018	1,003	0.39	USD	1,055,000	Republic of El Salvador 7.65% 15/06/2035	605	0.24		
USD	3,507,000	Federal Republic of Brazil 4.25% 07/01/2025	2,029	0.79	USD	642,000	Republic of El Salvador 8.25% 10/04/2032	393	0.15		
USD	4,016,000	Federal Republic of Brazil 4.875% 22/01/2021	2,579	1.00			Total El Salvador	1,390	0.54		
USD	4,698,000	Federal Republic of Brazil 5.625% 07/01/2041	2,783	1.08							
USD	1,995,000	Federal Republic of Brazil 7.125% 20/01/2037	1,406	0.55			HUNGARY 3.70% (2.33%)				
USD	1,370,000	Federal Republic of Brazil 8.25% 20/01/2034	1,066	0.41	USD	1,270,000	Ba1 0.31% (0.00%) Hungarian Development Banki 6.25% 21/10/2020	793	0.31		
		Baa2 0.00% (1.03%)			USD	962,000	BB 3.39% (2.33%) Republic of Hungary 4.125% 19/02/2018	585	0.23		
		Total Brazil	18,383	7.15	USD	4,222,000	Republic of Hungary 5.375% 21/02/2023	2,553	0.99		
					USD	3,450,000	Republic of Hungary 5.75% 22/11/2023	2,121	0.83		
CHINA 0.09% (0.09%)							USD	1,002,000	Republic of Hungary 6.25% 29/01/2020	653	0.25
		BB- 0.09% (0.09%)			USD	4,312,000	Republic of Hungary 6.375% 29/03/2021	2,809	1.09		
USD	401,000	Development Bank of Mongolia 5.75% 21/03/2017	223	0.09			Total Hungary	9,514	3.70		
		Total China	223	0.09							
COLOMBIA 4.38% (3.08%)					INDONESIA 7.67% (6.83%)						
		BBB 4.38% (0.00%)					BB+ 7.42% (6.70%)				
USD	2,890,000	Republic of Colombia 4% 26/02/2024	1,699	0.66	USD	400,000	Pertamina 4.875% 03/05/2022	230	0.09		
USD	4,535,000	Republic of Colombia 4.375% 12/07/2021	2,832	1.10	USD	4,559,000	Pertamina 5.25% 23/05/2021	2,740	1.07		
USD	2,077,000	Republic of Colombia 6.125% 18/01/2041	1,378	0.54	USD	2,342,000	Perusahaan Penerbit SBSN 4% 21/11/2018	1,423	0.55		
USD	1,835,000	Republic of Colombia 7.375% 27/01/2017	1,265	0.49	USD	1,240,000	Republic of Indonesia 3.375% 15/04/2023	664	0.26		
USD	3,146,000	Republic of Colombia 7.375% 18/03/2019	2,277	0.89	USD	3,698,000	Republic of Indonesia 3.75% 25/04/2022	2,070	0.80		
USD	2,400,000	Republic of Colombia 7.375% 18/09/2037	1,811	0.70	USD	2,013,000	Republic of Indonesia 4.625% 15/04/2043	985	0.38		
		BBB- 0.00% (3.01%)			USD	4,726,000	Republic of Indonesia 4.875% 05/05/2021	2,900	1.13		
		Total Colombia	11,262	4.38	USD	3,048,000	Republic of Indonesia 5.25% 17/01/2042	1,638	0.64		
					USD	3,572,000	Republic of Indonesia 5.875% 13/03/2020	2,331	0.91		
					USD	1,337,000	Republic of Indonesia 5.875% 15/01/2024	859	0.33		

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
INDONESIA 7.67% (6.83%) (continued)					MEXICO 10.79% (10.99%)				
USD	1,935,000	Republic of Indonesia 6.625% 17/02/2037	1,215	0.47	MXN	58,352,400	Mexican Bonos Desarrollo Fixed Rate 6.5% 09/06/2022	2,718	1.06
USD	1,660,000	Republic of Indonesia 6.75% 15/01/2044	1,068	0.42	MXN	70,534,700	Mexican Bonos Desarrollo Fixed Rate 8% 17/12/2015	3,420	1.33
USD	375,000	Republic of Indonesia 6.875% 17/01/2018	255	0.10	MXN	34,487,800	Mexican Bonos Desarrollo Fixed Rate 10% 05/12/2024	2,017	0.78
USD	501,000	Republic of Indonesia 7.75% 17/01/2038	352	0.14					
USD	456,000	Republic of Indonesia 8.5% 12/10/2035	343	0.13					
		BB 0.25% (0.13%)							
USD	1,351,000	Perusahaan Listrik Negar 5.25% 24/10/2042	647	0.25	USD	1,767,000	Comisión Federal de Electricidad 4.875% 26/05/2021	1,101	0.43
		Total Indonesia	19,720	7.67	USD	463,000	Comisión Federal de Electricidad 4.875% 15/01/2024	280	0.11
IRAQ 0.00% (0.50%)					USD	1,829,000	Petroleos Mexicanos 3.5% 30/01/2023	1,023	0.40
		Not rated 0.00% (0.50%)			USD	2,162,000	Petroleos Mexicanos 4.875% 24/01/2022	1,350	0.52
		Total Iraq	–	–	USD	2,107,000	Petroleos Mexicanos 5.5% 21/01/2021	1,375	0.53
KAZAKHSTAN 2.05% (0.62%)					USD	1,226,000	Petroleos Mexicanos 5.5% 27/06/2044	696	0.27
		BBB+ 1.31% (0.58%)			USD	1,214,000	Petroleos Mexicanos 6% 05/03/2020	816	0.32
USD	2,682,000	Development Bank of Kazakhstan 4.125% 10/12/2022	1,426	0.55	USD	3,215,000	Petroleos Mexicanos 6.375% 23/01/2045	2,043	0.79
USD	3,612,000	KazAgro National Management Holding 4.625% 24/05/2023	1,941	0.76	USD	1,640,000	Petroleos Mexicanos 6.5% 02/06/2041	1,056	0.41
		BBB– 0.74% (0.04%)			USD	1,974,000	United Mexican States 3.625% 15/03/2022	1,188	0.46
USD	1,839,000	JSC National Company KazMunayGas 5.75% 30/04/2043	962	0.37	USD	1,628,000	United Mexican States 4% 02/10/2023	987	0.38
USD	1,455,000	JSC National Company KazMunayGas 6.375% 09/04/2021	942	0.37	USD	4,627,000	United Mexican States 4.75% 08/03/2044	2,624	1.02
		Total Kazakhstan	5,271	2.05	USD	2,638,000	United Mexican States 6.05% 11/01/2040	1,799	0.70
LUXEMBOURG 3.89% (0.71%)					USD	2,249,000	United Mexican States 6.75% 27/09/2034	1,638	0.64
		A3 0.00% (0.71%)			USD	1,532,000	United Mexican States 7.5% 08/04/2033	1,205	0.47
		Baa1 0.89% (0.00%)			USD	517,000	United Mexican States 8.3% 15/08/2031	428	0.17
USD	948,000	Sberbank 4.95% 07/02/2017	587	0.23					
USD	2,799,000	Sberbank 6.125% 07/02/2022	1,698	0.66					
		BBB 1.52% (0.00%)							
USD	1,416,000	Gaz Capital 5.999% 23/01/2021	866	0.34					
USD	2,859,000	Gaz Capital 6.51% 07/03/2022	1,771	0.69					
USD	2,080,000	Gaz Capital 7.288% 16/08/2037	1,267	0.49					
		Baa2 0.37% (0.00%)							
USD	1,570,000	VTB Bank 6% 12/04/2017	965	0.37					
		BBB– 0.68% (0.00%)							
USD	3,288,000	Gazprom (GPN Capital) 4.375% 19/09/2022	1,751	0.68					
		Baa3 0.43% (0.00%)							
USD	1,832,000	Russian Agricultural Bank (RSHB) 5.298% 27/12/2017	1,106	0.43					
		Total Luxembourg	10,011	3.89					
								27,764	10.79
NETHERLANDS 2.62% (2.42%)									
		BBB– 1.17% (1.42%)							
USD	5,041,000	Kazakhstan Temir Zholy Finance 6.95% 10/07/2042						3,003	1.17
		BB+ 0.00% (0.02%)							
		BB 0.50% (0.25%)							
USD	755,000	Majapahit Holding 7.25% 28/06/2017			USD	759,000	Majapahit Holding 7.75% 20/01/2020	506	0.20
USD	759,000	Majapahit Holding 7.75% 20/01/2020			USD	379,000	Majapahit Holding 8% 07/08/2019	262	0.10
USD	3,755,000	Republic of Angola via Northern Lights III 7% 16/08/2019							
		BB– 0.95% (0.73%)							
		Total Netherlands						6,746	2.62

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

Holding		Investment	Value £000	% of Net Asset Value	Holding		Investment	Value £000	% of Net Asset Value
NIGERIA 0.00% (0.22%)					BBB- 0.86% (1.01%)				
		BB- 0.00% (0.22%)			USD	3,617,000	GPB Eurobond Finance 5.625% 17/05/2017	2,208	0.86
		Total Nigeria	-	-			Total Republic of Ireland	5,417	2.11
PANAMA 0.56% (1.65%)					RUSSIAN FEDERATION 6.23% (7.72%)				
		BBB 0.56% (1.31%)					BBB+ 2.05% (3.00%)		
USD	1,705,000	††Panama Bonos del Tesoro 5.625% 25/07/2022	1,088	0.42	RUB	134,596,000	Russia Government Bond 6.9% 03/08/2016	2,164	0.84
USD	406,000	Republic of Panama 9.375% 01/04/2029	343	0.14	RUB	70,539,000	Russia Government Bond 7.4% 14/06/2017	1,133	0.44
		Baa2 0.00% (0.34%)			RUB	125,424,000	Russia Government Bond 7.5% 27/02/2019	1,989	0.77
		Total Panama	1,431	0.56			BBB 4.18% (4.72%)		
PERU 2.38% (2.07%)					USD	4,800,000	Russia Foreign Bond 5% 29/04/2020	2,999	1.17
		BBB+ 2.38% (0.00%)			USD	4,400,000	Russian Federation 4.875% 16/09/2023	2,588	1.01
USD	2,142,000	El Fondo Mivivienda 3.5% 31/01/2023	1,156	0.45	USD	3,400,000	Russian Federation 5.625% 04/04/2042	1,904	0.74
USD	558,000	Republic of Peru 6.55% 14/03/2037	399	0.15	USD	3,419,134	*Russian Federation 7.5% 31/03/2030	2,323	0.90
USD	1,133,000	Republic of Peru 7.125% 30/03/2019	818	0.32	USD	1,463,000	Vnesheconombank Via VEB Finance 6.902% 09/07/2020	915	0.36
USD	3,089,000	Republic of Peru 7.35% 21/07/2025	2,375	0.92			Total Russian Federation	16,015	6.23
USD	1,590,000	Republic of Peru 8.75% 21/11/2033	1,382	0.54			SOUTH AFRICA 0.48% (0.28%)		
		BBB 0.00% (2.07%)			USD	945,000	Republic of South Africa 4.665% 17/01/2024	556	0.21
		Total Peru	6,130	2.38	USD	1,267,000	Transnet SOC 4% 26/07/2022	689	0.27
PHILIPPINES 1.02% (4.72%)							Total South Africa	1,245	0.48
		BBB- 1.02% (0.00%)			SOUTH KOREA 0.22% (0.00%)				
USD	902,000	Republic of Philippines 5% 13/01/2037	583	0.23			A+ 0.22% (0.00%)		
USD	770,000	Republic of Philippines 5.5% 30/03/2026	517	0.20	USD	901,000	Export-Import Bank of Korea 4.375% 15/09/2021	574	0.22
USD	696,000	Republic of Philippines 6.375% 15/01/2032	504	0.20			Total South Korea	574	0.22
USD	776,000	Republic of Philippines 7.75% 14/01/2031	632	0.24	SRI LANKA 0.30% (0.91%)				
USD	517,000	Republic of Philippines 8.375% 17/06/2019	392	0.15			B+ 0.30% (0.67%)		
		BB+ 0.00% (4.72%)			USD	692,000	Republic of Sri Lanka 5.875% 25/07/2022	413	0.16
		Total Philippines	2,628	1.02	USD	571,000	Republic of Sri Lanka 6.25% 04/10/2020	357	0.14
POLAND 0.00% (0.30%)							B1 0.00% (0.24%)		
		A- 0.00% (0.30%)					Total Sri Lanka	770	0.30
		Total Poland	-	-	TURKEY 7.42% (8.59%)				
QATAR 0.29% (0.00%)							Baa3 7.19% (0.00%)		
		AA 0.29% (0.00%)			USD	3,726,000	Hazine Müsteşarlığı Varlık Kiralama 4.557% 10/10/2018	2,254	0.88
USD	1,164,000	State of Qatar 4.5% 20/01/2022	755	0.29	USD	1,859,000	Republic of Turkey 5.125% 25/03/2022	1,110	0.43
		Total Qatar	755	0.29	USD	2,019,000	Republic of Turkey 5.625% 30/03/2021	1,256	0.49
REPUBLIC OF IRELAND 2.11% (1.17%)					USD	2,924,000	Republic of Turkey 6% 14/01/2041	1,650	0.64
		BBB 1.25% (0.16%)			USD	1,288,000	Republic of Turkey 6.25% 26/09/2022	823	0.32
USD	2,325,000	Rosneft International Finance 4.199% 06/03/2022	1,233	0.48	USD	2,080,000	Republic of Turkey 6.625% 17/02/2045	1,262	0.49
USD	1,672,000	RZD Capital 5.7% 05/04/2022	996	0.39	USD	2,155,000	Republic of Turkey 6.75% 03/04/2018	1,429	0.55
USD	1,648,000	Vnesheconombank Via VEB Finance 6.8% 22/11/2025	980	0.38	USD	1,285,000	Republic of Turkey 6.75% 30/05/2040	798	0.31
					USD	3,550,000	Republic of Turkey 6.875% 17/03/2036	2,241	0.87
					USD	538,000	Republic of Turkey 7% 11/03/2019	361	0.14
					USD	1,129,000	Republic of Turkey 7.25% 05/03/2038	746	0.29
					USD	3,181,000	Republic of Turkey 7.375% 05/02/2025	2,150	0.84

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
TURKEY 7.42% (8.59%) (continued)					BB- 2.65% (1.44%)				
USD	1,859,000	Republic of Turkey 7.5% 07/11/2019	1,277	0.50	USD	1,812,000	JSC Georgian Railway 7.75% 11/07/2022	1,149	0.45
USD	1,599,000	Republic of Turkey 8% 14/02/2034	1,132	0.44	USD	3,381,000	Republic of Georgia 6.875% 12/04/2021	2,182	0.85
		BB+ 0.23% (0.00%)			USD	895,000	Republic of Serbia 4.875% 25/02/2020	531	0.21
USD	956,000	Export Credit Bank Of Turkey 5.875% 24/04/2019	587	0.23	USD	4,660,000	Republic of Serbia 5.875% 03/12/2018	2,934	1.14
		Ba1 0.00% (7.01%)			USD	2,142,000	Dominican Republic 5.875% 18/04/2024	1,251	0.49
		BB 0.00% (0.10%)			USD	2,470,000	Dominican Republic 6.6% 28/01/2024	1,501	0.58
		Not rated 0.00% (1.48%)			USD	11,374,000	Dominican Republic 7.5% 06/05/2021	7,514	2.92
		Total Turkey	19,076	7.42	DOP	112,000,000	Dominican Republic 16.95% 04/02/2022	1,831	0.71
					DOP	3,900,000	Dominican Republic 18.5% 04/02/2028	65	0.03
					USD	547,000	Republic of Zambia 5.375% 20/09/2022	277	0.11
UNITED KINGDOM 0.16% (0.00%)					B 0.00% (5.25%)				
		Caa2 0.16% (0.00%)			B3 0.00% (0.43%)				
USD	929,000	Biz Finance 8.75% 22/01/2018	416	0.16	CCC 0.32% (0.00%)				
		Total United Kingdom	416	0.16	USD	1,041,000	Ukraine Government 6.25% 17/06/2016	541	0.21
					USD	547,000	Ukraine Government 6.75% 14/11/2017	281	0.11
UNITED STATES OF AMERICA 18.95% (17.01%)					Caa2 0.60% (0.00%)				
		A- 1.33% (0.00%)			USD	3,225,000	Ukreximbank 8.375% 27/04/2015	1,539	0.60
USD	650,000	Republika Slovenija 4.125% 18/02/2019	396	0.15	Not rated 0.77% (1.99%)				
USD	1,266,000	Republika Slovenija 4.75% 10/05/2018	798	0.31	USD	3,703,000	*Ivory Coast 7.77433% 31/12/2032	1,982	0.77
USD	1,861,000	Republika Slovenija 5.5% 26/10/2022	1,165	0.45	Total United States of America				
USD	1,702,000	Republika Slovenija 5.85% 10/05/2023	1,085	0.42				48,751	18.95
		BBB+ 1.62% (0.00%)			URUGUAY 2.70% (0.94%)				
USD	2,588,000	Pemex Project Funding Master Trust 5.75% 01/03/2018	1,722	0.67	BBB- 2.70% (0.94%)				
USD	2,157,000	Pemex Project Funding Master Trust 6.625% 15/06/2035	1,412	0.55	USD	2,869,072	Oriental Republic of Uruguay 4.5% 14/08/2024	1,753	0.68
USD	1,605,000	Pemex Project Funding Master Trust 6.625% 15/06/2038	1,035	0.40	USD	397,368	Oriental Republic of Uruguay 6.875% 28/09/2025	276	0.11
		BBB 2.02% (3.56%)			UYU	57,479,000	*Oriental Republic of Uruguay 7.22897% 05/04/2027	2,579	1.00
USD	6,520,000	Petroleum Company of Trinidad and Tobago 9.75% 14/08/2019	4,864	1.89	UYU	47,975,606	*Oriental Republic of Uruguay 8.81868% 14/09/2018	2,330	0.91
USD	489,000	Republic of Lithuania 6.625% 01/02/2022	344	0.13	Total Uruguay				
		BBB- 0.30% (0.31%)						6,938	2.70
USD	1,320,000	Kingdom of Morocco 4.25% 11/12/2022	763	0.30	VENEZUELA 7.78% (9.67%)				
		Baa3 1.06% (0.00%)			B+ 0.00% (8.80%)				
USD	4,361,000	Republic of Namibia 5.5% 03/11/2021	2,726	1.06	B2 0.00% (0.31%)				
		BB+ 2.01% (1.46%)			B- 7.13% (0.00%)				
USD	3,154,000	Romania 4.375% 22/08/2023	1,877	0.73	USD	1,225,000	Bolivarian Republic of Venezuela 5.75% 26/02/2016	603	0.23
USD	1,936,000	Romania 4.875% 22/01/2024	1,188	0.46	USD	2,225,000	Bolivarian Republic of Venezuela 7% 01/12/2018	949	0.37
USD	3,012,000	Romania 6.75% 07/02/2022	2,115	0.82	USD	1,372,000	Bolivarian Republic of Venezuela 7.65% 21/04/2025	527	0.20
		BB 1.43% (0.46%)			USD	4,984,100	Bolivarian Republic of Venezuela 7.75% 13/10/2019	2,106	0.82
USD	834,000	Republic of Costa Rica 4.25% 26/01/2023	460	0.18	USD	1,457,600	Bolivarian Republic of Venezuela 8.25% 13/10/2024	582	0.23
USD	3,089,000	Republic of Guatemala 4.875% 13/02/2028	1,730	0.67	USD	1,972,500	Bolivarian Republic of Venezuela 9% 07/05/2023	824	0.32
USD	2,392,000	Republic of Guatemala 5.75% 06/06/2022	1,493	0.58	USD	1,688,000	Bolivarian Republic of Venezuela 11.75% 21/10/2026	815	0.32
					USD	2,703,700	Bolivarian Republic of Venezuela 12.75% 23/08/2022	1,388	0.54

Threadneedle Emerging Market Bond Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Value £000
VENEZUELA 7.78% (9.67%) (continued)				
USD	5,526,400	Petroleos de Venezuela 5.25% 12/04/2017	2,354	0.91
USD	933,100	Petroleos de Venezuela 5.375% 12/04/2027	299	0.12
USD	6,707,200	Petroleos de Venezuela 8.5% 02/11/2017	3,247	1.26
USD	5,895,790	Petroleos de Venezuela 9% 17/11/2021	2,501	0.97
USD	2,618,500	Republic of Venezuela 6% 09/12/2020	994	0.39
USD	1,976,000	Republic of Venezuela 8.5% 08/10/2014	1,154	0.45
		Not rated 0.64% (0.56%)		
USD	3,272,700	Petroleos de Venezuela 12.75% 17/02/2022	1,663	0.65
		Total Venezuela	20,006	7.78
DERIVATIVES 0.22% (0.00%)				
		Forward foreign exchange contracts 0.22% (-0.01%)		
		Sell GBP 150,000		
		Buy USD 250,194 Lloyds	(1)	-
		Sell USD 246,367		
		Buy GBP 150,000 J.P. Morgan	3	-
		Sell USD 357,000		
		Buy GBP 213,883 RBS	1	-
		Sell USD 4,465,111		
		Buy RUB 155,664,933 HSBC	(113)	(0.04)
		Sell USD 423,517		
		Buy GBP 260,000 RBS	7	-
		Sell USD 49,685		
		Buy GBP 30,000 RBS	-	-
		Sell GBP 67,000		
		Buy USD 110,262 UBS	(1)	-
		Sell GBP 900,000		
		Buy USD 1,480,691 Citigroup	(16)	(0.01)
		Sell RUB 498,321,158		
		Buy USD 14,841,323 Citigroup	689	0.27
		Futures and options 0.00% (0.01%)		
		Total derivatives	569	0.22
		Total value of investments	246,823	95.86
		Net other assets (4.25%)	10,654	4.14
		Net assets	257,477	100.00

ANALYSIS OF INVESTMENTS BY CREDIT RATINGS			
AA			755
A+			574
A			8,155
A-			9,830
BBB+			38,561
Baa1			2,285
BBB			48,985
Baa2			965
BBB-			19,195
Baa3			22,321
BB+			24,840
Ba1			793
BB			15,385
BB-			10,865
B+			13,209
B-			18,343
CCC			822
Caa2			1,955
Not rated			8,416
Total bonds			246,254
Derivatives			569
Total value of investments			246,823

ANALYSIS OF COLLATERAL RECEIVED			
Counterparty	Type		Value £000
Citibank	Cash		1,050
Total collateral			1,050

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

March 2013 comparatives in brackets.

*Variable rate bonds.

††At 7 March 2014, there were investments totalling £1,088,000 (0.42% 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 High Yield Bond Fund

Portfolio Statement

as at 7 March 2014

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRIA 0.43% (0.52%)					DENMARK 0.38% (0.54%)				
		BB 0.43% (0.52%)					BB+ 0.14% (0.00%)		
EUR	1,650,000	Sappi Papier Holding 6.625% 15/04/2018	1,466	0.18	EUR	1,350,000	Danske Bank 5.75% 31/10/2049	1,139	0.14
USD	1,060,000	Sappi Papier Holding 7.75% 15/07/2017	703	0.09			B+ 0.24% (0.00%)		
USD	2,000,000	Sappi Papier Holding 8.375% 15/06/2019	1,330	0.16	EUR	2,348,467	*ISS Holdings 8.875% 15/05/2016	1,974	0.24
		Total Austria	3,499	0.43			B 0.00% (0.54%)		
							Total Denmark	3,113	0.38
BELGIUM 0.42% (0.34%)					FINLAND 0.31% (0.45%)				
		BB+ 0.42% (0.34%)					BB 0.31% (0.32%)		
EUR	165,000	KBC Bank 8% 14/05/2049	138	0.02	GBP	2,336,000	UPM-Kymmene 6.625% 23/01/2017	2,549	0.31
USD	4,800,000	KBC Bank 8% 25/01/2023	3,280	0.40			Not rated 0.00% (0.13%)		
		Total Belgium	3,418	0.42			Total Finland	2,549	0.31
CANADA 0.81% (1.11%)					FRANCE 9.21% (7.63%)				
		BB 0.00% (1.11%)					BBB- 0.27% (0.00%)		
		BB- 0.81% (0.00%)			USD	3,138,000	Credit Agricole 8.125% 19/09/2033	2,176	0.27
EUR	7,341,000	Bombardier 6.125% 15/05/2021	6,586	0.81			BB+ 3.23% (3.04%)		
		Total Canada	6,586	0.81	GBP	1,438,000	Lafarge 10% 30/05/2017	1,723	0.21
CAYMAN ISLANDS 2.23% (3.47%)							BBB- 0.27% (0.00%)		
		BB 1.37% (0.11%)			EUR	2,108,000	Lafarge 4.75% 23/03/2020	1,917	0.23
USD	1,200,000	Sable International Finance 8.75% 01/02/2020	804	0.10	EUR	2,100,000	Lafarge 5.375% 26/06/2017	1,926	0.24
EUR	3,679,000	UPCB Finance 6.375% 01/07/2020	3,266	0.40	EUR	1,255,000	Lafarge 5.875% 09/07/2019	1,191	0.15
EUR	6,808,000	UPCB Finance 7.625% 15/01/2020	6,081	0.74	GBP	1,282,000	Lafarge 6.625% 29/11/2017	1,429	0.17
USD	1,560,000	UPCB Finance VI 6.875% 15/01/2022	1,017	0.13	EUR	3,352,000	Lafarge 6.625% 29/11/2018	3,230	0.39
		BB- 0.00% (1.55%)			EUR	1,510,000	Lafarge 6.75% 16/12/2019	1,472	0.18
		B 0.00% (0.21%)			EUR	890,000	Renault 3.125% 05/03/2021	747	0.09
		B2 0.36% (0.60%)			EUR	9,362,000	Renault 4.625% 18/09/2017	8,440	1.03
EUR	3,181,000	Viridian Group 11.125% 01/04/2017	2,930	0.36	EUR	2,903,000	SPCM 5.5% 15/06/2020	2,601	0.32
		Not rated 0.50% (1.00%)			USD	200,000	SPCM 6% 15/01/2022	126	0.02
GBP	1,900,000	Dubai Holding Commercial Operations Group 6% 01/02/2017	1,996	0.24	EUR	1,966,000	Tereos Europe 6.375% 15/04/2014	1,635	0.20
USD	3,432,423	*PSOS Finance 12% 06/10/2015	2,114	0.26			BB 1.58% (2.25%)		
		Total Cayman Islands	18,208	2.23	EUR	5,473,000	Crown European Holdings 7.125% 15/08/2018	4,795	0.59
CROATIA 1.00% (1.15%)							BB- 0.13% (0.68%)		
		B 1.00% (1.15%)			EUR	1,000,000	Nexans 4.25% 19/03/2018	866	0.11
EUR	7,391,000	Agrokor 10% 07/12/2016	6,483	0.79	EUR	1,350,000	Nexans 5.75% 02/05/2017	1,223	0.15
EUR	1,800,000	Agrokor 9.125% 01/02/2020	1,695	0.21	EUR	3,270,000	Rexel 5.125% 15/06/2020	2,897	0.35
		Total Croatia	8,178	1.00	EUR	3,437,000	Rexel 7% 17/12/2018	3,118	0.38
CZECH REPUBLIC 1.20% (0.00%)							B3 0.17% (0.21%)		
		Ba2 0.67% (0.00%)			EUR	1,210,000	Darty Financement 5.875% 01/03/2021	1,039	0.13
EUR	6,449,000	RPG Byty 6.75% 01/05/2020	5,507	0.67			Ba3 0.17% (0.21%)		
		B1 0.53% (0.00%)			EUR	1,445,000	Faurecia 9.375% 15/12/2016	1,432	0.17
EUR	5,020,000	CE Energy 7% 01/02/2021	4,338	0.53			B+ 2.40% (1.04%)		
		Total Czech Republic	9,845	1.20	EUR	1,580,000	Cerba European Lab 7% 01/02/2020	1,410	0.17
							B 0.44% (0.17%)		
					EUR	7,698,000	Labco 8.5% 15/01/2018	6,810	0.83
					EUR	3,670,000	Novalis 6% 15/06/2018	3,233	0.39
					EUR	2,725,000	Peugeot 6.5% 18/01/2019	2,539	0.31
					EUR	6,003,000	Peugeot 7.375% 06/03/2018	5,693	0.70
							B3 0.15% (0.24%)		
					EUR	1,080,000	Labeyrie Fine Foods 5.625% 15/03/2021	920	0.11
					EUR	3,036,000	Maisons du Monde 9% 01/08/2020	2,680	0.33
							B 0.44% (0.17%)		
					EUR	1,280,000	Faurecia 8.75% 15/06/2019	1,211	0.15

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
LUXEMBOURG 20.30% (20.74%) (continued)									
CHF	2,606,000	Sunrise Communications 5.625% 31/12/2017	1,844	0.22	EUR	9,100,000	Telefonica Europe 6.5% 29/09/2049	8,216	1.00
CHF	1,600,000	Sunrise Communications 7% 31/12/2017	1,151	0.14	GBP	3,300,000	Telefonica Europe 6.75% 26/11/2049	3,477	0.43
EUR	3,150,000	Sunrise Communications 7% 31/12/2017	2,764	0.34	EUR	1,800,000	Telefonica Europe 7.625% 29/09/2049	1,698	0.21
		B+ 4.84% (3.73%)			EUR	6,657,000	GMAC International Finance 7.5% 21/04/2015	5,871	0.72
EUR	1,220,000	Albea Beauty Holdings 8.75% 01/11/2019	1,096	0.13	EUR	916,000	Koninklijke KPN 6.125% 29/03/2049	806	0.10
GBP	1,575,000	Cabot Financial Luxembourg 10.375% 01/10/2019	1,804	0.22	GBP	3,792,000	Koninklijke KPN 6.875% 14/03/2073	3,969	0.49
EUR	5,318,000	Cirsa Funding Luxembourg 8.75% 15/05/2018	4,599	0.56	USD	3,350,000	Koninklijke KPN 7% 28/03/2073	2,099	0.26
CHF	1,493,333	*Matterhorn Mobile Holdings 5.393% 15/05/2019	1,027	0.12	USD	800,000	Koninklijke KPN 7% 28/03/2073 Registered	502	0.06
CHF	4,206,000	Matterhorn Mobile Holdings 6.75% 15/05/2019	3,082	0.38	EUR	2,758,000	Portugal Telecom International Finance 4.375% 24/03/17	2,431	0.30
EUR	2,612,350	Numericable Finance 12.375% 15/02/2019	2,635	0.32	EUR	1,411,000	Portugal Telecom International Finance 4.625% 08/05/2020	1,226	0.15
EUR	2,956,850	Numericable Finance 8.75% 15/02/2019	2,771	0.34	EUR	1,829,000	Portugal Telecom International Finance 5% 04/11/2019	1,633	0.20
EUR	4,839,000	Telenet Finance 6.25% 15/08/2022	4,404	0.54	EUR	2,634,000	Portugal Telecom International Finance 5.625% 08/02/2016	2,344	0.29
EUR	1,125,000	Telenet Finance 6.75% 15/08/2024	1,028	0.13	EUR	2,631,000	Portugal Telecom International Finance 5.875% 17/04/2018	2,415	0.30
EUR	3,124,000	Telenet Finance III Luxembourg 6.625% 15/02/2021	2,814	0.34			Ba2 0.00% (1.74%)		
EUR	2,996,000	Telenet Finance Luxembourg 6.375% 15/11/2020	2,676	0.33			BB- 2.06% (2.60%)		
EUR	12,408,000	Wind Acquisition Finance 11.75% 15/07/2017	10,899	1.33	EUR	5,993,000	Schaeffler Finance 4.25% 15/05/18	5,177	0.63
USD	1,300,000	Wind Acquisition Finance 11.75% 15/07/2017	821	0.10	EUR	4,776,000	Schaeffler Finance 7.75% 15/02/2017	4,562	0.56
		B 0.76% (1.49%)			EUR	3,400,000	Ziggo Bond 8% 15/05/2018	3,013	0.37
CHF	1,485,000	Aguila 3 7.875% 31/01/2018	1,067	0.13	EUR	4,628,000	Ziggo Bond 8% 15/05/2018 GTD SNR	4,087	0.50
USD	3,562,000	Aguila 3 7.875% 31/01/2018	2,258	0.28			B+ 2.27% (2.33%)		
EUR	1,740,000	GCS Holdco Finance I 6.5% 15/11/2018	1,537	0.19	EUR	2,370,000	Cable Communications Systems 7.5% 01/11/2020	2,072	0.25
EUR	1,460,000	Zinc Capital 8.875% 15/05/2018	1,295	0.16	EUR	6,252,000	Carlson Wagonlit 7.5% 15/06/2019	5,630	0.69
		B- 0.79% (1.04%)			GBP	3,859,000	Intergen 7.5% 30/06/2021	4,099	0.50
CHF	680,000	Mobile Challenger Intermediate 8.75% 15/03/2019	479	0.06	EUR	2,346,000	Interxion Holding 6% 15/07/2020	2,093	0.26
EUR	590,000	Mobile Challenger Intermediate 8.75% 15/03/2019	507	0.06	EUR	1,821,000	Nokia Siemens Networks 6.75% 15/04/2018	1,633	0.20
EUR	1,845,000	Sunrise Communications 8.5% 31/12/2018	1,655	0.20	EUR	1,496,000	Nokia Siemens Networks 7.125% 15/04/2020	1,423	0.17
EUR	1,974,000	Takko Luxembourg 9.875% 15/04/2019	1,490	0.18	EUR	1,899,000	Refresco Group 7.375% 15/05/2018	1,668	0.20
EUR	2,625,000	Xella HoldCo Finance 9.125% 15/09/2018	2,341	0.29			B 2.44% (0.39%)		
		CCC+ 1.05% (2.36%)			EUR	9,746,000	*Schaeffler Finance 6.875% 15/08/2018	8,628	1.05
USD	1,730,000	*Orion Engineered Carbons 9.25% 01/08/2019	1,073	0.13	CHF	3,828,000	UPC Holding 6.75% 15/03/2023	2,821	0.34
EUR	2,895,000	Bilbao (Luxembourg) 10.5% 01/12/2018	2,521	0.31	EUR	4,498,000	UPC Holding 6.75% 15/03/2023	4,036	0.49
EUR	925,000	*Matterhorn Financing 9.75% 15/04/2019	795	0.10	EUR	4,999,000	UPC Holding 8.375% 15/08/2020	4,577	0.56
EUR	4,593,000	Matterhorn Mobile Holdings 8.25% 15/02/2020	4,182	0.51			B- 0.17% (1.27%)		
		CCC 0.66% (0.62%)			EUR	1,530,000	Polish Television Holding 11% 15/01/2021	1,420	0.17
EUR	6,395,976	*Kleopatra Holdings 0% 15/08/2017	5,432	0.66			Not rated 0.62% (1.07%)		
		Not rated 0.00% (0.46%)			EUR	5,976,446	*Boats Investment Netherlands 11% 31/03/2017	2,295	0.28
		Total Luxembourg	166,113	20.30	USD	5,222,061	OSX 3 Leasing 0% 20/03/2015	2,805	0.34
							Total Netherlands	109,795	13.42
NETHERLANDS 13.42% (13.27%)									
		BB+ 2.99% (2.32%)					NORWAY 0.00% (0.16%)		
EUR	4,510,000	EDP Finance 5.75% 21/09/2017	4,208	0.51			CCC+ 0.00% (0.16%)		
EUR	3,767,000	OI European Group 4.875% 31/03/2021	3,338	0.41			Total Norway	-	-
EUR	3,608,000	OI European Group 6.75% 15/09/2020	3,523	0.43					

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
POLAND 0.00% (0.36%)					SOUTH AFRICA 0.21% (0.65%)				
		B 0.00% (0.36%)					BB 0.00% (0.35%)		
		Total Poland	–	–			B 0.21% (0.30%)		
					EUR	2,119,000	Edcon Proprietary 9.5% 01/03/2018	1,735	0.21
PORTUGAL 1.23% (1.71%)					Total South Africa				
		BB 0.11% (0.00%)						1,735	0.21
EUR	1,000,000	Portucel 5.375% 15/05/2020	896	0.11					
		BB– 1.12% (1.71%)			SPAIN 2.05% (2.17%)				
EUR	1,900,000	Banco Espirito Santo 4.75% 15/01/2018	1,652	0.20			BB 0.00% (0.29%)		
EUR	4,600,000	Banco Espirito Santo 5.875% 09/11/2015	4,027	0.49			Ba2 0.00% (1.88%)		
EUR	4,000,000	Caixa Geral de Depositos 5.625% 04/12/2015	3,525	0.43	EUR	1,581,000	Ba3 0.84% (0.00%) Obrascon Huarte Lain 7.625% 15/03/2020	1,470	0.18
		Total Portugal	10,100	1.23	EUR	5,862,000	Obrascon Huarte Lain 8.75% 15/03/2018	5,374	0.66
REPUBLIC OF IRELAND 5.22% (7.53%)							(P)Ba3 0.12% (0.00%)		
		BB+ 0.71% (1.03%)			EUR	1,160,000	Obrascon Huarte Lain 4.75% 15/03/2022	972	0.12
EUR	6,518,000	Smurfit Kappa Acquisition 7.75% 15/11/2019	5,831	0.71			B 0.53% (0.00%)		
		BB 0.87% (2.54%)			EUR	1,860,000	Abengoa Finance 8.875% 05/02/2018	1,763	0.22
EUR	8,408,000	Allied Irish Banks 5.625% 12/11/2014	7,157	0.87	EUR	2,862,000	NH Hoteles 6.875% 15/11/2019	2,566	0.31
		BB– 0.00% (0.31%)					B– 0.27% (0.00%)		
		B+ 1.75% (1.74%)			EUR	1,620,000	*Port Aventura Entertainment Barcelona 5.911% 01/12/2019	1,352	0.16
EUR	4,567,000	AG Spring Finance 7.5% 01/06/2018	4,040	0.49	EUR	1,050,000	Port Aventura Entertainment Barcelona 7.25% 01/12/2020	918	0.11
EUR	4,092,000	Ardagh Packaging Finance 7.375% 15/10/2017	3,610	0.44			Not rated 0.29% (0.00%)		
EUR	1,899,000	Ardagh Packaging Finance USA 7.375% 15/10/2017	1,675	0.20	EUR	2,800,000	Banco Bilbao Vizcaya Argentaria 7% 19/11/2049	2,380	0.29
EUR	637,000	Nara Cable Funding 8.5% 01/03/2020	623	0.08			Total Spain	16,795	2.05
EUR	3,030,000	Nara Cable Funding 8.875% 01/12/2018	2,729	0.33	SWEDEN 1.50% (2.96%)				
USD	2,610,000	Nara Cable Funding 8.875% 01/12/2018	1,691	0.21			BB 0.21% (0.21%)		
		B 0.18% (0.18%)			EUR	1,880,000	Stena 5.875% 01/02/2019	1,692	0.21
EUR	1,430,000	Bank of Ireland 10% 19/12/2022	1,464	0.18			B+ 0.59% (1.59%)		
		B– 0.19% (0.20%)			EUR	1,850,000	TVN Finance III 7.375% 15/12/2020	1,686	0.20
EUR	1,700,000	Ono Finance II 11.125% 15/07/2019	1,565	0.19	EUR	3,598,000	TVN Finance III 7.875% 15/11/2018	3,160	0.39
		CCC+ 1.07% (1.18%)					B 0.49% (0.00%)		
EUR	3,430,442	ARD Finance 0% 01/06/2018	3,033	0.37	EUR	1,725,000	Ciech Group Financing 9.5% 30/11/2019	1,658	0.20
EUR	6,717,000	Ardagh Glass Finance 7.125% 15/06/2017	5,698	0.70	EUR	2,342,000	Eileme 2 11.75% 31/01/2020	2,351	0.29
		Not rated 0.45% (0.35%)					B– 0.00% (0.57%)		
EUR	970,000	Baggot Securities 10.24% 29/12/2049	875	0.11			CCC+ 0.21% (0.59%)		
EUR	3,043,000	Bank of Ireland 10% 30/07/2016	2,750	0.34	EUR	1,863,000	Norcell Sweden 10.75% 29/09/2019	1,736	0.21
		Total Republic of Ireland	42,741	5.22			Total Sweden	12,283	1.50
SINGAPORE 0.18% (0.00%)					SWITZERLAND 1.02% (0.17%)				
		Not rated 0.18% (0.00%)					BBB– 0.49% (0.00%)		
USD	651	NV Profit Share Preference Shares	–	–	USD	3,000,000	Credit Suisse 6.5% 08/08/2023	1,977	0.24
USD	2,470,000	Oro Negro Drilling 7.5% 24/01/2019	1,474	0.18	EUR	2,340,000	UBS 4.75% 12/02/2026	2,008	0.25
		Total Singapore	1,474	0.18			BB+ 0.21% (0.17%)		
					USD	2,781,000	Dufry Finance 5.5% 15/10/2020	1,717	0.21

Threadneedle High Yield Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Value £000	% of Investments
UNITED STATES OF AMERICA 2.17% (2.26%) (continued)					ANALYSIS OF INVESTMENTS BY ASSET CLASS		
		B- 0.36% (0.53%)			Fixed interest	759,223	95.39
EUR	3,178,000	Infors US 10% 01/04/19	2,970	0.36	Floating rate notes	40,035	5.03
		CCC+ 0.31% (0.36%)			Derivatives	(3,341)	(0.42)
USD	4,100,000	Ocean Rig UDW 9.5% 27/04/2016	2,570	0.31	Total value of investments	795,917	100.00
		Total United States of America	17,724	2.17	ANALYSIS OF INVESTMENTS BY CREDIT RATINGS		
DERIVATIVES -0.41% (0.79%)						Value £000	
		Credit default swaps 0.04% (0.03%)			BBB+	1,510	
EUR	5,000,000	Goldman Sachs EUR Arcelormittal 20/12/2018 Spread 100	(267)	(0.03)	BBB	1,277	
EUR	2,000,000	Goldman Sachs EUR Fiat Finance North America 5.625% 20/09/2018 Spread 500	169	0.02	BBB-	20,883	
EUR	2,500,000	BNP EUR Finmeccanica Finance 5.75% 20/09/2018 Spread 100	(107)	(0.01)	Baa3	3,687	
EUR	2,000,000	Merrill Lynch EUR Finmeccanica Finance 5.75% 20/09/2018 Spread 500	206	0.02	BB+	104,827	
EUR	2,000,000	BNP EUR Virgin Media Finance 4.875% 20/12/2018 Spread 500	171	0.02	Ba1	33,497	
EUR	2,000,000	Goldman Sachs EUR Virgin Media Finance 5.125% 20/09/2018 Spread 500	176	0.02	BB	117,377	
		Forward foreign exchange contracts -0.45% (0.82%)			Ba2	5,507	
		Sell USD 400,000			BB-	121,693	
		Buy GBP 101,117 UBS	(1)	-	Ba3	11,562	
		Sell CHF 150,000			B+	136,838	
		Buy GBP 101,199 Citigroup	(1)	-	B1	8,555	
		Sell CHF 16,952,000			B	104,264	
		Buy GBP 11,448,562 RBS	(92)	(0.01)	(P)B	1,112	
		Sell USD 200,000			B2	2,930	
		Buy GBP 120,146 J.P. Morgan	1	-	B-	33,107	
		Sell EUR 2,000,000			B3	2,407	
		Buy GBP 1,642,710 J.P. Morgan	(16)	-	(P)B3	1,855	
		Sell GBP 168,539			(P)Ba3	972	
		Buy CHF 250,000 Lloyds	2	-	CCC+	34,302	
		Sell EUR 234,000,000			Caa1	4,222	
		Buy GBP 192,847,052			CCC	14,202	
		Goldman Sachs	(1,265)	(0.16)	Not rated	32,672	
		Sell EUR 234,000,000			Total bonds & equities	799,258	
		Buy GBP 192,870,288 J.P. Morgan	(1,241)	(0.15)	Derivatives	(3,341)	
		Sell EUR 235,686,000			Total value of investments	795,917	
		Buy GBP 194,251,223 Lloyds	(1,259)	(0.16)	ANALYSIS OF COLLATERAL RECEIVED		
		Sell USD 400,000			Counterparty	Type	Value £000
		Buy GBP 239,261 RBS	1	-	Goldman Sachs	Cash	120
		Sell EUR 3,500,000			J.P. Morgan	Cash	690
		Buy GBP 2,872,443 Citigroup	(31)	-	Merrill Lynch	Cash	130
		Sell USD 600,000			Total collateral		940
		Buy GBP 360,574 J.P. Morgan	3	-	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>		
		Sell EUR 500,000			<i>March 2013 comparatives in brackets.</i>		
		Buy GBP 412,257 Citigroup	(3)	-	<i>(P) refers to provisional rating.</i>		
		Sell USD 74,436,000			<i>* Variable rate bonds.</i>		
		Buy GBP 44,624,428 Lloyds	216	0.03	<i>** These are unlisted securities and are valued at the ACD's best estimate.</i>		
		Sell EUR 1,000,000			<i>†† At 7 March 2013, there were investments totalling £3,895,000 (0.48% 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.</i>		
		Buy GBP 822,568 UBS	(7)	-			
		Sell USD 1,500,000					
		Buy GBP 899,274 Citigroup	4	-			
		Total derivatives	(3,341)	(0.41)			
		Total value of investments	795,917	97.26			
		Net other assets (3.20%)	22,439	2.74			
		Net assets	818,356	100.00			

Threadneedle Global Select Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value	
BELGIUM 1.52% (1.80%)				INDONESIA 0.49% (1.28%)				
	Beverages 1.52% (1.80%)				Banks 0.49% (1.28%)			
193,752	Anheuser-Busch InBev	11,997	1.52	8,022,700	Bank Rakyat Indonesia	3,878	0.49	
	Total Belgium	11,997	1.52		Total Indonesia	3,878	0.49	
BERMUDA 0.00% (0.77%)				JAPAN 10.12% (6.44%)				
	Real estate 0.00% (0.77%)				Automobiles & parts 1.87% (2.36%)			
	Total Bermuda			5,182,000	Mazda Motor	14,772	1.87	
CANADA 1.91% (2.02%)					Banks 1.44% (0.00%)			
	Chemicals 0.76% (0.87%)			4,064,000	Sumitomo Mitsui Trust Holdings	11,373	1.44	
138,000	Methanex	5,996	0.76		Beverages 0.00% (1.66%)			
	Media & photography 0.00% (0.46%)				Electronic & electrical equipment 0.00% (1.47%)			
	Mining 0.00% (0.69%)			1,938,000	Construction & building materials 1.71% (0.00%)			
	Oil & gas 1.15% (0.00%)				Sekisui Chemical	13,475	1.71	
457,900	Suncor Energy	9,066	1.15		General retailers 1.20% (0.00%)			
	Total Canada	15,062	1.91	505,500	Aeon	3,655	0.46	
				107,900	Ryohin Keikaku	5,839	0.74	
CHINA 0.83% (0.00%)					Health 0.57% (0.00%)			
	Insurance 0.83% (0.00%)			891,000	Shimadzu	4,538	0.57	
1,370,000	Ping An Insurance Group	6,582	0.83		Media & photography 0.65% (0.00%)			
	Total China	6,582	0.83	450,200	Fuji Media Holdings	5,165	0.65	
COLOMBIA 0.56% (0.00%)					Software & computer services 0.00% (0.95%)			
	Banks 0.56% (0.00%)				Speciality & other finance 2.68% (0.00%)			
138,592	BanColombia	4,407	0.56	532,800	Japan Exchange Group	7,875	1.00	
	Total Colombia	4,407	0.56	3,230,900	Nomura Holdings	13,273	1.68	
CYPRUS 0.00% (0.86%)					Total Japan	79,965	10.12	
	Oil & gas 0.00% (0.86%)			NETHERLANDS 2.15% (1.23%)				
	Total Cyprus				Chemicals 1.13% (1.23%)			
FRANCE 0.00% (1.35%)					164,019	LyondellBasell	8,912	1.13
	Automobiles & parts 0.00% (1.35%)				Life assurance 1.02% (0.00%)			
	Total France			1,500,000	Aegon	8,064	1.02	
GERMANY 2.94% (3.96%)					Total Netherlands	16,976	2.15	
	Aerospace & defence 0.00% (0.97%)			PANAMA 1.41% (1.37%)				
	Automobiles & parts 1.38% (0.00%)				Aerospace & defence 1.41% (1.37%)			
72,473	Continental	10,941	1.38	150,233	Copa Holdings Class A	11,162	1.41	
	Chemicals 1.56% (1.83%)				Total Panama	11,162	1.41	
109,867	Brenntag	12,289	1.56	REPUBLIC OF IRELAND 1.33% (1.77%)				
	Media & photography 0.00% (1.16%)				Health 1.33% (1.77%)			
	Total Germany	23,230	2.94	245,984	Covidien	10,484	1.33	
HONG KONG 0.60% (1.40%)					Total Republic of Ireland	10,484	1.33	
	Real estate 0.60% (1.40%)			RUSSIAN FEDERATION 0.00% (0.89%)				
3,010,000	China Overseas Land	4,755	0.60		Banks 0.00% (0.89%)			
	Total Hong Kong	4,755	0.60		Total Russian Federation			

Threadneedle Global Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
SINGAPORE 0.48% (0.00%)				Pharmaceuticals & biotechnology 0.00% (1.18%)			
Real estate 0.48% (0.00%)				Telecommunication services 0.80% (1.15%)			
2,820,000	Global Logistic Properties	3,780	0.48	2,568,893	Vodafone Group	6,291	0.80
Total Singapore				Total United Kingdom			
		3,780	0.48			69,062	8.74
SOUTH KOREA 1.21% (3.02%)				UNITED STATES OF AMERICA 55.22% (49.47%)			
Information technology hardware 1.21% (2.28%)				Banks 2.70% (2.04%)			
12,773	Samsung Electronics	9,607	1.21	606,439	J.P. Morgan Chase	21,322	2.70
Leisure entertainment & hotels 0.00% (0.74%)				Chemicals 2.32% (2.30%)			
Total South Korea				Distributors 1.86% (1.39%)			
		9,607	1.21	104,475	Airgas	6,740	0.85
SWITZERLAND 8.98% (8.30%)				Pharmaceuticals & biotechnology 1.24% (1.96%)			
Electronic & electrical equipment 1.25% (1.07%)				Household goods & textiles 0.73% (1.95%)			
281,138	TE Connectivity	9,858	1.25	14,867	Swatch Group	5,797	0.73
Food producers & processors 1.52% (2.21%)				Speciality & other finance 2.20% (0.00%)			
265,558	Nestle	12,054	1.52	1,354,554	UBS	17,395	2.20
General retailers 2.04% (1.11%)				Total Switzerland			
615,521	Tyco International	16,086	2.04			70,975	8.98
Household goods & textiles 0.73% (1.95%)				TURKEY 0.49% (0.00%)			
14,867	Swatch Group	5,797	0.73	Banks 0.49% (0.00%)			
Pharmaceuticals & biotechnology 1.24% (1.96%)				Turkiye Garanti Bankasi			
194,685	Novartis	9,785	1.24	2,280,588	Turkiye Garanti Bankasi	3,896	0.49
Speciality & other finance 2.20% (0.00%)				Total Turkey			
1,354,554	UBS	17,395	2.20			3,896	0.49
Total Switzerland				UNITED KINGDOM 8.74% (11.64%)			
		70,975	8.98	Banks 1.41% (1.71%)			
TURKEY 0.49% (0.00%)				HSBC Holdings			
Banks 0.49% (0.00%)				Engineering & machinery 0.00% (0.94%)			
2,280,588	Turkiye Garanti Bankasi	3,896	0.49	Food producers & processors 1.73% (1.97%)			
Total Turkey				Unilever			
		3,896	0.49	560,773	Unilever	13,638	1.73
UNITED KINGDOM 8.74% (11.64%)				Insurance 1.22% (1.63%)			
Banks 1.41% (1.71%)				Aon			
1,795,111	HSBC Holdings	11,185	1.41	186,199	Aon	9,615	1.22
Engineering & machinery 0.00% (0.94%)				Leisure entertainment & hotels 1.62% (0.00%)			
Food producers & processors 1.73% (1.97%)				Whitbread			
560,773	Unilever	13,638	1.73	292,400	Whitbread	12,804	1.62
Insurance 1.22% (1.63%)				Media & photography 1.10% (0.00%)			
186,199	Aon	9,615	1.22	Liberty Global Series A			
Leisure entertainment & hotels 1.62% (0.00%)				Liberty Global Series C			
292,400	Whitbread	12,804	1.62	169,397	Liberty Global Series A	4,462	0.56
Media & photography 1.10% (0.00%)				Mining 0.00% (0.94%)			
169,397	Liberty Global Series A	4,462	0.56	Oil & gas 0.86% (2.12%)			
169,397	Liberty Global Series C	4,307	0.54	BG Group			
Mining 0.00% (0.94%)				Oil & gas 0.86% (2.12%)			
616,186	BG Group	6,760	0.86	Pharmaceuticals & biotechnology 6.66% (3.50%)			
Oil & gas 0.86% (2.12%)				Amgen			
616,186	BG Group	6,760	0.86	104,868	Amgen	7,769	0.98
UNITED STATES OF AMERICA 55.22% (49.47%)				Bristol-Myers Squibb			
Banks 2.70% (2.04%)				Gilead Sciences			
606,439	J.P. Morgan Chase	21,322	2.70	384,988	Bristol-Myers Squibb	12,762	1.62
Chemicals 2.32% (2.30%)				Mead Johnson Nutrition			
104,475	Airgas	6,740	0.85	120,737	Mead Johnson Nutrition	5,979	0.76
148,925	Praxair	11,623	1.47	829,559	Pfizer	16,073	2.03
Distributors 1.86% (1.39%)				Personal care & household products 1.10% (0.00%)			
286,679	Wesco International	14,657	1.86	Estee Lauder Companies Class C			
Diversified industrials 0.00% (1.03%)				Pharmaceuticals & biotechnology 6.66% (3.50%)			
Engineering & machinery 0.00% (1.09%)				Amgen			
General retailers 3.55% (3.81%)				Bristol-Myers Squibb			
569,073	Ebay	20,127	2.55	384,988	Bristol-Myers Squibb	12,762	1.62
215,797	TJX Companies	7,869	1.00	211,074	Gilead Sciences	10,061	1.27
Health 0.65% (3.52%)				Mead Johnson Nutrition			
118,517	Sirona Dental Systems	5,150	0.65	120,737	Mead Johnson Nutrition	5,979	0.76
Household goods & textiles 1.01% (0.00%)				Pfizer			
171,400	Nike Class B	8,000	1.01	829,559	Pfizer	16,073	2.03
Information technology hardware 3.51% (4.15%)				Personal care & household products 1.10% (0.00%)			
50,287	Apple	15,921	2.01	Estee Lauder Companies Class C			
173,701	Lam Research	5,528	0.70	Pharmaceuticals & biotechnology 6.66% (3.50%)			
137,034	Qualcomm	6,296	0.80	Amgen			
Insurance 1.74% (2.58%)				Bristol-Myers Squibb			
197,305	American International Group	6,033	0.76	Gilead Sciences			
394,659	Fidelity National	7,745	0.98	Mead Johnson Nutrition			
Investment companies 0.73% (0.00%)				Pfizer			
289,695	Apollo Global Management	5,742	0.73	Personal care & household products 1.10% (0.00%)			
Leisure entertainment & hotels 1.60% (1.35%)				Estee Lauder Companies Class C			
241,202	Las Vegas Sands	12,634	1.60	Pharmaceuticals & biotechnology 6.66% (3.50%)			
Media & photography 4.69% (3.25%)				Amgen			
115,780	Charter Communications	8,745	1.11	Bristol-Myers Squibb			
326,179	Comcast Class A	10,141	1.28	Gilead Sciences			
366,371	Walt Disney	18,211	2.30	Mead Johnson Nutrition			
Oil & gas 2.96% (4.30%)				Pfizer			
182,878	Enterprise Products Partners	7,331	0.93	Personal care & household products 1.10% (0.00%)			
179,165	National-Oilwell Varco	8,363	1.06	Estee Lauder Companies Class C			
133,258	Occidental Petroleum	7,655	0.97	Pharmaceuticals & biotechnology 6.66% (3.50%)			
Personal care & household products 1.10% (0.00%)				Amgen			
210,436	Estee Lauder Companies Class C	8,667	1.10	Bristol-Myers Squibb			
Pharmaceuticals & biotechnology 6.66% (3.50%)				Gilead Sciences			
104,868	Amgen	7,769	0.98	Mead Johnson Nutrition			
384,988	Bristol-Myers Squibb	12,762	1.62	Pfizer			
211,074	Gilead Sciences	10,061	1.27	Personal care & household products 1.10% (0.00%)			
120,737	Mead Johnson Nutrition	5,979	0.76	Estee Lauder Companies Class C			
829,559	Pfizer	16,073	2.03	Pharmaceuticals & biotechnology 6.66% (3.50%)			

Threadneedle Global Select Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UNITED STATES OF AMERICA 55.22% (49.47%) (continued)			
Software & computer services 8.46% (7.80%)			
311,223	Autodesk	9,975	1.26
386,457	EMC	6,206	0.79
354,565	Facebook	14,983	1.90
25,856	Google	18,811	2.38
20,713	priceline.com	16,858	2.13
Speciality & other finance 8.69% (5.08%)			
37,525	Affiliated Managers Group	4,377	0.55
291,172	American Express	16,243	2.06
447,081	Blackstone Group	9,182	1.16
163,293	Discover Financial Services	5,726	0.72
200,720	MasterCard Class A	9,301	1.18
293,325	United Rentals	15,483	1.96
62,907	Visa 'A' Shares	8,405	1.06
Support services 0.99% (0.86%)			
185,806	Equifax	7,800	0.99
Telecommunication services 0.44% (0.00%)			
123,863	Verizon Communications	3,493	0.44
Transport 1.56% (1.42%)			
111,270	Union Pacific	12,340	1.56
Total United States of America		436,327	55.22
Total value of investments		782,145	98.98
Net other assets (2.43%)		8,035	1.02
Net assets		790,180	100.00

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

March 2013 comparatives in brackets.

Threadneedle Global Bond Fund

Portfolio Statement

as at 7 March 2014

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
AUSTRALIA 1.55% (1.33%)					CHINA 0.00% (1.33%)				
		Aaa 1.55% (1.33%)					AA- 0.00% (1.33%)		
AUD	1,750,000	Australian Government 4.5% 21/04/2033	923	0.48			Total China	–	–
USD	3,450,000	Westpac Banking 1.25% 15/12/2017	2,034	1.07					
		Total Australia	2,957	1.55					
AUSTRIA 1.70% (1.95%)					EGYPT 0.83% (0.71%)				
		Aaa 0.73% (0.76%)					BBB- 0.83% (0.71%)		
EUR	1,700,000	Hypo Alpe-Adria International 2.375% 13/12/2022	1,392	0.73	USD	2,500,000	African Export-Import 5.75% 27/07/2016	1,580	0.83
		AA+ 0.00% (0.37%)					Total Egypt	1,580	0.83
		AA- 0.97% (0.82%)							
USD	2,750,000	UniCredito Bank Austria 7.25% 15/02/2017	1,846	0.97					
		Total Austria	3,238	1.70					
BELGIUM 3.02% (0.66%)					FINLAND 1.43% (1.33%)				
		Aa3 0.00% (0.66%)					AAA 1.43% (1.33%)		
		Not rated 3.02% (0.00%)			USD	4,500,000	Municipality Finance 1.625% 25/04/2017	2,734	1.43
EUR	6,800,000	Belgium Kingdom 2.6% 22/06/2024	5,772	3.02			Total Finland	2,734	1.43
		Total Belgium	5,772	3.02					
CANADA 7.25% (8.46%)					FRANCE 0.77% (2.47%)				
		AAA 2.44% (4.99%)					AA+ 0.00% (0.82%)		
CAD	4,350,000	Canada Housing Trust 2.35% 15/12/2018	2,406	1.26			A+ 0.00% (1.16%)		
CAD	4,050,000	Canada Housing Trust 3.15% 15/09/2023	2,259	1.18			A 0.00% (0.49%)		
		AA- 3.38% (3.06%)					Aa1u 0.77% (0.00%)		
USD	3,130,000	Province of Ontario 2% 30/01/2019	1,877	0.98	EUR	1,740,000	Government of France 3.25% 25/05/2045	1,461	0.77
CAD	3,000,000	Province of Ontario 4.2% 02/06/2020	1,786	0.94			Total France	1,461	0.77
USD	3,600,000	Royal Bank of Canada 2.2% 27/07/2018	2,174	1.14					
USD	1,000,000	Royal Bank of Canada 2.625% 15/12/2015	617	0.32					
		BBB+ 1.43% (0.41%)							
CAD	4,350,000	Bell Canada 3.6% 02/12/2015	2,432	1.27					
USD	500,000	Thomson Reuters 1.3% 23/02/2017	298	0.16					
		Total Canada	13,849	7.25					
CAYMAN ISLANDS 0.58% (0.00%)					GERMANY 5.37% (7.96%)				
		AA 0.58% (0.00%)					AAA 4.89% (4.20%)		
EUR	1,100,000	IPIC GMTN 5.875% 14/03/2021	1,100	0.58	AUD	5,950,000	KFW 6.25% 19/05/2021	3,585	1.88
		Total Cayman Islands	1,100	0.58	USD	4,000,000	Landwirtschaft Rentenbank 1.375% 23/10/2019	2,310	1.21
CHILE 0.26% (0.22%)					HONG KONG 0.60% (0.51%)				
		AA- 0.26% (0.00%)					A 0.60% (0.00%)		
USD	815,000	Codelco 3.75% 04/11/2020	496	0.26	USD	1,950,000	AIA Group 1.75% 13/03/2018	1,147	0.60
		A 0.00% (0.22%)					Not rated 0.00% (0.51%)		
		Total Chile	496	0.26			Total Hong Kong	1,147	0.60
INDONESIA 0.64% (0.55%)					INDONESIA 0.64% (0.55%)				
		BB+ 0.64% (0.55%)			USD	2,000,000	Perusahaan Penerbit SBSN 4% 21/11/2018	1,215	0.64
		Total Indonesia	1,215	0.64			Total Indonesia	1,215	0.64

Threadneedle Global Bond Fund

Portfolio Statement

(continued)

	Holding	Investment	Value £000	% of Net Asset Value		Holding	Investment	Value £000	% of Net Asset Value
ITALY 5.47% (6.07%)					NETHERLANDS 1.25% (1.05%)				
		BBB+ 0.00% (0.52%)					AAA 0.00% (1.05%)		
		Baa2 0.00% (5.55%)					AA+ 1.25% (0.00%)		
		Baa2u 3.36% (0.00%)			USD	4,000,000	Neder Financierings-Maat 1.5% 12/02/2018	2,378	1.25
EUR	1,200,000	Buoni Poliennali Del Tes 4% 01/09/2020	1,082	0.57	Total Netherlands				
EUR	1,200,000	Buoni Poliennali Del Tes 4.75% 01/09/2028	1,091	0.57				2,378	1.25
EUR	4,800,000	Buoni Poliennali Del Tes 4.75% 01/09/2044	4,245	2.22	NORWAY 4.25% (3.53%)				
		Not rated 2.11% (0.00%)					BB+ 4.25% (3.53%)		
EUR	2,500,000	Buoni Poliennali Del Tes 3.75% 01/09/2024	2,137	1.12	USD	4,800,000	Eksporthfinans 2% 15/09/2015	2,825	1.48
EUR	2,200,000	Monte Dei Paschi Siena 3.5% 20/03/2017	1,900	0.99	USD	6,300,000	Eksporthfinans 3% 17/11/2014	3,775	1.98
		Total Italy	10,455	5.47	USD	2,400,000	Eksporthfinans 5.5% 26/06/2017	1,519	0.79
					Total Norway				
								8,119	4.25
JAPAN 10.15% (9.80%)					PERU 0.24% (0.14%)				
		AA- 0.81% (0.00%)					BBB+ 0.24% (0.00%)		
CAD	2,850,000	Japan Bank for International COOP 2.3% 19/03/2018	1,551	0.81	USD	750,000	BBVA Banco Continental 2.25% 29/07/2016	449	0.24
		Aa3 9.34% (9.80%)			Total Peru				
JPY	400,000,000	Japan Government 0.8% 20/12/2022	2,373	1.24				449	0.24
JPY	875,000,000	Japan Government 1.9% 20/03/2025	5,715	2.99	POLAND 1.06% (0.47%)				
JPY	440,000,000	Japan Government 2% 20/03/2042	2,749	1.44			A- 1.06% (0.47%)		
JPY	640,000,000	Japan Government 2.1% 20/03/2027	4,278	2.24	EUR	1,220,000	Republic of Poland 3% 15/01/2024	1,040	0.55
JPY	400,000,000	Japan Government 2.5% 20/09/2037	2,721	1.43	USD	1,500,000	Republic of Poland 5% 23/03/2022	978	0.51
		Total Japan	19,387	10.15	Total Poland				
								2,018	1.06
LATVIA 0.00% (0.50%)					PORTUGAL 2.72% (0.00%)				
		BBB 0.00% (0.50%)					Ba3 0.70% (0.00%)		
		Total Latvia	-	-	EUR	1,500,000	Obrigações do Tesouro 5.65% 15/02/2024	1,342	0.70
LUXEMBOURG 2.25% (4.74%)					REPUBLIC OF IRELAND 0.36% (2.44%)				
		AAA 0.89% (2.76%)					BBB+ 0.00% (2.44%)		
CAD	3,100,000	European Investment Bank 2.625% 24/09/2018	1,712	0.89			BBB 0.36% (0.00%)		
		AA+ 0.00% (1.29%)			EUR	885,000	RZD Capital 3.3744% 20/05/2021	696	0.36
		AA 1.36% (0.00%)			Total Republic of Ireland				
AUD	4,600,000	IFFIM 5.75% 08/12/2015	2,592	1.36				696	0.36
		BB 0.00% (0.69%)			ROMANIA 0.71% (0.00%)				
		Total Luxembourg	4,304	2.25			BB+ 0.71% (0.00%)		
					USD	2,200,000	Romania 4.875% 22/01/2024	1,350	0.71
MEXICO 3.26% (4.24%)					RUSSIAN FEDERATION 0.38% (0.00%)				
		BBB+ 3.26% (4.24%)					BBB 0.38% (0.00%)		
AUD	5,000,000	Petroleos Mexicanos 6.125% 26/04/2017	2,814	1.47	USD	1,200,000	Russian Federation 3.5% 16/01/2019	719	0.38
USD	425,000	Petroleos Mexicanos 6.375% 23/01/2045	270	0.14	Total Russian Federation				
EUR	2,155,000	United Mexican States 2.75% 22/04/2023	1,777	0.93				719	0.38
USD	2,000,000	United Mexican States 6.05% 11/01/2040	1,364	0.72				719	0.38
		Total Mexico	6,225	3.26					

Threadneedle UK Institutional Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
GENERAL INDUSTRIALS 10.99% (11.77%) (continued)				NON-CYCLICAL SERVICES 5.84% (5.98%)			
Diversified industrials 0.26% (0.25%)				Food & drug retailers 0.89% (1.38%)			
291,437	New Britain Palm Oil	1,195	0.11	2,129,649	Booker Group	3,712	0.34
734,069	QinetiQ Group	1,674	0.15	2,513,067	Morrison (Wm) Supermarkets	5,931	0.55
Electronic & electrical equipment 2.07% (1.63%)				Telecommunication services 4.95% (4.60%)			
3,935,492	AZ Electronic Materials	15,730	1.45	9,730,558	BT Group	39,788	3.66
162,069	Domino Printing	1,296	0.12	799,367	Spirent Communications	871	0.08
204,741	Oxford Instruments	2,811	0.26	5,387,008	Vodafone Group	13,193	1.21
124,807	Renishaw	2,621	0.24	Total non-cyclical services			
Engineering & machinery 3.89% (5.05%)				RESOURCES 14.67% (18.73%)			
853,721	Amec	9,579	0.88	Mining 3.86% (4.95%)			
493,584	Fenner	2,223	0.20	669,745	Anglo American	10,200	0.94
602,884	IMI	8,856	0.81	636,368	First Quantum Minerals	7,166	0.66
4,330,422	Melrose Industries	13,203	1.21	755,504	Rio Tinto	24,569	2.26
931,757	Senior	2,718	0.25	Oil & gas (10.81% (13.78%))			
227,075	Weir Group	5,818	0.54	2,292,688	BG Group	25,151	2.31
Total general industrials				7,043,799	BP	34,138	3.14
119,578				698,523	Faroe Petroleum	828	0.08
10.99				259,313	Hunting	2,288	0.21
INFORMATION TECHNOLOGY 2.87% (2.81%)				1,419,774	Premier Oil	4,451	0.41
Information technology hardware 0.29% (0.26%)				1,280,539	Royal Dutch Shell 'B' Shares	29,792	2.74
344,221	CSR	2,614	0.24	1,063,639	Tullow Oil	8,461	0.78
433,357	Wolfson Microelectronics	554	0.05	1,629,044	Wood Group	12,430	1.14
Software & computer services 2.58% (2.55%)				Total resources			
344,263	Aveva Group	7,474	0.69	159,474			
126,435	Fidessa Group	3,122	0.29	14.67			
4,120,587	Sage Group	17,438	1.60	UTILITIES 1.73% (1.82%)			
Total information technology				2,726,136	Gas Distribution 0.82% (1.09%)	8,863	0.82
31,202				Centrica			
2.87				1,340,829	Water 0.91% (0.73%)	9,855	0.91
NON-CYCLICAL CONSUMER GOODS 17.61% (19.88%)				Pennon Group			
Beverages 1.89% (2.08%)				Total utilities			
1,044,526	Diageo	19,402	1.78	18,718			
419,245	Stock Spirits Group	1,191	0.11	1.73			
Food producers & processors 2.37% (2.90%)				Total value of investments			
99,195	Genus	1,154	0.11	1,072,437			
1,009,724	Unilever	24,556	2.26	98.65			
Health 1.91% (1.81%)				Net other assets/(liabilities) (-0.17%)			
335,746	Dechra Pharmaceuticals	2,396	0.22	15,361			
490,140	Optos	1,007	0.09	1.35			
1,686,999	Smith & Nephew	15,698	1.44	Net assets			
128,850	Synergy Healthcare	1,727	0.16	1,087,798			
Personal care & household products 1.43% (0.75%)				100.00			
321,159	Reckitt Benckiser	15,583	1.43	<i>The calculation of the % Net Asset Value may not sum to 100% due to rounding.</i>			
Pharmaceuticals & biotechnology 6.71% (7.11%)				<i>March 2013 comparatives in brackets.</i>			
729,217	AstraZeneca	29,088	2.68	<i>§Related party.</i>			
2,631,380	GlaxoSmithKline	43,852	4.03				
Tobacco 3.30% (5.23%)							
585,067	British American Tobacco	19,357	1.78				
666,340	Imperial Tobacco Group	16,579	1.52				
Total non-cyclical consumer goods							
191,590							
17.61							

Threadneedle UK Overseas Earnings Fund

Portfolio Statement

as at 7 March 2014

Holding	Investment	Value £000	% of Net Asset Value	Holding	Investment	Value £000	% of Net Asset Value
BASIC INDUSTRIES 4.11% (3.99%)				GENERAL INDUSTRIALS 10.33% (13.60%)			
	Chemicals 2.10% (2.01%)				Aerospace & defence 6.30% (7.57%)		
80,568	Johnson Matthey	2,642	2.10	410,591	BAE Systems	1,686	1.35
	Forestry & paper 2.01% (1.98%)			626,300	Cobham	1,912	1.52
738,588	DS Smith	2,519	2.01	250,043	Rolls-Royce Holdings	2,613	2.08
	Total basic industries	5,161	4.11	123,329	Smiths Group	1,692	1.35
CYCLICAL CONSUMER GOODS 2.04% (2.53%)					Engineering & machinery 4.03% (6.03%)		
	Automobiles & parts 2.04% (2.53%)			99,318	IMI	1,459	1.16
644,948	GKN	2,558	2.04	659,304	Melrose Industries	2,010	1.60
	Total cyclical consumer goods	2,558	2.04	466,071	Morgan Advanced Materials	1,598	1.27
CYCLICAL SERVICES 25.01% (22.76%)					Total general industrials	12,970	10.33
	Distributors 2.15% (2.68%)			INFORMATION TECHNOLOGY 3.48% (2.42%)			
77,727	Wolseley	2,700	2.15		Information technology hardware 1.11% (0.95%)		
	General retailers 2.54% (1.98%)			183,728	CSR	1,395	1.11
681,185	Home Retail Group	1,405	1.12		Software & computer services 2.37% (1.47%)		
364,959	Marks & Spencer Group	1,787	1.42	704,721	Sage Group	2,982	2.37
	Leisure entertainment & hotels 3.59% (2.18%)				Total information technology	4,377	3.48
68,191	Carnival	1,621	1.29	NON-CYCLICAL CONSUMER GOODS 19.14% (18.01%)			
230,832	J.D. Wetherspoon	1,919	1.53		Food producers & processors 3.57% (3.83%)		
728,226	Rank Group	967	0.77	184,120	Unilever	4,478	3.57
	Media & photography 7.17% (6.89%)				Personal care & household products 2.08% (0.00%)		
198,846	Daily Mail & General Trust	2,004	1.60	53,876	Reckitt Benckiser	2,614	2.08
977,550	ITV	1,969	1.57		Pharmaceuticals & biotechnology 8.56% (8.53%)		
180,243	Pearson	1,891	1.51	123,755	AstraZeneca	4,937	3.93
336,328	Reed Elsevier	3,133	2.49	349,123	GlaxoSmithKline	5,818	4.63
	Support services 7.65% (7.68%)				Tobacco 4.93% (5.65%)		
299,871	Compass Group	2,832	2.25	87,452	British American Tobacco	2,893	2.30
478,873	Electrocomponents	1,292	1.03	132,823	Imperial Tobacco Group	3,305	2.63
239,085	Essentra	2,177	1.73		Total non-cyclical consumer goods	24,045	19.14
1,639,988	Rentokil Initial	2,155	1.72	NON-CYCLICAL SERVICES 9.84% (8.90%)			
78,056	WS Atkins	1,151	0.92		Food & drug retailers 4.97% (4.74%)		
	Transport 1.91% (1.35%)			2,606,504	Booker Group	4,543	3.62
391,546	FirstGroup	556	0.44	717,736	Morrison (Wm) Supermarkets	1,694	1.35
472,047	Stagecoach Group	1,850	1.47		Telecommunication services 4.87% (4.16%)		
	Total cyclical services	31,409	25.01	1,290,361	BT Group	5,276	4.20
FINANCIALS 14.63% (13.22%)				603,279	Colt Group	845	0.67
	Banks 1.46% (1.99%)				Total non-cyclical services	12,358	9.84
293,790	HSBC Holdings	1,831	1.46	RESOURCES 8.19% (8.95%)			
	Insurance 1.47% (1.49%)				Mining 2.49% (2.91%)		
1,898,268	RSA Insurance Group	1,845	1.47	57,514	Anglo American	876	0.70
	Investment companies 3.03% (4.26%)			69,155	Rio Tinto	2,249	1.79
663,955	3i Group	2,784	2.22		Oil & gas 5.70% (6.04%)		
1,033,128	Sherborne Investors (Guernsey) 'B' Shares	1,023	0.81	273,052	BG Group	2,995	2.38
	Life assurance 5.58% (3.98%)			1,925	Royal Dutch Shell	42	0.03
538,585	Aviva	2,790	2.22	177,447	Royal Dutch Shell 'B' Shares	4,128	3.29
1,778,311	Legal & General	4,215	3.36		Total resources	10,290	8.19
	Speciality & other finance 3.09% (1.50%)			20,000	†Acquisition 1234	1	-
1,502,913	F&C Asset Management	1,889	1.50	96,090	Schroders Non-voting Shares	1,995	1.59
	Total financials	18,373	14.63				

Threadneedle UK Overseas Earnings Fund

Portfolio Statement

(continued)

Holding	Investment	Value £000	% of Net Asset Value
UTILITIES 2.86% (4.76%)			
	Gas distribution 1.49% (3.86%)		
577,159	Centrica	1,876	1.49
	Water 1.37% (0.90%)		
233,314	Pennon Group	1,715	1.37
	Total utilities	3,591	2.86
Total value of investments		125,132	99.63
Net other assets (0.86%)		459	0.37
Net assets		125,591	100.00

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

March 2013 comparatives in brackets.

†Alternative Investment Market.

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
UK Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	421,625	86.75p	486,046,631	2009	1.3001	72.36	49.24
Class 2 – Net income shares	611,530	86.81p	704,461,419	Class 1 – Net income shares	1.6777	72.53	49.24
Class 2 – Net accumulation shares	102,551	57.94p	176,992,314	Class 2 – Net income shares			
for the year ended 7 March 2013							
Class 1 – Net income shares	590,142	101.98p	578,686,737	2010	0.8837	85.78	67.79
Class 2 – Net income shares	493,796	102.10p	483,623,191	Class 1 – Net income shares	1.3495	86.00	67.99
Class 2 – Net accumulation shares	111,060	69.72p	159,304,017	Class 2 – Net income shares	0.5034	55.83	43.79
Class Z – Net income shares	6,372	112.16p	5,681,304	§Class 2 – Net accumulation shares			
Class Z – Net accumulation shares	359	113.11p	317,351	2011	1.0864	90.07	71.10
for the year ended 7 March 2014							
Class 1 – Net income shares	707,817	116.23p	608,957,463	Class 1 – Net income shares	1.6272	90.34	71.18
Class 2 – Net income shares	439,482	116.40p	377,553,991	Class 2 – Net income shares	1.0637	58.93	47.15
Class 2 – Net accumulation shares	132,477	81.22p	163,110,250	Class 1 – Net income shares	1.4767	93.15	80.81
Class Z – Net income shares	405,528	127.89p	317,096,190	Class 2 – Net income shares	2.0202	93.42	80.99
Class Z – Net accumulation shares	148,683	131.99p	112,647,147	Class 2 – Net accumulation shares	1.3446	63.29	54.05
				*Class Z – Net income shares	–	102.64	96.90
				§§Class Z – Net accumulation shares	–	102.64	96.90
				2013	1.7807	113.52	94.08
				Class 1 – Net income shares	2.4111	113.89	94.36
				Class 2 – Net income shares	1.6420	78.93	63.93
				Class Z – Net income shares	2.8167	125.18	103.68
				Class Z – Net accumulation shares	2.8523	128.23	103.68
				2014	0.4494	117.49	110.12
				fClass 1 – Net income shares	0.7931	117.99	110.55
				fClass 2 – Net income shares	0.5496	81.77	76.61
				fClass 2 – Net accumulation shares	0.9790	129.73	121.53
				fClass Z – Net income shares	1.0027	132.88	124.48
				fClass Z – Net accumulation shares			
				<i>fTo 7 March 2014</i>			
				§Class 2 – Net accumulation shares commenced 31 March 2010			
				*Class Z – Net income shares commenced 19 September 2012			
				§§Class Z – Net accumulation shares commenced 19 September 2012			
UK Select Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	153,646	81.73p	187,983,295	2009	1.1858	70.64	49.83
Class 2 – Net income shares	73,697	81.97p	89,907,377	Class 1 – Net income shares	1.5687	70.91	49.94
Class 2 – Net income shares				Class 2 – Net income shares			
for the year ended 7 March 2013							
Class 1 – Net income shares	142,813	93.71p	152,398,965	2010	0.7687	81.46	64.87
Class 2 – Net income shares	77,207	94.02p	82,118,763	Class 1 – Net income shares	1.2219	81.84	65.18
Class Z – Net income shares	502	112.72p	445,797	Class 2 – Net income shares			
for the year ended 7 March 2014							
Class 1 – Net income shares	134,486	108.69p	123,737,256	2011	1.0461	85.14	67.84
Class 2 – Net income shares	70,046	109.07p	64,219,442	Class 1 – Net income shares	1.5597	85.57	68.06
Class Z – Net income shares	3,384	130.78p	2,587,389	Class 2 – Net income shares			
				Class 1 – Net income shares	1.5033	85.72	75.48
				Class 2 – Net income shares	2.0196	85.99	75.82
				§Class Z – Net income shares	–	102.35	96.81
				2013	1.7606	106.28	85.88
				Class 1 – Net income shares	2.3479	106.85	86.32
				Class 2 – Net income shares	2.9690	128.18	103.50
				Class Z – Net income shares			
				2014	0.3148	109.44	102.84
				fClass 1 – Net income shares	0.6363	110.14	103.46
				fClass 2 – Net income shares	0.8716	132.17	124.13
				fClass Z – Net income shares			
				<i>fTo 7 March 2014</i>			
				§Class Z – Net income shares commenced 28 September 2012			
UK Smaller Companies Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	100,661	138.11p	72,883,043	2009	1.3650	101.99	63.41
Class 2 – Net income shares	89,565	138.97p	64,447,564	Class 1 – Net income shares	1.8764	102.34	63.55
Class 2 – Net income shares				Class 2 – Net income shares			
for the year ended 7 March 2013							
Class 1 – Net income shares	85,092	167.90p	50,681,366	2010	0.6591	134.92	95.49
Class 2 – Net income shares	65,046	169.08p	38,471,636	Class 1 – Net income shares	1.3127	135.59	96.00
Class Z – Net income shares	33	114.35p	28,974	Class 2 – Net income shares			
for the period ended 7 March 2014							
Class 1 – Net income shares	86,960	212.60p	40,903,077	2011	0.2957	143.85	111.72
Class 2 – Net income shares	85,410	214.31p	39,853,222	Class 1 – Net income shares	0.9002	144.86	112.28
Class Z – Net income shares	1,447	144.98p	998,159	Class 2 – Net income shares			
Class Z – Net accumulation shares	33	118.82p	27,938	Class 1 – Net income shares	0.3542	150.36	121.48
				Class 2 – Net income shares	1.0225	151.60	122.29
				§Class Z – Net income shares	–	102.54	96.83
				2013	0.5894	199.56	152.76
				Class 1 – Net income shares	1.5451	201.40	154.05
				Class 2 – Net income shares	1.1877	136.31	104.20
				Class Z – Net income shares	–	111.37	98.22
				*Class Z – Net accumulation shares			
				2014	–	213.77	199.42
				fClass 1 – Net income shares	0.4825	215.98	201.26
				fClass 2 – Net income shares	0.4394	146.22	136.21
				fClass Z – Net income shares	0.2769	119.47	111.29
				fClass Z – Net accumulation shares			
				<i>fTo 7 March 2014</i>			
				§Class Z – Net income shares commenced 5 October 2012			
				*Class Z – Net accumulation shares commenced 26 September 2013			

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
UK Growth & Income Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	125,460	61.97p	202,458,938	2009	1.9983	54.59	37.57
Class 2 – Net income shares	169,148	66.67p	253,724,377	Class 1 – Net income shares	2.1546	58.09	39.81
for the year ended 7 March 2013							
Class 1 – Net income shares	190,772	71.92p	265,261,204	2010	1.8588	61.20	51.00
Class 2 – Net income shares	38,894	77.76p	50,015,309	Class 1 – Net income shares	2.0232	65.46	54.41
Class Z – Net income shares	89	112.23p	78,747	Class 2 – Net income shares	1.9649	65.24	52.79
for the year ended 7 March 2014							
Class 1 – Net income shares	253,418	84.33p	300,512,522	2011	2.1530	69.97	56.67
Class 2 – Net income shares	36,429	91.65p	39,749,740	2012	2.2346	66.81	58.81
Class Z – Net income shares	13,373	132.51p	10,091,720	Class 1 – Net income shares	2.4484	72.19	63.35
				Class 2 – Net income shares	–	104.05	98.25
				Class Z – Net income shares	2.4982	82.75	67.17
				2013	2.7620	89.87	72.59
				Class 1 – Net income shares	3.9027	129.85	104.63
				Class 2 – Net income shares	1.0566	85.54	80.92
				Class Z – Net income shares	1.1790	92.99	87.92
				Class Z – Net income shares	1.6597	134.41	127.07
				<i>†To 7 March 2014</i>			
				<i>§Class Z – Net income shares commenced 28 September 2012</i>			
UK Equity Income Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	721,308	65.64p	1,098,875,029	2009	3.0072	59.90	43.51
Class 1 – Net accumulation shares	33,953	72.46p	46,855,656	§Class 1 – Net accumulation shares	0.9709	59.16	46.22
Class 2 – Net income shares	473,440	70.90p	667,803,486	Class 2 – Net income shares	3.2411	64.03	46.27
for the year ended 7 March 2013							
Class 1 – Net income shares	1,018,992	75.47p	1,350,156,275	2010	2.8305	66.47	54.79
Class 1 – Net accumulation shares	111,185	86.70p	128,235,670	Class 1 – Net accumulation shares	2.3168	68.80	55.70
Class 2 – Net income shares	581,982	81.93p	710,378,329	Class 2 – Net income shares	3.0632	71.48	58.68
Class Z – Net income shares	135,984	108.28p	125,585,388	2011	3.5016	70.13	57.50
Class Z – Net accumulation shares	7,022	109.96p	6,385,978	Class 1 – Net accumulation shares	3.6906	74.22	61.71
for the year ended 7 March 2014							
Class 1 – Net income shares	1,093,490	88.84p	1,230,902,777	Class 2 – Net income shares	3.9317	75.51	62.08
Class 1 – Net accumulation shares	170,160	106.06p	160,433,989	2012	2.8990	70.47	62.76
Class 2 – Net income shares	688,371	96.92p	710,256,326	Class 1 – Net accumulation shares	3.2435	80.43	69.27
Class Z – Net income shares	581,793	128.42p	453,054,613	Class 2 – Net income shares	3.1896	76.41	67.88
Class Z – Net accumulation shares	147,393	135.52p	108,759,279	*Class Z – Net income shares	0.8986	100.94	95.98
				§§Class Z – Net accumulation shares	0.8970	101.85	95.98
				2013	3.0708	86.30	70.75
				Class 1 – Net income shares	3.5415	102.24	80.76
				Class 1 – Net accumulation shares	3.4024	94.00	76.75
				Class 2 – Net income shares	4.4193	124.43	101.39
				Class Z – Net income shares	4.5287	130.44	102.30
				2014	0.5898	89.48	84.83
				†Class 1 – Net income shares	0.6994	106.13	100.61
				†Class 1 – Net accumulation shares	0.6610	97.64	92.52
				†Class 2 – Net income shares	0.8570	129.36	122.55
				†Class Z – Net income shares	0.8988	135.61	128.47
				<i>†To 7 March 2014</i>			
				<i>§Class 1 – Net accumulation shares commenced 8 May 2009</i>			
				<i>*Class Z – Net income shares commenced 14 September 2012</i>			
				<i>§§Class Z – Net accumulation shares commenced 14 September 2012</i>			
UK Monthly Income Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	529,289	57.65p	918,184,065	2009	2.5560	51.84	38.74
for the year ended 7 March 2013							
Class 1 – Net income shares	575,249	64.86p	886,924,151	2010	2.3721	57.63	48.15
Class 2 – Net income shares	2,805	108.91p	2,575,315	2011	2.3249	60.64	51.44
for the year ended 7 March 2014							
Class 1 – Net income shares	620,405	74.47p	833,076,404	2012	2.5486	60.54	54.60
Class 2 – Net income shares	35	106.94p	32,883	§Class Z – Net income shares	0.5273	101.13	95.89
Class Z – Net income shares	35,462	126.14p	28,113,649	2013	2.6695	73.10	60.72
				*Class 2 – Net income shares	0.6300	105.14	97.32
				Class Z – Net income shares	3.1950	124.91	101.82
				2014	0.8826	75.13	71.06
				†Class 1 – Net income shares	1.5752	108.36	102.35
				†Class 2 – Net income shares	2.8121	128.85	121.65
				†Class Z – Net income shares			
				<i>†To 7 March 2014</i>			
				<i>§Class Z – Net income shares commenced 21 September 2012</i>			
				<i>*Class 2 – Net income shares commenced 24 September 2013</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
Monthly Extra Income Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	131,541	57.37p	229,291,922	2009	2.6769	51.39	38.27
for the year ended 7 March 2013							
Class 1 – Net income shares	160,346	65.43p	245,073,969	2010	2.3857	56.38	48.80
Class Z – Net income shares	1,845	109.08p	1,691,471	2011	2.3795	59.33	50.90
for the year ended 7 March 2014							
Class 1 – Net income shares	177,030	74.29p	238,284,418	2012	2.4483	61.96	54.94
Class Z – Net income shares	39,205	124.71p	31,438,007	2013	2.4047	103.17	98.45
				2013	2.4913	73.08	62.08
				2014	2.9556	123.30	103.53
				fClass 1 – Net income shares	0.8939	74.90	71.69
				fClass Z – Net income shares	2.3095	127.20	121.56
				<i>fTo 7 March 2014</i>			
				<i>sClass Z – Net income shares commenced 3 October 2012</i>			
UK Corporate Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	88,823	52.82p	168,172,052	2009	2.1112	51.26	41.18
sClass 1 – Gross income shares	18,030	52.86p	34,111,351	2010	2.6285	51.42	41.26
Class 2 – Net income shares	170,785	52.89p	322,888,650	2011	2.2613	51.37	41.24
sClass 2 – Gross accumulation shares	328,945	81.75p	402,380,581	2012	3.7374	70.10	54.49
for the year ended 7 March 2013							
Class 1 – Net income shares	95,303	56.50p	168,684,504	2010	2.0195	54.23	50.39
sClass 1 – Gross income shares	23,449	56.53p	41,478,955	2011	2.5141	54.36	50.48
Class 2 – Net income shares	183,979	56.58p	325,145,532	2012	2.1875	54.33	50.48
sClass 2 – Gross accumulation shares	437,858	91.23p	479,959,272	2013	3.8238	77.93	69.62
for the year ended 7 March 2014							
Class 1 – Net income shares	74,066	56.29p	131,567,081	2011	1.9797	53.42	50.25
sClass 1 – Gross income shares	11,373	56.33p	20,191,557	2012	2.4644	53.58	50.35
Class 2 – Net income shares	163,897	56.38p	290,706,242	2013	2.1466	53.54	50.33
sClass 2 – Gross accumulation shares	421,302	94.81p	444,350,002	2014	3.9519	79.63	75.01
				2012	1.7478	57.31	51.50
				2013	2.1775	57.45	51.58
				2014	1.9206	57.44	51.58
				2014	3.7143	91.19	78.88
				2013	1.7544	59.07	54.63
				2014	2.1829	59.17	54.67
				2014	1.9280	59.18	54.71
				2014	3.8914	95.54	89.49
				fClass 1 – Net income shares	0.4244	57.08	55.62
				fClass 1 – Gross income shares	0.5264	57.21	55.69
				fClass 2 – Net income shares	0.4663	57.20	55.72
				fClass 2 – Gross accumulation shares	0.9626	95.40	92.81
				<i>fTo 7 March 2014</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
Sterling Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	199,379	52.08p	382,831,128	2009	1.4338	48.96	44.71
§Class 1 – Gross accumulation shares	49,067	102.05p	48,079,362	Class 1 – Gross accumulation shares	3.2168	87.77	80.59
for the year ended 7 March 2013							
Class 1 – Net income shares	135,142	52.16p	259,112,866	Class 1 – Net income shares	1.1444	49.34	45.25
§Class 1 – Gross accumulation shares	45,468	103.89p	43,781,257	Class 1 – Gross accumulation shares	2.6386	92.23	83.84
Class Z – Net income shares	28	98.33p	28,075	2011			
§Class Z – Gross accumulation shares	3	99.10p	3,001	Class 1 – Net income shares	1.0324	52.98	45.73
for the year ended 7 March 2014							
Class 1 – Net income shares	90,345	50.12p	180,274,502	Class 1 – Gross accumulation shares	2.4538	103.02	86.70
§Class 1 – Gross accumulation shares	45,573	101.63p	44,840,806	2012			
Class Z – Net income shares	470	95.06p	494,034	Class 1 – Net income shares	0.7155	54.43	50.77
§Class Z – Gross accumulation shares	55	97.61p	56,431	Class 1 – Gross accumulation shares	1.7429	106.80	99.50
<i>§Only available to eligible investors</i>							
				§Class Z – Net income shares	–	100.79	98.84
				*Class Z – Gross accumulation shares	–	100.81	98.84
				2013			
				Class 1 – Net income shares	0.6781	53.63	49.30
				Class 1 – Gross accumulation shares	1.6773	106.85	99.04
				Class Z – Net income shares	1.3159	101.23	93.25
				Class Z – Gross accumulation shares	1.6463	102.07	94.82
				2014			
				†Class 1 – Net income shares	0.3873	50.81	49.56
				†Class 1 – Gross accumulation shares	0.9705	102.25	99.67
				†Class Z – Net income shares	0.7478	96.39	93.91
				†Class Z – Gross accumulation shares	0.9503	98.20	95.61
				<i>†To 7 March 2014</i>			
				<i>§Class Z – Net income shares commenced 12 October 2012</i>			
				<i>*Class Z – Gross accumulation shares commenced 12 October 2012</i>			
Sterling Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	246,260	99.82p	246,702,184	2009	0.5313	99.85	95.30
for the year ended 7 March 2013							
Class 1 – Net income shares	223,628	99.81p	224,064,688	2010	0.0967	99.91	99.79
for the year ended 7 March 2014							
Class 1 – Net income shares	234,829	99.82p	235,264,554	2011	0.2521	99.97	99.82
				Class 1 – Net income shares			
				2012			
				Class 1 – Net income shares	0.3118	99.99	99.82
				2013			
				Class 1 – Net income shares	0.1430	99.88	99.81
				2014			
				†Class 1 – Net income shares	0.0709	99.89	99.86
				<i>†To 7 March 2014</i>			
European Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	231,791	124.12p	186,755,051	2009	1.5949	126.50	79.97
Class 2 – Net accumulation shares	307,814	134.97p	228,060,350	Class 2 – Net accumulation shares	2.7783	135.47	85.31
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	262,203	158.20p	165,739,928	2010	1.1203	136.05	109.80
Class 2 – Net accumulation shares	262,084	173.14p	151,369,365	Class 2 – Net accumulation shares	1.9491	146.82	118.04
Class Z – Net accumulation shares	257	122.33p	210,398	2011			
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	272,382	167.65p	162,473,891	Class 1 – Net accumulation shares	0.7083	146.63	104.85
Class 2 – Net accumulation shares	289,323	184.62p	156,715,298	Class 2 – Net accumulation shares	1.7625	158.60	113.69
Class Z – Net income shares	1	103.60p	1,000	2012			
Class Z – Net accumulation shares	5,158	130.66p	3,947,309	Class 1 – Net accumulation shares	1.8344	139.11	112.40
				Class 2 – Net accumulation shares	2.8651	152.06	122.41
				§Class Z – Net accumulation shares	–	107.40	99.79
				2013			
				Class 1 – Net accumulation shares	1.2097	166.55	139.42
				Class 2 – Net accumulation shares	3.1157	183.19	152.42
				*Class Z – Net income shares	–	102.75	96.78
				Class Z – Net accumulation shares	–	129.61	107.66
				2014			
				†Class 1 – Net accumulation shares	0.6485	168.70	158.15
				†Class 2 – Net accumulation shares	1.6577	185.62	174.06
				†Class Z – Net income shares	–	104.13	97.65
				†Class Z – Net accumulation shares	0.5078	131.34	123.17
				<i>†To 7 March 2014</i>			
				<i>§Class Z – Net accumulation shares commenced 28 September 2012</i>			
				<i>*Class Z – Net income shares commenced 20 September 2013</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
European Select Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	764,504	147.69p	517,639,406	2009	1.2701	121.40	84.91
Class 2 – Net accumulation shares	166,771	160.66p	103,804,098	Class 1 – Net accumulation shares	2.6792	130.23	90.61
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	1,130,078	193.57p	583,822,651	2010	1.1753	144.06	112.81
Class 2 – Net income shares	365,804	128.23p	285,272,052	Class 2 – Net accumulation shares	1.6837	155.53	121.10
Class 2 – Net accumulation shares	422,533	211.91p	199,389,663	2011	0.4354	157.38	123.52
Class Z – Net accumulation shares	14,620	122.08p	11,975,115	Class 1 – Net accumulation shares	1.3649	170.47	133.98
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	1,100,972	204.36p	538,749,897	2012	0.9246	167.39	136.50
Class 1 – SGD Hedged net accumulation shares	1,372	102.99p	1,331,868	Class 1 – Net accumulation shares	–	110.75	90.85
Class 2 – Net income shares	210,375	133.35p	157,760,387	§Class 2 – Net income shares	–	183.03	148.33
Class 2 – Net accumulation shares	747,436	225.11p	332,024,578	Class 2 – Net accumulation shares	1.7180	105.41	98.61
Class Z – Net income shares	6,461	105.73p	6,111,317	*Class Z – Net accumulation shares	–	203.56	167.31
Class Z – Net accumulation shares	194,715	129.92p	149,872,277	2013	0.8409	104.93	98.87
				§§Class 1 – SGD Hedged net accumulation shares	–	135.19	110.72
				Class 2 – Net income shares	1.0076	223.41	182.97
				†Class 2 – Net accumulation shares	–	104.16	97.94
				**Class Z – Net income shares	0.0772	128.80	105.38
				Class Z – Net accumulation shares	–	204.43	191.48
				2014	1.1468	103.67	97.87
				†Class 1 – Net accumulation shares	–	136.27	127.56
				†Class 1 – SGD Hedged net accumulation shares	2.8686	225.19	210.80
				†Class 2 – Net income shares	1.4855	105.75	98.98
				†Class 2 – Net accumulation shares	–	129.97	121.64
				†Class Z – Net income shares	0.3421	–	–
				†To 7 March 2014	–	–	–
				§Class 2 – Net income shares commenced 9 March 2012	–	–	–
				*Class Z – Net accumulation shares commenced 14 September 2012	–	–	–
				§§Class 1 – SGD Hedged net accumulation shares commenced 10 October 2013	–	–	–
				**Class Z – Net income shares commenced 18 September 2013	–	–	–
European Smaller Companies Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	9,630	334.05p	2,882,796	2009	0.6211	264.38	170.66
Class 1 – Net accumulation shares	599,964	335.65p	178,746,666	Class 1 – Net accumulation shares	2.1093	265.66	170.87
Class 2 – Net accumulation shares	338,841	364.32p	93,006,925	Class 2 – Net accumulation shares	3.5215	283.95	181.94
for the year ended 7 March 2013							
Class 1 – Net income shares	28,253	453.54p	6,229,337	2010	–	342.74	250.41
Class 1 – Net accumulation shares	909,910	455.76p	199,645,365	Class 1 – Net accumulation shares	1.0476	344.38	251.62
Class 2 – Net accumulation shares	506,651	497.85p	101,767,574	Class 2 – Net accumulation shares	2.9918	370.97	269.49
Class Z – Net accumulation shares	6,051	104.25p	5,803,870	2011	–	375.58	289.59
for the year ended 7 March 2014							
Class 1 – Net income shares	32,095	494.22p	6,494,073	Class 1 – Net accumulation shares	0.8978	377.38	290.98
Class 1 – Net accumulation shares	882,506	500.27p	176,406,459	Class 2 – Net accumulation shares	2.8006	407.83	315.37
Class 2 – Net accumulation shares	307,137	549.87p	55,856,574	2012	–	395.96	304.34
Class Z – Net income shares	1,236	107.38p	1,151,239	Class 1 – Net income shares	–	397.86	305.79
Class Z – Net accumulation shares	158,560	115.35p	137,464,512	Class 1 – Net accumulation shares	0.9154	434.01	331.55
				Class 2 – Net accumulation shares	4.0588	477.79	396.82
				2013	0.0453	480.13	398.72
				Class 1 – Net income shares	1.2045	527.13	435.06
				Class 1 – Net accumulation shares	4.1041	103.28	98.66
				Class 2 – Net accumulation shares	–	110.54	98.92
				*Class Z – Net income shares	–	–	–
				§Class Z – Net accumulation shares	–	–	–
				2014	–	–	–
				†Class 1 – Net income shares	3.6191	498.36	463.15
				†Class 1 – Net accumulation shares	4.0552	500.80	465.42
				†Class 2 – Net accumulation shares	13.9472	550.44	511.29
				†Class Z – Net income shares	0.3879	107.88	100.19
				†Class Z – Net accumulation shares	0.1683	115.47	107.24
				†To 7 March 2014	–	–	–
				§Class Z – Net accumulation shares commenced 12 February 2013	–	–	–
				*Class Z – Net income shares commenced 26 September 2013	–	–	–

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
Pan European Smaller Companies Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	171,810	107.35p	160,042,746	2009	0.2155	82.14	53.91
Class 2 – Net accumulation shares	215,372	111.75p	192,727,643	Class 1 – Net accumulation shares	0.6857	84.32	55.05
Class X – Net accumulation shares	183,730	70.00p	262,486,241	Class 2 – Net accumulation shares	–	51.67	50.00
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	547,651	141.61p	386,720,880	2010	0.2820	111.45	79.22
Class 2 – Net accumulation shares	354,140	148.36p	238,705,337	Class 1 – Net accumulation shares	0.7535	115.14	81.37
Class X – Net accumulation shares	262,586	93.86p	279,761,630	Class 2 – Net accumulation shares	0.0448	71.27	49.92
Class Z – Net accumulation shares	35	104.98p	33,800	Class X – Net accumulation shares			
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	656,409	158.11p	415,149,690	2011	0.3456	119.17	91.94
Class 2 – Net accumulation shares	302,398	166.67p	181,430,175	Class 1 – Net accumulation shares	0.9892	123.53	95.45
Class X – Net accumulation shares	326,510	106.51p	306,562,371	Class 2 – Net accumulation shares	1.2799	76.86	59.53
Class Z – Net accumulation shares	245,847	118.02p	208,301,714	Class X – Net accumulation shares			
				2012	0.5753	124.98	97.65
				Class 1 – Net accumulation shares	1.2940	130.77	101.54
				Class 2 – Net accumulation shares	1.3720	82.57	63.49
				Class X – Net accumulation shares			
				2013	0.7505	151.26	125.68
				Class 1 – Net accumulation shares	1.5590	159.27	131.53
				Class 2 – Net accumulation shares	1.7428	101.59	83.08
				Class X – Net accumulation shares	0.6005	112.74	98.00
				*Class Z – Net accumulation shares			
				2014	1.0967	158.26	146.74
				fClass 1 – Net accumulation shares	2.0852	166.83	154.60
				fClass 2 – Net accumulation shares	2.2854	106.61	98.71
				fClass X – Net accumulation shares	1.6684	118.14	109.46
				fClass Z – Net accumulation shares			
				<i>fTo 7 March 2014</i>			
				<i>§Class X – Net accumulation shares commenced 9 December 2009</i>			
				<i>*Class Z – Net accumulation shares commenced 12 February 2013</i>			
Pan European Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	62,245	94.31p	66,001,721	2009	0.5163	82.93	55.89
Class 2 – Net accumulation shares	106,307	101.51p	104,727,942	Class 1 – Net accumulation shares	1.1439	88.02	59.02
Class 2i – Net accumulation shares	4	109.87p	3,001	Class 2 – Net accumulation shares			
Class X – Net accumulation shares	22,208	94.47p	23,508,673	2010	0.5159	100.55	75.35
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	77,071	114.48p	67,325,528	Class 1 – Net accumulation shares	1.4549	107.39	80.04
Class 2 – Net accumulation shares	123,158	124.00p	99,318,570	Class 2 – Net accumulation shares			
Class 2i – Net accumulation shares	4	134.22p	3,001	2011	–	105.88	80.31
Class X – Net accumulation shares	41,527	116.56p	35,627,589	Class 1 – Net accumulation shares	0.4042	113.48	86.21
Class Z – Net accumulation shares	26	118.77p	21,771	Class 2 – Net accumulation shares	–	104.75	99.01
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	96,235	131.18p	73,359,816	*Class Z – Net accumulation shares	–	104.91	79.89
Class 2 – Net accumulation shares	150,937	142.98p	105,561,324	§Class X – Net accumulation shares			
Class 2i – Net accumulation shares	5,766	154.75p	3,726,292	2012	1.0981	102.54	84.99
Class X – Net accumulation shares	49,505	135.75p	36,467,938	Class 1 – Net accumulation shares	1.6803	110.92	91.62
Class Z – Net income shares	1	107.55p	1,000	Class 2 – Net accumulation shares	0.1076	120.07	99.17
Class Z – Net accumulation shares	12,446	137.17p	9,073,766	Class 2i – Net accumulation shares	1.7635	104.04	85.46
				Class X – Net accumulation shares	–	106.20	98.59
				§§Class Z – Net accumulation shares			
				2013	0.7327	128.50	102.71
				Class 1 – Net accumulation shares	1.4468	139.89	111.14
				Class 2 – Net accumulation shares	1.5804	151.41	120.30
				Class 2i – Net accumulation shares	1.9523	132.56	104.29
				Class X – Net accumulation shares	–	105.19	96.73
				**Class Z – Net income shares	0.0443	134.16	106.41
				Class Z – Net accumulation shares			
				2014	0.6005	131.61	122.77
				fClass 1 – Net accumulation shares	1.1945	143.44	133.74
				fClass 2 – Net accumulation shares	0.0880	155.24	144.74
				fClass 2i – Net accumulation shares	2.5894	136.15	126.85
				fClass X – Net accumulation shares	0.0044	107.60	100.58
				fClass Z – Net income shares	–	137.60	128.28
				fClass Z – Net accumulation shares			
				<i>fTo 7 March 2014</i>			
				<i>§Class X – Net accumulation shares commenced 12 April 2011</i>			
				<i>*Class 2i – Net accumulation shares Initial Service Charge commenced 29 November 2011</i>			
				<i>§§Class Z – Net accumulation shares commenced 3 October 2012</i>			
				<i>**Class Z – Net income shares commenced 20 September 2013</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
European Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	55,960	65.71p	85,157,051	2009			
§Class 1 – Gross accumulation shares	140,852	117.26p	120,117,312	Class 1 – Net income shares	2.1730	70.57	60.75
§Class 2 – Gross accumulation shares	11,044	104.12p	10,607,173	Class 1 – Gross accumulation shares	4.2965	116.29	98.26
for the year ended 7 March 2013							
Class 1 – Net income shares	57,945	70.75p	81,899,043	2010			
§Class 1 – Gross accumulation shares	113,871	129.65p	87,827,493	Class 1 – Net income shares	1.8761	69.45	63.49
§Class 2 – Gross accumulation shares	2,971	115.69p	2,568,433	Class 1 – Gross accumulation shares	3.8836	118.50	106.78
Class Z – Net income shares	3	100.20p	3,010	Class 1 – Net income shares	1.6774	68.02	63.48
for the year ended 7 March 2014							
Class 1 – Net income shares	54,236	69.05p	78,544,349	Class 1 – Gross accumulation shares	3.5966	118.37	108.54
§Class 1 – Gross accumulation shares	151,494	129.81p	116,699,049	§Class 2 – Gross accumulation shares	1.6035	104.57	99.08
§Class 2 – Gross accumulation shares	173	110.78p	155,751	2012			
Class Z – Net income shares	532	98.28p	540,893	Class 1 – Net income shares	1.4208	68.32	63.95
<i>§Only available to eligible investors</i>							
				Class 1 – Gross accumulation shares	3.1401	123.68	112.76
				Class 2 – Gross accumulation shares	2.8221	110.23	99.87
				2013			
				Class 1 – Net income shares	1.5268	71.90	67.28
				Class 1 – Gross accumulation shares	3.4666	131.30	122.19
				Class 2 – Gross accumulation shares	3.2305	117.31	108.91
				*Class Z – Net income shares	2.1773	101.81	95.55
				2014			
				fClass 1 – Net income shares	0.6870	69.70	67.99
				fClass 1 – Gross accumulation shares	1.5895	129.74	126.46
				fClass 2 – Gross accumulation shares	1.3493	116.47	113.41
				fClass Z – Net income shares	0.9898	99.21	96.70
				<i>fTo 7 March 2014</i>			
				<i>§Class 2 – Gross accumulation shares commenced 18 March 2011</i>			
				<i>*Class Z – Net income shares commenced 15 February 2013</i>			
European Corporate Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	27,206	83.35p	32,639,280	2009			
§Class 1 – Gross accumulation shares	7,325	89.30p	8,202,494	Class 1 – Net accumulation shares	2.6924	84.72	63.68
§Class 2 – Gross accumulation shares	14,280	105.68p	13,512,355	Class 1 – Gross accumulation shares	2.5370	89.22	66.75
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	42,303	94.75p	44,646,047	2010			
§Class 1 – Gross accumulation shares	9,818	102.00p	9,625,462	Class 1 – Net accumulation shares	2.5301	86.56	75.50
§Class 2 – Gross accumulation shares	15,091	121.48p	12,422,087	Class 1 – Gross accumulation shares	3.1480	91.81	79.89
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	47,382	94.13p	50,337,029	§Class 2 – Gross accumulation shares	2.1460	107.71	93.53
§Class 1 – Gross accumulation shares	9,011	101.73p	8,858,333	2011			
§Class 2 – Gross accumulation shares	22,502	121.91p	18,457,652	Class 1 – Net accumulation shares	2.5880	87.46	78.59
Class Z – Net accumulation shares	89	101.86p	87,320	Class 1 – Gross accumulation shares	3.6186	93.27	83.56
<i>§Only available to eligible investors</i>							
				Class 2 – Gross accumulation shares	2.8130	109.89	98.16
				2012			
				Class 1 – Net accumulation shares	2.0614	89.25	78.60
				Class 1 – Gross accumulation shares	2.5583	96.00	84.15
				Class 2 – Gross accumulation shares	2.8007	114.19	99.48
				2013			
				Class 1 – Net accumulation shares	1.6186	95.99	88.28
				Class 1 – Gross accumulation shares	2.1837	103.50	94.96
				Class 2 – Gross accumulation shares	4.2935	123.58	112.98
				*Class Z – Net accumulation shares	–	103.11	99.21
				2014			
				fClass 1 – Net accumulation shares	0.7168	94.31	92.13
				fClass 1 – Gross accumulation shares	1.0066	101.93	99.53
				fClass 2 – Gross accumulation shares	1.1680	122.15	119.18
				fClass Z – Net accumulation shares	0.5304	102.06	99.65
				<i>fTo 7 March 2014</i>			
				<i>§Class 2 – Gross accumulation shares commenced 3 February 2010</i>			
				<i>*Class Z – Net accumulation shares commenced 26 September 2013</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
European High Yield Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	33,100	112.12p	29,521,109	2009			
§Class 1 – Gross income shares	20,115	111.98p	17,963,271	Class 1 – Net accumulation shares	4.0106	106.76	69.38
§Class 1 – Gross accumulation shares	321,942	134.69p	239,023,774	Class 1 – Gross accumulation shares	8.0229	124.47	79.94
§Class 2 – Gross accumulation shares	191,816	164.68p	116,481,013	Class 2 – Gross accumulation shares	4.3217	149.90	96.08
§Class 2 – CHF Hedged gross accumulation shares	2,198	98.39p	2,234,191	*Class X – Gross accumulation shares	–	59.56	50.17
§Class X – Gross accumulation shares	131,315	66.62p	197,112,194	2010			
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	37,014	130.06p	28,459,395	Class 1 – Net accumulation shares	3.7316	115.13	96.16
§Class 1 – Gross income shares	31,998	124.94p	25,610,120	§Class 1 – Gross income shares	–	116.30	96.87
§Class 1 – Gross accumulation shares	388,837	158.01p	246,076,498	Class 1 – Gross accumulation shares	6.4097	135.92	113.22
§Class 2 – Gross income shares	10,462	120.26p	8,699,809	Class 2 – Gross accumulation shares	14.6306	164.75	136.95
§Class 2 – Gross accumulation shares	243,476	194.42p	125,231,435	Class X – Gross accumulation shares	2.3685	65.97	54.71
§Class 2 – CHF Hedged gross accumulation shares	2,528	113.15p	2,234,191	2011			
§Class X – Gross income shares	88,671	79.24p	111,896,881	Class 1 – Net accumulation shares	8.9530	121.73	101.61
§Class Z – Gross income shares	11	114.03p	9,839	Class 1 – Gross income shares	2.5683	121.01	101.71
§Class Z – Gross accumulation shares	4	115.86p	3,001	Class 1 – Gross accumulation shares	7.6215	144.65	121.55
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	42,244	102.77p	31,500,232	Class 2 – Gross accumulation shares	8.8563	175.92	148.22
§Class 1 – Gross income shares	47,222	117.61p	37,856,231	**Class 2 – CHF Hedged gross accumulation shares	–	113.60	86.98
§Class 1 – Gross accumulation shares	371,019	164.64p	225,349,889	Class X – Gross accumulation shares	4.0805	70.72	59.77
§Class 2 – Gross income shares	29,501	121.75p	24,229,085	2012			
§Class 2 – Gross accumulation shares	301,492	203.85p	147,901,804	Class 1 – Net accumulation shares	8.0781	122.04	103.07
§Class 2 – CHF Hedged gross accumulation shares	425	119.56p	355,491	Class 1 – Gross income shares	0.7214	123.05	103.53
§Class X – Gross accumulation shares	62,491	83.71p	74,656,193	Class 1 – Gross accumulation shares	11.9066	148.01	123.75
§Class Z – Gross income shares	9,109	124.74p	7,745,018	§§Class 2 – Gross income shares	–	113.02	96.66
Class Z – Net accumulation shares	356	134.11p	346,120	Class 2 – Gross accumulation shares	12.7158	181.88	151.12
§Class Z – Gross accumulation shares	31,603	121.57p	25,996,101	Class 2 – CHF Hedged gross accumulation shares	7.4286	108.08	89.44
<i>§Only available to eligible investors</i>							
				***Class X – Gross accumulation shares	5.0953	74.03	61.06
				****Class Z – Gross income shares	–	108.37	99.81
				§§§Class Z – Gross accumulation shares	–	108.37	99.81
				2013			
				Class 1 – Net accumulation shares	5.9344	134.96	120.60
				Class 1 – Gross income shares	6.4218	132.87	112.62
				Class 1 – Gross accumulation shares	8.2994	165.13	146.29
				Class 2 – Gross income shares	0.5483	126.19	111.72
				Class 2 – Gross accumulation shares	11.9032	203.98	179.79
				Class 2 – CHF Hedged gross accumulation shares	7.1507	119.26	106.78
				Class X – Gross accumulation shares	7.1541	83.55	73.19
				Class Z – Gross income shares	1.8221	119.73	107.13
				****Class Z – Net accumulation shares	–	103.78	99.20
				Class Z – Gross accumulation shares	3.3965	121.63	107.13
				2014			
				†Class 1 – Net accumulation shares	4.7237	135.10	131.35
				†Class 1 – Gross income shares	5.5092	131.22	127.44
				†Class 1 – Gross accumulation shares	8.7243	165.87	161.10
				†Class 2 – Gross income shares	4.3301	127.03	123.28
				†Class 2 – Gross accumulation shares	11.3428	205.35	199.29
				†Class 2 – CHF Hedged gross accumulation shares	41.7259	120.45	115.51
				†Class X – Gross accumulation shares	7.8334	84.33	81.77
				†Class Z – Gross income shares	2.0515	120.56	116.99
				†Class Z – Net accumulation shares	3.3732	104.09	101.16
				†Class Z – Gross accumulation shares	2.4306	122.48	118.85
				<i>†To 7 March 2014</i>			
				<i>*Class X – Gross accumulation shares commenced 14 August 2009</i>			
				<i>§Class 1 – Gross income shares commenced 18 June 2010</i>			
				<i>**Class 2 – CHF Hedged gross accumulation shares commenced 25 May 2011</i>			
				<i>§§Class 2 – Gross income shares commenced 9 May 2012</i>			
				<i>***Class Z – Gross income shares commenced 26 September 2012</i>			
				<i>§§§Class Z – Gross accumulation shares commenced 26 September 2012</i>			
				<i>****Class Z – Net accumulation shares commenced 26 September 2013</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
Strategic Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	179,917	46.25p	389,016,666	2009	2.5843	46.04	36.04
§Class 1 – Gross income shares	66,859	46.36p	144,230,497	Class 1 – Gross income shares	3.1800	46.21	36.22
Class 2 – Net income shares	19,047	48.69p	39,120,620	Class 2 – Net income shares	2.7323	47.92	37.39
§Class 2 – Gross income shares	2,545	51.45p	4,945,975	Class 2 – Gross income shares	3.5833	50.73	39.60
§Class 2 – Gross accumulation shares	128,596	85.41p	150,554,797	Class 2 – Gross accumulation shares	4.9064	72.33	53.41
for the year ended 7 March 2013							
Class 1 – Net income shares	174,616	48.26p	361,818,242	2010	2.5660	48.56	45.55
§Class 1 – Gross income shares	60,047	48.36p	124,177,787	Class 1 – Gross income shares	3.1966	48.72	45.68
Class 2 – Net income shares	20,980	51.06p	41,090,400	Class 2 – Net income shares	2.7335	50.78	47.54
§Class 2 – Gross income shares	3,260	53.94p	6,043,020	Class 2 – Gross income shares	3.5928	53.72	50.26
§Class 2 – Gross accumulation shares	130,077	95.35p	136,414,429	Class 2 – Gross accumulation shares	5.2880	81.27	72.12
Class Z – Net income shares	1,278	101.22p	1,263,123	2011	2.4651	48.27	43.37
§Class Z – Gross income shares	15	101.22p	14,682	Class 1 – Net income shares	3.0698	48.44	43.37
§Class Z – Gross accumulation shares	3	104.05p	3,001	Class 1 – Gross income shares	2.6398	50.61	45.57
for the year ended 7 March 2014							
Class 1 – Net income shares	135,206	48.15p	280,799,126	Class 2 – Gross income shares	3.4581	53.55	48.20
§Class 1 – Gross income shares	53,690	48.24p	111,301,489	Class 2 – Gross accumulation shares	5.4642	84.01	77.69
Class 2 – Net income shares	21,467	51.20p	41,930,162	2012			
§Class 2 – Gross income shares	3,189	54.09p	5,895,938	Class 1 – Net income shares	2.3216	48.89	44.76
§Class 2 – Gross accumulation shares	132,804	101.14p	131,303,511	Class 1 – Gross income shares	2.8796	49.01	44.89
Class Z – Net income shares	23,559	101.64p	23,178,262	Class 2 – Net income shares	2.4916	51.67	47.08
§Class Z – Gross income shares	823	101.65p	809,769	Class 2 – Gross income shares	3.2766	54.63	49.78
§Class Z – Gross accumulation shares	828	110.45p	749,794	Class 2 – Gross accumulation shares	5.5077	95.08	81.45
<i>§Only available to eligible investors</i>							
				*Class Z – Net income shares	0.9933	102.40	99.98
				§Class Z – Gross income shares	1.2385	102.48	100.00
				**Class Z – Gross accumulation shares	1.2444	103.74	100.00
				2013			
				Class 1 – Net income shares	2.2221	49.72	46.91
				Class 1 – Gross income shares	2.7674	49.86	47.04
				Class 2 – Net income shares	2.4045	52.65	49.71
				Class 2 – Gross income shares	3.1583	55.67	52.55
				Class 2 – Gross accumulation shares	5.6459	99.67	94.26
				Class Z – Net income shares	4.6955	104.38	98.58
				Class Z – Gross income shares	5.8572	104.48	98.66
				Class Z – Gross accumulation shares	6.0176	108.83	102.88
				2014			
				fClass 1 – Net income shares	0.5124	48.49	48.09
				fClass 1 – Gross income shares	0.6348	48.61	48.18
				fClass 2 – Net income shares	0.5554	51.56	51.11
				fClass 2 – Gross income shares	0.7261	54.51	54.00
				fClass 2 – Gross accumulation shares	1.3466	101.52	99.72
				fClass Z – Net income shares	1.0819	102.35	101.45
				fClass Z – Gross income shares	1.3473	102.43	101.48
				fClass Z – Gross accumulation shares	1.4500	110.86	108.88
				<i>fTo 7 March 2014</i>			
				<i>*Class Z – Net income shares commenced 26 September 2012</i>			
				<i>§Class Z – Gross income shares commenced 26 September 2012</i>			
				<i>**Class Z – Gross accumulation shares commenced 26 September 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
American Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	33,343	117.89p	28,282,953	2009	–	92.80	63.14
Class 1 – Net accumulation shares	861,067	117.90p	730,312,069	Class 1 – Net accumulation shares	–	92.81	63.15
Class 1 – EUR Hedged net accumulation shares	16,603	143.16p	11,597,700	*Class 1 – EUR Hedged net accumulation shares	–	125.93	87.96
Class 2 – Net accumulation shares	882,462	128.35p	687,520,414	Class 2 – Net accumulation shares	0.2291	99.63	67.44
Class X – Net accumulation shares	9,078	129.75p	6,996,737	2010			
for the year ended 7 March 2013							
Class 1 – Net income shares	32,273	140.81p	22,919,030	Class 1 – Net income shares	–	109.53	87.57
Class 1 – Net accumulation shares	1,068,519	140.83p	758,736,586	Class 1 – Net accumulation shares	–	109.55	87.58
Class 1 – EUR Hedged net accumulation shares	102,344	168.56p	60,715,335	Class 1 – EUR Hedged net accumulation shares	–	134.75	103.59
Class 2 – Net accumulation shares	931,479	154.30p	603,697,564	Class 2 – Net accumulation shares	–	118.34	94.33
Class X – Net accumulation shares	9,137	157.54p	5,799,930	§Class X – Net accumulation shares	–	118.20	94.01
Class Z – Net income shares	66,276	117.66p	56,328,419	2011			
Class Z – Net accumulation shares	9,503	117.83p	8,065,359	Class 1 – Net income shares	–	117.16	94.52
for the year ended 7 March 2014							
Class 1 – Net income shares	29,334	160.51p	18,275,470	Class 1 – Net accumulation shares	–	117.17	94.53
Class 1 – Net accumulation shares	854,250	160.53p	532,136,085	Class 1 – EUR Hedged net accumulation shares	–	155.64	121.25
Class 1 – EUR Hedged net accumulation shares	8,139	204.70p	3,975,991	Class 2 – Net accumulation shares	0.0063	127.01	102.55
Class 2 – Net accumulation shares	946,262	176.98p	534,681,823	Class X – Net accumulation shares	0.4381	127.55	103.10
Class X – Net accumulation shares	5,901	182.51p	3,233,079	2012			
Class Z – Net income shares	38,552	134.03p	28,763,514	Class 1 – Net income shares	–	123.91	112.15
Class Z – Net accumulation shares	228,450	135.39p	168,743,794	Class 1 – Net accumulation shares	–	123.92	112.16
Class Z – EUR Hedged net accumulation shares	3	111.62p	3,000	Class 1 – EUR Hedged net accumulation shares	–	152.83	131.23
				Class 2 – Net accumulation shares	0.3019	134.97	121.97
				Class X – Net accumulation shares	5.3081	136.54	123.08
				**Class Z – Net income shares	–	102.44	96.47
				§§Class Z – Net accumulation shares	–	102.44	96.47
				2013			
				Class 1 – Net income shares	–	157.90	121.74
				Class 1 – Net accumulation shares	–	157.92	121.76
				Class 1 – EUR Hedged net accumulation shares	–	199.70	148.44
				Class 2 – Net accumulation shares	0.6536	173.88	133.25
				Class X – Net accumulation shares	2.1118	178.96	135.81
				Class Z – Net income shares	0.1673	132.78	101.73
				Class Z – Net accumulation shares	0.0646	132.96	101.73
				***Class Z – EUR Hedged net accumulation shares	–	108.73	96.70
				2014			
				†Class 1 – Net income shares	–	160.77	151.65
				†Class 1 – Net accumulation shares	–	160.79	151.66
				†Class 1 – EUR Hedged net accumulation shares	–	204.43	188.06
				†Class 2 – Net accumulation shares	0.5194	177.11	167.11
				†Class X – Net accumulation shares	3.0971	182.40	172.19
				†Class Z – Net income shares	1.1718	135.26	127.64
				†Class Z – Net accumulation shares	0.2312	135.45	127.81
				†Class Z – EUR Hedged net accumulation shares	0.1821	111.47	102.49
				<i>†To 7 March 2014</i>			
				<i>*Class 1 – EUR Hedged net accumulation shares commenced 2 April 2009</i>			
				<i>§Class X – Net accumulation shares commenced 27 July 2010</i>			
				<i>**Class Z – Net income shares commenced 12 September 2012</i>			
				<i>§§Class Z – Net accumulation shares commenced 12 September 2012</i>			
				<i>***Class Z – EUR Hedged net accumulation shares commenced 20 September 2013</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
American Select Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	4,809	128.17p	3,752,453	2009	–	104.17	71.66
Class 1 – Net accumulation shares	1,024,768	128.23p	799,157,276	Class 1 – Net accumulation shares	–	104.23	71.70
Class 1 – EUR Hedged net accumulation shares	99,820	129.59p	77,025,162	*Class 1 – EUR Hedged net accumulation shares	–	119.24	85.72
Class 2 – Net accumulation shares	501,454	139.72p	358,898,899	Class 2 – Net accumulation shares	–	111.99	76.64
Class 2 – EUR Hedged net accumulation shares	19,134	107.19p	17,850,861	§Class 2 – EUR Hedged net accumulation shares	–	97.29	87.45
for the year ended 7 March 2013							
Class 1 – Net income shares	7,961	152.92p	5,205,753	2010	–	118.60	94.47
Class 1 – Net accumulation shares	1,270,589	153.03p	830,274,702	Class 1 – Net accumulation shares	–	118.66	94.51
Class 1 – EUR Hedged net accumulation shares	16,650	151.51p	10,988,729	Class 1 – EUR Hedged net accumulation shares	–	122.09	92.99
Class 2 – Net accumulation shares	672,332	167.78p	400,732,928	Class 2 – Net accumulation shares	–	128.30	101.99
Class 2 – EUR Hedged net accumulation shares	42,786	126.66p	33,779,076	Class 2 – EUR Hedged net accumulation shares	–	100.02	76.27
Class Z – Net income shares	5,510	116.65p	4,723,880	2011	–	126.61	100.41
Class Z – Net accumulation shares	20,970	116.71p	17,967,341	Class 1 – Net income shares	–	126.67	100.46
for the year ended 7 March 2014							
Class 1 – Net income shares	4,770	173.07p	2,756,139	Class 1 – Net accumulation shares	–	140.01	106.57
Class 1 – Net accumulation shares	941,481	173.18p	543,656,092	Class 1 – EUR Hedged net accumulation shares	–	137.44	109.08
Class 1 – EUR Hedged net accumulation shares	19,218	182.73p	10,517,036	Class 2 – EUR Hedged net accumulation shares	–	115.31	87.92
Class 2 – Net accumulation shares	523,662	191.07p	274,062,296	2012	–	134.69	119.87
Class 2 – EUR Hedged net accumulation shares	31,986	153.69p	20,811,961	Class 1 – Net income shares	–	134.76	119.93
Class Z – Net income shares	130,916	132.99p	98,440,935	Class 1 – Net accumulation shares	–	138.39	117.36
Class Z – Net accumulation shares	350,893	133.17p	263,499,926	Class 1 – EUR Hedged net accumulation shares	–	0.2484	146.89
Class Z – EUR Hedged net accumulation shares	4,989	114.62p	4,352,920	Class 2 – Net accumulation shares	0.2484	146.89	130.53
				Class 2 – EUR Hedged net accumulation shares	0.3178	114.49	97.69
				**Class Z – Net income shares	–	101.12	95.50
				§§Class Z – Net accumulation shares	–	101.12	95.50
				2013	–	168.90	133.19
				Class 1 – Net income shares	–	169.00	133.26
				Class 1 – Net accumulation shares	–	176.71	134.41
				Class 1 – EUR Hedged net accumulation shares	–	186.24	145.96
				Class 2 – Net accumulation shares	0.3379	148.45	112.25
				Class 2 – EUR Hedged net accumulation shares	0.2222	129.67	101.51
				Class Z – Net income shares	0.0662	129.75	101.51
				Class Z – Net accumulation shares	0.1031	107.98	97.56
				***Class Z – EUR Hedged net accumulation shares	–	172.93	162.41
				2014	–	173.03	162.52
				†Class 1 – Net income shares	–	182.49	166.78
				†Class 1 – Net accumulation shares	–	190.91	179.22
				†Class 1 – EUR Hedged net accumulation shares	–	153.49	140.20
				†Class 2 – Net accumulation shares	–	132.97	124.80
				†Class 2 – EUR Hedged net accumulation shares	–	133.05	124.88
				†Class Z – Net income shares	0.0948	114.47	104.54
				†Class Z – Net accumulation shares	0.0755		
				†Class Z – EUR Hedged net accumulation shares	0.0855		
				†To 7 March 2014			
				*Class 1 – EUR Hedged net accumulation shares commenced 8 July 2009			
				§Class 2 – EUR Hedged net accumulation shares commenced 25 September 2009			
				**Class Z – Net income shares commenced 12 September 2012			
				§§Class Z – Net accumulation shares commenced 12 September 2012			
				***Class Z – EUR Hedged net accumulation shares commenced 20 September 2013			

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
American Smaller Companies Fund (US)							
for the year ended 7 March 2012							
Class 1 – Net income shares	9,484	130.06p	7,291,661	2009	–	103.28	65.10
Class 1 – Net accumulation shares	99,568	130.12p	76,523,011	Class 1 – Net accumulation shares	–	103.32	65.13
Class 2 – Net accumulation shares	210,274	141.99p	148,093,971	Class 2 – Net accumulation shares	–	111.18	69.72
Class X – Net accumulation shares	8,720	98.63p	8,840,942	2010	–	137.62	98.38
for the year ended 7 March 2013							
Class 1 – Net income shares	10,417	160.37p	6,495,973	Class 1 – Net income shares	–	137.68	98.42
Class 1 – Net accumulation shares	152,986	160.43p	95,358,079	Class 2 – Net accumulation shares	–	149.09	105.97
Class 2 – Net accumulation shares	233,233	176.20p	132,371,576	2011	–	143.57	105.38
Class X – Net accumulation shares	54	138.74p	39,001	Class 1 – Net income shares	–	143.63	105.42
Class Z – Net accumulation shares	1,244	122.35p	1,016,578	Class 1 – Net accumulation shares	–	156.07	114.63
for the year ended 7 March 2014							
Class 1 – Net income shares	16,025	187.90p	8,528,635	Class 2 – Net accumulation shares	–	150.70	114.63
Class 1 – Net accumulation shares	284,033	187.97p	151,105,482	Class X – Net accumulation shares	–	107.69	79.19
Class 2 – Net accumulation shares	297,237	207.72p	143,095,340	2012	–	137.82	122.47
Class X – Net accumulation shares	5	165.21p	3,000	Class 1 – Net income shares	–	137.88	122.52
Class Z – Net income shares	244	110.48p	220,815	Class 2 – Net accumulation shares	–	150.48	133.87
Class Z – Net accumulation shares	28,135	144.49p	19,471,687	Class X – Net accumulation shares	0.4156	115.91	93.14
				*Class Z – Net accumulation shares	–	102.33	96.08
				2013	–	181.06	135.63
				Class 1 – Net income shares	–	181.14	135.68
				Class 1 – Net accumulation shares	–	199.92	148.84
				Class 2 – Net accumulation shares	–	158.68	117.00
				Class X – Net accumulation shares	38.4120	106.30	97.98
				§Class Z – Net income shares	–	139.02	103.33
				Class Z – Net accumulation shares	0.0036	–	–
				2014	–	188.11	175.10
				†Class 1 – Net income shares	–	188.19	175.17
				†Class 1 – Net accumulation shares	–	207.96	193.48
				†Class 2 – Net accumulation shares	–	165.39	153.75
				†Class X – Net accumulation shares	19.3791	110.61	102.89
				†Class Z – Net income shares	–	144.66	134.56
				†Class Z – Net accumulation shares	–	–	–
				<i>†To 7 September 2013</i>			
				<i>§Class X – Net accumulation shares commenced 10 March 2011</i>			
				<i>*Class Z – Net accumulation shares commenced 21 September 2012</i>			
				<i>§§Class Z – Net income shares commenced 18 September 2013</i>			
Dollar Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	53,203	51.68p	102,942,575	2009	2.1531	50.51	43.22
§Class 1 – Gross accumulation shares	18,244	99.27p	18,377,441	Class 1 – Gross accumulation shares	4.5414	85.66	74.98
for the year ended 7 March 2013							
Class 1 – Net income shares	56,163	55.15p	101,843,442	2010	1.4931	54.34	46.73
§Class 1 – Gross accumulation shares	18,398	108.62p	16,938,956	Class 1 – Gross accumulation shares	3.3250	98.21	82.97
Class Z – Net income shares	4	102.42p	3,727	2011	1.2422	52.47	47.36
for the year ended 7 March 2014							
Class 1 – Net income shares	41,276	48.03p	85,945,946	Class 1 – Gross accumulation shares	2.8661	99.49	88.41
§Class 1 – Gross accumulation shares	15,905	97.15p	16,371,418	2012	1.1473	54.19	50.21
Class Z – Net income shares	5,561	89.66p	6,202,573	Class 1 – Gross accumulation shares	2.7317	104.30	96.53
§Class Z – Gross accumulation shares	1	98.69p	1,000	2013	1.0643	55.81	48.43
				Class 1 – Net income shares	2.6010	109.37	96.82
				Class 1 – Gross accumulation shares	2.0008	103.64	90.34
				§Class Z – Net income shares	–	102.35	98.22
				*Class Z – Gross accumulation shares	–	–	–
				2014	–	49.88	48.51
				†Class 1 – Net income shares	0.5258	99.76	96.99
				†Class 1 – Gross accumulation shares	1.3068	93.08	90.50
				†Class Z – Net income shares	0.9909	101.28	98.40
				†Class Z – Gross accumulation shares	1.3100	–	–
				<i>†To 7 March 2014</i>			
				<i>§Class Z – Net income shares commenced 15 February 2013</i>			
				<i>*Class Z – Gross accumulation shares commenced 18 September 2013</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
Japan Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	59,508	33.54p	177,418,723	2009	0.1844	36.80	27.45
Class 2 – Net accumulation shares	138,947	36.58p	379,893,256	Class 1 – Net accumulation shares	0.4351	39.32	29.36
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	58,806	37.10p	158,520,121	Class 2 – Net accumulation shares	0.0390	37.58	31.77
Class 2 – Net accumulation shares	88,463	40.71p	217,289,793	Class 1 – Net accumulation shares	0.2094	40.67	34.31
Class Z – Net accumulation shares	35	123.18p	28,512	Class 2 – Net accumulation shares	0.0104	37.91	30.26
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	84,567	37.58p	225,020,751	Class 1 – Net accumulation shares	0.2461	41.07	32.89
Class 2 – Net accumulation shares	131,268	41.50p	316,283,929	Class 2 – Net accumulation shares	0.1948	34.41	29.81
Class Z – Net accumulation shares	145	125.65p	114,999	Class 2 – Net accumulation shares	0.4299	37.53	32.64
				Class Z – Net accumulation shares	–	107.14	98.56
				2013			
				Class 1 – Net accumulation shares	0.2458	43.81	32.11
				Class 2 – Net accumulation shares	0.8227	48.15	35.20
				Class Z – Net accumulation shares	–	145.56	106.34
				2014			
				fClass 1 – Net accumulation shares	0.0166	40.59	36.86
				fClass 2 – Net accumulation shares	0.2112	44.78	40.68
				fClass Z – Net accumulation shares	0.6344	135.54	123.14
				<i>fTo 7 September 2013</i>			
				<i>§Class Z – Net accumulation shares commenced 3 October 2012</i>			
Asia Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	243,305	120.03p	202,704,197	2009	0.8726	115.60	65.84
Class 2 – Net accumulation shares	470,629	129.36p	363,826,121	Class 1 – Net accumulation shares	1.2673	122.87	69.63
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	229,431	140.88p	162,851,936	Class 2 – Net accumulation shares	0.2890	135.67	105.03
Class 2 – Net accumulation shares	555,749	152.81p	363,680,917	Class 1 – Net accumulation shares	1.0560	145.11	111.71
Class Z – Net accumulation shares	13	118.49p	10,972	Class 2 – Net accumulation shares	1.2409	137.25	99.64
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	159,983	131.11p	122,022,842	Class 1 – Net accumulation shares	1.4957	146.82	107.09
Class 2 – Net accumulation shares	267,248	143.10p	186,757,671	Class 2 – Net accumulation shares	1.1641	128.59	109.58
Class Z – Net accumulation shares	1,036	111.14p	932,295	Class 2 – Net accumulation shares	2.2960	138.31	118.25
				Class Z – Net accumulation shares	–	107.99	99.31
				2013			
				Class 1 – Net accumulation shares	1.1743	144.18	122.31
				Class 2 – Net accumulation shares	2.0012	156.59	132.92
				Class Z – Net accumulation shares	0.8697	121.46	103.11
				2014			
				fClass 1 – Net accumulation shares	1.4666	131.21	123.73
				fClass 2 – Net accumulation shares	3.1866	143.21	134.97
				fClass Z – Net accumulation shares	1.2412	111.22	104.81
				<i>fTo 7 March 2014</i>			
				<i>§Class Z – Net accumulation shares commenced 21 September 2012</i>			
Latin America Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	390,203	298.01p	130,936,293	2009	1.3583	274.86	131.94
Class 2 – Net accumulation shares	618,457	318.77p	194,011,076	Class 1 – Net accumulation shares	2.4458	289.94	138.45
Class X – Net accumulation shares	4	124.04p	3,000	Class 2 – Net accumulation shares	0.5211	110.36	32.85
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	339,092	312.63p	108,462,681	Class X – Net accumulation shares	1.3652	342.17	245.47
Class 2 – Net accumulation shares	575,362	336.57p	170,950,863	Class 1 – Net accumulation shares	2.9426	363.26	259.10
Class X – Net accumulation shares	4	132.28p	3,000	Class 2 – Net accumulation shares	641.1219	139.70	98.73
Class Z – Net accumulation shares	324	114.32p	283,090	Class X – Net accumulation shares	1.0490	346.33	237.91
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	165,717	216.62p	76,501,485	Class 1 – Net accumulation shares	3.3800	367.71	253.80
Class 2 – Net accumulation shares	353,037	234.65p	150,451,872	Class 2 – Net accumulation shares	0.4510	141.44	98.35
Class X – Net accumulation shares	3	93.18p	3,000	Class X – Net accumulation shares	3.2750	309.56	247.87
Class Z – Net accumulation shares	9,080	79.83p	11,375,383	Class 2 – Net accumulation shares	6.0342	331.12	265.51
				Class X – Net accumulation shares	4.7265	128.86	103.55
				Class Z – Net accumulation shares	–	103.85	97.24
				2013			
				Class 1 – Net accumulation shares	2.4164	318.20	234.00
				Class 2 – Net accumulation shares	4.5200	342.58	253.18
				Class X – Net accumulation shares	3.9482	134.66	100.34
				Class Z – Net accumulation shares	0.2894	116.37	86.10
				2014			
				fClass 1 – Net accumulation shares	2.0463	236.30	209.76
				fClass 2 – Net accumulation shares	3.7114	255.69	227.10
				fClass X – Net accumulation shares	2.5179	101.35	90.10
				fClass Z – Net accumulation shares	0.9140	86.96	77.25
				<i>fTo 7 March 2014</i>			
				<i>§Class Z – Net accumulation shares commenced 21 September 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
Emerging Market Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	449,413	61.19p	734,440,148	2009	3.3245	59.70	51.53
§Class 1 – Gross income shares	175,792	103.81p	169,337,323	Class 1 – Gross income shares	7.0256	101.40	87.76
§Class 1 – Gross accumulation shares	37,216	185.70p	20,040,757	Class 1 – Gross accumulation shares	10.1596	155.07	126.54
§Class 2 – Gross accumulation shares	17,513	181.17p	9,666,444	Class 2 – Gross accumulation shares	9.8996	148.97	120.97
§Class X – Gross accumulation shares	66,208	71.42p	92,708,995	*Class X – Gross accumulation shares	1.3524	57.33	47.85
for the year ended 7 March 2013							
Class 1 – Net income shares	699,543	66.80p	1,047,186,868	2010	3.3027	64.92	57.71
§Class 1 – Gross income shares	168,845	113.31p	149,017,475	Class 1 – Gross income shares	6.9897	110.41	98.37
§Class 1 – Gross accumulation shares	49,733	212.45p	23,408,835	Class 1 – Gross accumulation shares	10.8663	174.58	150.45
§Class 2 – Gross accumulation shares	33,468	208.61p	16,043,395	Class 2 – Gross accumulation shares	10.6798	168.38	144.74
§Class X – Gross accumulation shares	54,285	83.06p	65,358,134	Class X – Gross accumulation shares	4.1300	65.19	55.83
Class Z – Net income shares	6,841	107.28p	6,376,290	2011	2.9489	61.31	55.26
§Class Z – Gross income shares	3	100.46p	3,010	Class 1 – Net income shares	6.2420	104.41	93.94
for the year ended 7 March 2014							
Class 1 – Net income shares	59,581	52.78p	112,885,167	Class 1 – Gross income shares	10.3564	181.26	158.37
§Class 1 – Gross income shares	99,422	89.77p	110,746,374	Class 2 – Gross accumulation shares	10.2691	176.63	153.66
§Class 1 – Gross accumulation shares	34,178	178.52p	19,144,756	Class X – Gross accumulation shares	4.0073	69.49	60.05
Class 2 – Net income shares	37	92.60p	39,871	2012	2.6325	65.54	59.86
§Class 2 – Gross accumulation shares	17,384	176.39p	9,855,320	Class 1 – Net income shares	5.5695	111.62	101.71
§Class X – Gross accumulation shares	9	74.30p	11,887	Class 1 – Gross income shares	9.8116	202.68	179.07
Class Z – Net income shares	44,018	85.77p	51,323,411	Class 2 – Gross accumulation shares	9.8145	198.69	174.51
§Class Z – Gross income shares	2,521	80.31p	3,138,617	Class X – Gross accumulation shares	3.8704	78.91	68.67
§Class Z – Gross accumulation shares	73	95.44p	76,740	§Class Z – Net income shares	–	104.30	99.27
<i>§Only available to eligible investors</i>							
2013							
				Class 1 – Net income shares	2.6579	68.29	54.25
				Class 1 – Gross income shares	5.6150	116.36	92.45
				Class 1 – Gross accumulation shares	10.4086	214.03	178.66
				§§Class 2 – Net income shares	–	101.14	94.98
				Class 2 – Gross accumulation shares	10.4813	210.17	176.23
				Class X – Gross accumulation shares	10.3474	83.75	74.00
				Class Z – Net income shares	4.2940	109.65	87.88
				**Class Z – Gross income shares	5.0176	103.17	82.52
				***Class Z – Gross accumulation shares	–	101.33	95.28
2014							
				†Class 1 – Net income shares	1.2703	55.36	53.50
				†Class 1 – Gross income shares	2.6081	94.40	91.42
				†Class 1 – Gross accumulation shares	5.0403	182.42	176.66
				†Class 2 – Net income shares	2.1914	96.92	93.85
				†Class 2 – Gross accumulation shares	5.0669	180.07	174.47
				†Class X – Gross accumulation shares	2.1292	75.70	73.41
				†Class Z – Net income shares	2.0079	89.71	86.89
				†Class Z – Gross income shares	2.3471	84.36	81.75
				†Class Z – Gross accumulation shares	2.7355	97.40	94.40
<i>†To 7 March 2014</i>							
<i>*Class X – Gross accumulation shares commenced 3 April 2009</i>							
<i>§Class Z – Net income shares commenced 14 September 2012</i>							
<i>**Class Z – Gross income shares commenced 15 February 2013</i>							
<i>§§Class 2 – Net income shares commenced 20 September 2013</i>							
<i>***Class Z – Gross accumulation shares commenced 20 September 2013</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
High Yield Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	467,257	41.84p	1,116,812,266	2009	2.8513	41.90	29.31
§Class 1 – Gross income shares	31,872	41.92p	76,031,564	Class 1 – Gross income shares	3.5425	42.07	29.45
Class 2 – Net income shares	84,136	58.66p	143,432,337	Class 2 – Net income shares	3.9884	58.04	40.47
§Class 2 – Gross income shares	22,083	50.53p	43,703,883	Class 2 – Gross income shares	4.2750	50.13	34.97
§Class 2 – Gross accumulation shares	143,819	116.96p	122,962,376	Class 2 – Gross accumulation shares	7.8276	96.47	61.93
for the year ended 7 March 2013							
Class 1 – Net income shares	463,012	43.65p	1,060,763,523	2010	2.8319	44.22	41.14
§Class 1 – Gross income shares	75,052	43.71p	171,708,966	Class 1 – Gross income shares	3.5250	44.37	41.26
Class 2 – Net income shares	99,363	61.51p	161,546,607	Class 2 – Net income shares	4.0084	61.59	57.18
§Class 2 – Gross income shares	34,421	52.95p	65,006,368	Class 2 – Gross income shares	4.2758	53.13	49.29
§Class 2 – Gross accumulation shares	157,667	132.87p	118,663,237	Class 2 – Gross accumulation shares	8.5920	110.39	96.49
Class Z – Net income shares	5,940	101.88p	5,830,149	2011	2.6932	44.88	38.12
§Class Z – Gross accumulation shares	532	105.62p	503,484	Class 1 – Net income shares	3.3507	45.03	38.29
for the year ended 7 March 2014							
Class 1 – Net income shares	348,916	44.51p	783,842,519	Class 1 – Gross income shares	3.8275	62.62	53.34
§Class 1 – Gross income shares	86,807	44.56p	194,814,823	Class 2 – Gross income shares	4.0951	54.01	46.06
Class 2 – Net income shares	97,987	63.04p	155,441,247	Class 2 – Gross accumulation shares	8.9046	116.45	102.58
§Class 2 – Gross income shares	26,485	54.25p	48,821,241	2012	2.6341	44.20	39.86
§Class 2 – Gross accumulation shares	159,164	146.18p	108,881,134	Class 1 – Net income shares	3.2761	44.30	40.01
Class Z – Net income shares	84,378	104.55p	80,706,297	Class 1 – Gross income shares	3.7760	62.24	55.84
§Class Z – Gross income shares	7,953	101.83p	7,809,951	Class 2 – Net income shares	4.0257	53.63	48.18
§Class Z – Gross accumulation shares	6,666	116.30p	5,731,796	Class 2 – Gross income shares	9.4866	131.87	109.51
				Class 2 – Gross accumulation shares	1.4071	103.03	99.50
				*Class Z – Net income shares	1.8006	104.80	99.40
				§Class Z – Gross accumulation shares			
				2013	2.6155	44.72	42.73
				Class 1 – Net income shares	3.2493	44.83	42.83
				Class 1 – Gross income shares	3.7490	63.07	60.31
				Class 2 – Net income shares	4.0073	54.36	51.96
				Class 2 – Gross income shares	10.1989	143.67	132.00
				Class 2 – Gross accumulation shares	6.1235	104.47	99.93
				Class Z – Net income shares	1.7931	101.72	99.87
				**Class Z – Gross income shares	8.0373	114.28	104.92
				Class Z – Gross accumulation shares			
				2014	0.5889	44.86	44.30
				fClass 1 – Net income shares	0.7274	44.94	44.35
				fClass 1 – Gross income shares	0.8476	63.53	62.71
				fClass 2 – Net income shares	0.9015	54.72	53.98
				fClass 2 – Gross income shares	2.3998	146.72	143.80
				fClass 2 – Gross accumulation shares	1.3832	105.35	104.00
				fClass Z – Net income shares	1.6748	102.71	101.31
				fClass Z – Gross income shares	1.8907	116.72	114.38
				fClass Z – Gross accumulation shares			
				<i>fTo 7 March 2014</i>			
				<i>*Class Z – Net income shares commenced 21 September 2012</i>			
				<i>§Class Z – Gross accumulation shares commenced 19 September 2012</i>			
				<i>**Class Z – Gross income shares commenced 24 September 2013</i>			
Global Select Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	665,505	101.45p	656,012,500	2009	0.6121	89.98	61.01
Class 2 – Net accumulation shares	65,907	140.31p	46,971,804	§Class 2 – Net accumulation shares	0.0768	122.73	82.78
Class X – Net accumulation shares	7,626	69.12p	11,032,405	Class X – Net accumulation shares	0.3664	59.16	39.58
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	670,629	118.80p	564,494,854	2010	0.1274	103.07	83.93
Class 2 – Net accumulation shares	72,298	165.37p	43,719,294	Class 2 – Net accumulation shares	0.1813	141.48	114.55
Class X – Net accumulation shares	1,841	82.26p	2,238,483	Class X – Net accumulation shares	0.9263	68.88	55.27
Class Z – Net accumulation shares	2,602	118.08p	2,203,670	2011	–	107.63	83.91
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	545,920	127.70p	427,487,824	Class 1 – Net accumulation shares	0.0785	148.22	115.74
Class 2 – Net accumulation shares	49,464	178.86p	27,655,075	Class 2 – Net accumulation shares	0.4874	72.54	56.78
Class X – Net accumulation shares	3,243	89.86p	3,608,730	2012	0.0956	105.91	92.73
Class Z – Net accumulation shares	191,553	127.94p	149,725,146	Class 2 – Net accumulation shares	0.9525	146.51	128.42
				Class X – Net accumulation shares	1.6382	72.19	63.36
				*Class Z – Net accumulation shares	–	102.02	96.87
				2013	0.2682	127.55	104.02
				Class 1 – Net accumulation shares	1.2492	178.44	144.63
				Class 2 – Net accumulation shares	1.3364	89.48	71.81
				Class X – Net accumulation shares	0.1399	127.60	103.25
				Class Z – Net accumulation shares			
				2014	0.0597	129.37	120.79
				fClass 1 – Net accumulation shares	1.8782	181.04	169.09
				fClass 2 – Net accumulation shares	0.9563	90.83	84.88
				fClass X – Net accumulation shares	0.2899	129.47	120.94
				fClass Z – Net accumulation shares			
				<i>fTo 7 March 2014</i>			
				<i>§Class 2 – Net accumulation shares commenced 22 January 2009</i>			
				<i>*Class Z – Net accumulation shares commenced 19 September 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
Global Bond Fund							
for the year ended 7 March 2012							
Class 1 – Net income shares	25,562	61.65p	41,466,623	2009	1.7443	67.98	56.23
Class 1 – Net accumulation shares	2,967	54.03p	5,491,490	*Class 1 – Net accumulation shares	0.4217	51.79	46.05
§Class 1 – Gross income shares	143,136	84.20p	170,000,437	Class 1 – Gross income shares	3.0158	93.12	76.96
§Class 1 – Gross accumulation shares	36,840	112.05p	32,876,670	Class 1 – Gross accumulation shares	3.6613	111.94	94.09
Class 2 – Net income shares	4,988	66.54p	7,496,417	Class 2 – Net income shares	1.9864	72.29	59.86
§Class 2 – Gross accumulation shares	77,989	88.29p	88,337,154	Class 2 – Gross accumulation shares	2.8864	86.44	72.84
for the year ended 7 March 2013							
Class 1 – Net income shares	20,931	61.44p	34,067,285	2010	1.4187	64.27	58.68
Class 1 – Net accumulation shares	2,682	54.77p	4,896,936	Class 1 – Net accumulation shares	1.1836	54.02	48.76
§Class 1 – Gross income shares	138,127	83.91p	164,606,506	Class 1 – Gross income shares	2.4170	87.87	80.35
§Class 1 – Gross accumulation shares	37,587	114.07p	32,950,832	Class 1 – Gross accumulation shares	3.0300	111.01	100.03
Class 2 – Net income shares	5,564	66.65p	8,348,683	Class 2 – Net income shares	1.5898	68.75	62.68
§Class 2 – Gross accumulation shares	49,009	90.45p	54,180,947	Class 2 – Gross accumulation shares	2.4705	86.47	77.74
Class Z – Net income shares	31	101.04p	30,196	2011	1.2839	63.69	57.79
§Class Z – Gross income shares	12	101.03p	11,940	Class 1 – Net income shares	1.0974	55.29	49.12
for the year ended 7 March 2014							
Class 1 – Net income shares	13,810	54.51p	25,334,320	Class 1 – Net accumulation shares	2.1884	87.00	78.93
Class 1 – Net accumulation shares	1,597	49.50p	3,226,334	Class 1 – Gross income shares	2.8221	114.43	101.33
§Class 1 – Gross income shares	103,685	74.46p	139,253,555	Class 2 – Net income shares	1.4508	68.59	62.06
§Class 1 – Gross accumulation shares	30,738	103.57p	29,678,138	Class 2 – Gross accumulation shares	2.3242	89.90	79.30
Class 2 – Net income shares	2,521	59.42p	4,242,377	2012	1.1036	63.47	59.54
§Class 2 – Gross accumulation shares	37,491	82.63p	45,369,599	Class 1 – Net income shares	0.9623	55.63	52.63
Class Z – Net income shares	1,126	90.34p	1,246,725	Class 1 – Net accumulation shares	1.8814	86.78	81.43
§Class Z – Gross income shares	31	90.32p	34,356	Class 1 – Gross income shares	2.4886	115.49	109.29
§Class Z – Gross accumulation shares	1	98.36p	1,010	Class 1 – Gross accumulation shares	1.2674	68.60	64.54
<i>§Only available to eligible investors</i>							
				Class 2 – Net income shares	2.0838	91.13	86.19
				Class 2 – Gross accumulation shares	–	101.27	97.79
				§Class Z – Net income shares	–	101.33	97.88
				**Class Z – Gross income shares	–	–	–
				2013	1.0314	62.26	54.26
				Class 1 – Net income shares	0.9158	55.03	48.80
				Class 1 – Net accumulation shares	1.7589	85.20	74.23
				Class 1 – Gross income shares	2.3778	114.59	102.04
				Class 1 – Gross accumulation shares	1.1875	67.56	59.11
				Class 2 – Net income shares	2.0021	90.86	81.32
				Class 2 – Gross accumulation shares	1.7430	102.40	89.81
				Class Z – Net income shares	2.1624	102.59	89.94
				Class Z – Gross income shares	–	101.81	96.63
				§§Class Z – Gross accumulation shares	–	–	–
				2014	0.5221	56.31	54.07
				†Class 1 – Net income shares	0.4689	50.64	48.63
				†Class 1 – Net accumulation shares	0.8885	77.05	73.97
				†Class 1 – Gross income shares	1.2208	105.91	101.67
				†Class 1 – Gross accumulation shares	0.5968	61.38	58.90
				†Class 2 – Net income shares	1.0212	84.46	81.03
				†Class 2 – Gross accumulation shares	0.8742	93.25	89.49
				†Class Z – Net income shares	1.0945	93.42	89.62
				†Class Z – Gross income shares	1.3188	100.39	96.29
				†Class Z – Gross accumulation shares	–	–	–
				<i>†To 7 March 2014</i>			
				<i>*Class 1 – Net accumulation shares commenced 8 May 2009</i>			
				<i>§Class Z – Net income shares commenced 28 September 2012</i>			
				<i>**Class Z – Gross income shares commenced 28 September 2012</i>			
				<i>§§Class Z – Gross accumulation shares commenced 24 September 2013</i>			
UK Institutional Fund							
for the year ended 7 March 2012							
Class 1 – Net accumulation shares	84,460	98.29p	85,925,591	2009	1.6262	83.93	55.35
Class 2 – Net accumulation shares	1,040,576	104.95p	991,501,727	Class 1 – Net accumulation shares	2.3246	87.89	57.54
for the year ended 7 March 2013							
Class 1 – Net accumulation shares	92,633	115.17p	80,433,505	2010	0.8675	99.51	77.90
Class 2 – Net accumulation shares	1,026,548	124.06p	827,471,178	Class 1 – Net accumulation shares	1.7649	105.13	81.94
for the year ended 7 March 2014							
Class 1 – Net accumulation shares	106,370	130.35p	81,600,439	2011	1.0687	102.44	79.84
Class 2 – Net accumulation shares	981,428	141.65p	692,866,363	Class 2 – Net accumulation shares	2.0711	108.73	84.92
				2012	1.8646	104.87	91.45
				Class 1 – Net accumulation shares	2.8133	112.77	97.85
				Class 2 – Net accumulation shares	–	–	–
				2013	2.2529	128.35	105.94
				Class 1 – Net accumulation shares	3.7444	139.25	113.95
				Class 2 – Net accumulation shares	–	–	–
				2014	0.5125	131.00	123.87
				†Class 1 – Net accumulation shares	1.2144	142.32	134.50
				†Class 2 – Net accumulation shares	–	–	–
				<i>†To 7 March 2014</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
UK Overseas Earnings Fund							
for the year ended 7 March 2012				2009			
Class 2 – Net income shares	105,852	77.31p	136,910,621	Class 2 – Net income shares	1.6727	65.65	44.61
for the year ended 7 March 2013				2010			
Class 2 – Net income shares	115,900	91.35p	126,878,438	Class 2 – Net income shares	1.3662	74.81	61.79
for the year ended 7 March 2014				2011			
Class 2 – Net income shares	125,522	108.66p	115,513,424	Class 2 – Net income shares	1.4077	80.38	65.43
Class Z – Net income shares	69	108.07p	63,393	2012			
				Class 2 – Net income shares	1.7386	84.04	72.94
				2013			
				Class 2 – Net income shares	2.0021	106.14	84.58
				*Class Z – Net income shares	–	105.64	96.58
				2014			
				fClass 2 – Net income shares	0.5920	109.34	103.17
				fClass Z – Net income shares	0.8037	108.96	102.76
				<i>fTo 7 March 2014</i>			
				<i>*Class Z – Net income shares commenced 24 September 2013</i>			

Performance Summary for the twelve months ended 28 February 2014

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
UNITED KINGDOM							
UK Fund	(IMA) UK All Companies	FTSE All-Share	+18.62	+19.37	+18.26	+20.62	+13.29
UK Select Fund	(IMA) UK All Companies	FTSE All-Share	+20.84	+21.59	+18.26	+22.84	+13.29
UK Smaller Companies Fund	(IMA) UK Smaller Companies	Numis NSCI ex Investment Companies	+27.73	+28.52	+32.12	+29.69	+32.19
UK Growth & Income Fund	(IMA) UK All Companies	FTSE All-Share	+22.71	+23.41	+18.26	+24.85	+13.29
UK Equity Income Fund	(IMA) UK Equity Income	FTSE All-Share	+23.74	+24.45	+18.76	25.76	+13.29
UK Monthly Income Fund	(IMA) UK Equity Income	FTSE All-Share	+21.49	–	+18.76	+23.26	+13.29
Monthly Extra Income Fund	(IMA) UK Equity & Bond Income	–	+19.10	–	+14.47	+20.54	–
UK Corporate Bond Fund	(IMA) £ Corporate Bond	iBoxx £ Non Gilt	+3.06	+3.37	+2.98	+4.65	+3.33
Sterling Bond Fund	(IMA) UK Gilt	FTA UK All Stocks Gilts	–2.23	–	–1.73	–0.82	–0.85
UK Institutional Fund	(IMA) UK All Companies	FTSE All-Share	+15.75	+16.76	+18.26	+17.97	+13.29
UK Overseas Earnings Fund	(IMA) UK All Companies	FTSE All-Share	–	+22.91	+18.26	+24.76	+13.29
EUROPE							
European Fund	(IMA) Europe Excluding UK	FTSE World Europe ex UK	+8.35	+9.02	+15.67	+11.13	+15.39
European Select Fund	(IMA) Europe Excluding UK	FTSE World Europe ex UK	+7.90	+8.57	+15.67	+10.53	+15.39
European Smaller Companies Fund	(IMA) European Smaller Companies	HSBC European Smaller Companies ex UK	+9.14	+9.82	+22.08	+12.00	+27.19
Pan European Smaller Companies Fund	(IMA) European Smaller Companies	EuroMoney Smaller Europe Inc UK	+12.24	+12.94	+22.08	+15.15	+27.41
Pan European Fund	(IMA) Europe Including UK	MSCI World Europe	+17.71	+18.45	+14.68	+20.32	+14.34
European Bond Fund [†]	(IMA) Global Bond	ML Pan Europe Large Cap	–0.05	+0.54	–4.23	+1.55	+0.19
European Corporate Bond Fund [†]	(IMA) Global Bond	iBoxx Euro Corporate	–0.55	+0.46	–4.23	+1.15	–0.32
European High Yield Bond Fund [†]	(IMA) Global Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ Terms)	+3.65	+4.23	–4.23	+5.80	+5.44
European High Yield Bond Fund (€) [†]	(IMA) Global Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ Terms)	+8.32	+8.92	+0.08	+10.56	+10.19
Strategic Bond Fund	(IMA) £ Strategic Bond	60% iBoxx Sterling Non Gilts/40% ML Euro Currency HiYield – Constrained B-BB (GBP Hdg)	+4.19	+4.90	+3.56	+6.88	+5.73
US							
American Fund	(IMA) North America	S&P 500	+16.50	+17.22	+13.89	+18.60	+13.56
American Select Fund	(IMA) North America	S&P 500	+16.03	+16.76	+13.89	+18.13	+13.56
American Smaller Companies Fund (US)	(IMA) North American Smaller Companies	S&P 400 Mid Cap	+19.77	+20.51	+18.19	+21.15	+14.65
Dollar Bond Fund [†]	(IMA) Global Bond	50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master	–9.38	–	–4.23	–8.13	–9.55
JAPAN							
Japan Fund	(IMA) Japan	Japan TOPIX 1st Section	+3.93	+4.59	+4.01	+5.24	+3.65

Performance Summary for the twelve months ended 28 February 2014 (continued)

Funds	Sector	Index	Class 1 Net Return %	Class 2 Net Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %
PACIFIC BASIN & EMERGING MARKETS, ASIA PACIFIC EXCLUDING JAPAN							
Asia Fund	(IMA) Asia Pacific Excluding Japan	MSCI All Country Asia Pacific ex Japan	-7.00	-6.41	-9.64	-5.68	-10.08
Latin America Fund†	UK Registered – Equity Latin America	MSCI Latin America 10/40	-28.44	-28.00	-3.43	-28.10	-28.09
Emerging Market Bond Fund†	(IMA) Global Bond	JPM EMBI Global	-15.56	-14.82	-4.23	-13.79	-12.16
INTERNATIONAL							
High Yield Bond Fund	(IMA) £ High Yield	ML Euro Currency HiYield 3% Constrained ex Sub Financial–100% Hdg £	+7.86	+8.50	+7.50	+10.54	+10.61
Global Select Fund	(IMA) Global Growth	MSCI AC World Free	+9.13	+9.80	+9.18	+10.85	+7.58
Global Bond Fund	(IMA) Global Bond	JPM GBI Global (Traded) (prior to 31/07/2012 JPM Global ex Japan)	-8.77	-8.22	-4.23	-7.06	-8.65
CASH							
Sterling Fund	–	–	+0.13	–	–	–	–

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.

†The Sector Median for these funds (as defined by the Investment Management Association) is not felt to be representative.

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.

Threadneedle OEIC Returns against the Offshore Universe Performance Summary for the twelve months ended 28 February 2014

Funds	Sector	Index	Share Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
UK EQUITY								
UK Fund	UK Large Cap Blend	FTSE All Share	+18.62	+19.37	+14.88	+20.62	+13.29	GBP
UK Select Fund	UK Large Cap Blend	FTSE All Share	+20.84	+21.59	+14.88	+22.84	+13.29	GBP
UK Smaller Companies Fund	UK Small Cap Equity	Numis ex IT	+27.73	+28.52	+30.84	+29.69	+32.19	GBP
UK Growth & Income Fund	UK Large Cap Value	FTSE All Share	+22.71	+23.41	+13.87	+24.85	+13.29	GBP
UK Equity Income Fund	UK Large Cap Value	FTSE All Share	+23.74	+24.45	+13.87	25.76	+13.29	GBP
UK Monthly Income Fund	UK Large Cap Value	FTSE All Share	+21.49	–	+13.87	+23.26	+13.29	GBP
Monthly Extra Income Fund	GBP Aggressive Allocation	–	+19.10	–	–	+20.54	–	GBP
UK Institutional Fund	UK Large Cap Blend	FTSE All Share	+15.75	+16.76	+14.88	+17.97	+13.29	GBP
UK Overseas Earnings Fund	UK Large Cap Blend	FTSE All Share	–	+22.91	+14.88	+24.76	+13.29	GBP
EUROPE EQUITY								
European Fund	Europe ex UK Large Cap	FTSE World Europe ex UK	+13.19	+13.88	+22.26	+16.14	+20.58	EUR
European Select Fund	Europe ex UK Large Cap	FTSE World Europe ex UK	+12.71	+13.41	+22.26	+15.51	+20.58	EUR
European Smaller Companies Fund	Europe Small-Mid Cap Combined	EuroMoney European Small Cos. Ex UK	+14.01	+14.72	+31.38	+17.04	+32.91	EUR
Pan European Smaller Companies Fund	Europe Small-Mid Cap Combined	EuroMoney Smaller Europe Inc UK	+17.24	+17.98	+31.38	+20.33	33.15	EUR
Pan European Fund	Europe Large Cap Blend	MSCI World Europe	+22.95	+23.73	+14.33	+25.73	19.48	EUR
AMERICAS								
American Fund	US Large Cap Growth	S&P 500	+28.00	+28.80	+27.38	+30.94	+25.37	USD
American Select Fund	US Large Cap Growth	S&P 500	+27.49	+28.29	+27.38	+30.42	+25.37	USD
American Smaller Companies Fund (US)	US Mid Cap Equity	S&P 400 Mid Cap	+32.22	+33.05	+27.11	+33.75	+26.58	USD
Latin America Fund	Latin America Equity	MSCI Latin America 10/40	–21.38	–20.89	–21.31	–20.62	–20.61	USD
FAR EAST & PACIFIC								
Japan Fund	Japan Large Cap	Japan TOPIX 1st Section	+26.26	+27.06	+25.69	+28.54	+26.60	JPY
Asia Fund	Asia-Pacific ex-Japan	MSCI AC Asia Pacific ex Japan	+2.19	+2.83	–2.13	+4.13	–0.73	USD
MONEY MARKET & BOND								
UK Corporate Bond Fund	GBP Corporate Bond	iBoxx £ Non Gilt	+3.06	+3.37	+3.20	+4.65	+3.33	GBP
High Yield Bond Fund	High Yield Bond	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg £	+7.86	+8.50	+6.57	+10.54	+10.61	GBP
Strategic Bond Fund	GBP Flexible Bond	60% iBoxx Sterling Non Gilts/40% ML Euro Currency HiYield – Constrained B-BB (GBP Hdg)	+4.19	+4.90	+2.34	+6.88	+5.73	GBP
Sterling Bond Fund*	GBP Government Bond	FTA UK All Stocks Gilts	–1.86	–	–1.35	–0.82	–0.85	GBP
European Bond Fund*	Europe Bond	ML Pan Europe Large Cap	+4.97	+5.10	+3.96	+6.13	+4.70	EUR
European Corporate Bond Fund*	Fixed Income Europe/Corporate	iBoxx Euro Corporate	+4.29	+4.94	+3.93	+5.70	+4.17	EUR
European High Yield Bond Fund*	Europe High Yield	ML Euro Currency HiYield 3% Constrained ex Sub Fin – 100% Hdg E (£ terms)	+9.46	+8.87	+9.54	+10.56	+10.19	EUR
Dollar Bond Fund*	USD Diversified Bond	50% ML Euro-Dollar & Globals/50% ML US Treasuries – Master	+0.13	–	–0.11	+1.42	–0.14	USD
Emerging Market Bond Fund*	Global Emerging Markets	JPM EMBI Global	–6.00	–6.41	–3.87	–4.82	–3.02	USD
Global Bond Fund*	Global Bond	JPM GBI Global ex Japan (Traded)	–4.24	–4.09	–4.83	–2.87	–4.53	EUR

Threadneedle OEIC Returns against the Offshore Universe Performance Summary for the twelve months ended 28 February 2014 (continued)

Funds	Sector	Index	Share Class 1 Return %	Share Class 2 Return %	Sector Median Net Return %	Fund Gross Total Return %	Index Total Return %	Currency
GLOBAL EQUITY								
Global Select Fund	Global Large Cap Growth	MSCI AC World	+19.91	+20.65	+19.33	+22.38	+18.77	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.

Data reflects current management and other charges, but does not consider the effect of initial charges applicable to new investments.

**The performance of these funds relates to the gross accumulation shares of class 1.*

Ongoing Charges Figure Summary

for the accounting period 8 March 2013 to 7 March 2014

Fund	Share Class	March 2014	March 2013
UK Fund	Class 1 – Net income shares	1.66%	1.68%
	Class 2 – Net income shares	1.04%	1.04%
	Class 2 – Net accumulation shares	1.04%	1.04%
	Class Z – Net income shares	0.87%	0.87%
	Class Z – Net accumulation shares	0.87%	0.87%
UK Select Fund	Class 1 – Net income shares	1.68%	1.70%
	Class 2 – Net income shares	1.06%	1.06%
	Class Z – Net income shares	0.88%	0.88%
UK Smaller Companies Fund	Class 1 – Net income shares	1.70%	1.73%
	Class 2 – Net income shares	1.08%	1.08%
	Class Z – Net income shares	0.90%	0.91%
	Class Z – Net accumulation shares	0.90%	–
UK Growth & Income Fund	Class 1 – Net income shares	1.63%	1.63%
	Class 2 – Net income shares	1.05%	1.05%
	Class Z – Net income shares	0.88%	0.88%
UK Equity Income Fund	Class 1 – Net income shares	1.62%	1.62%
	Class 1 – Net accumulation shares	1.62%	1.62%
	Class 2 – Net income shares	1.04%	1.04%
	Class Z – Net income shares	0.86%	0.87%
	Class Z – Net accumulation shares	0.86%	0.87%
UK Monthly Income Fund	Class 1 – Net income shares	1.62%	1.62%
	Class 2 – Net income shares	1.05%	–
	Class Z – Net income shares	0.87%	0.87%
Monthly Extra Income Fund	Class 1 – Net income shares	1.39%	1.39%
	Class Z – Net income shares	0.74%	0.74%
UK Corporate Bond Fund	Class 1 – Net income shares	0.92%	0.94%
	Class 1 – Gross income shares	0.92%	0.94%
	Class 2 – Net income shares	0.55%	0.55%
	Class 2 – Gross accumulation shares	0.55%	0.55%
Sterling Bond Fund	Class 1 – Net income shares	1.19%	1.20%
	Class 1 – Gross accumulation shares	1.19%	1.20%
	Class Z – Net income shares	0.54%	0.53%
	Class Z – Gross accumulation shares	0.54%	0.53%
Sterling Fund	Class 1 – Net income shares	0.27%	0.27%
European Fund	Class 1 – Net accumulation shares	1.68%	1.73%
	Class 2 – Net accumulation shares	1.06%	1.09%
	Class Z – Net income shares	0.89%	–
	Class Z – Net accumulation shares	0.89%	0.91%
European Select Fund	Class 1 – Net accumulation shares	1.68%	1.71%
	Class 1 – Hedged net accumulation shares	1.67%	–
	Class 2 – Net income shares	1.06%	1.07%
	Class 2 – Net accumulation shares	1.06%	1.07%
	Class Z – Net income shares	0.86%	–
	Class Z – Net accumulation shares	0.88%	0.89%
European Smaller Companies Fund	Class 1 – Net income shares	1.68%	1.72%
	Class 1 – Net accumulation shares	1.68%	1.72%
	Class 2 – Net accumulation shares	1.06%	1.08%
	Class Z – Net income shares	0.88%	–
	Class Z – Net accumulation shares	0.88%	0.91%
Pan European Smaller Companies Fund	Class 1 – Net accumulation shares	1.67%	1.71%
	Class 2 – Net accumulation shares	1.05%	1.07%
	Class X – Net accumulation shares	0.05%	0.07%
	Class Z – Net accumulation shares	0.88%	0.89%
Pan European Fund	Class 1 – Net accumulation shares	1.67%	1.73%
	Class 2 – Net accumulation shares	1.05%	1.09%
	Class 2i – Net accumulation shares	1.05%	1.07%
	Class X – Net accumulation shares	0.05%	0.08%
	Class Z – Net income shares	0.88%	–
	Class Z – Net accumulation shares	0.88%	0.91%

Ongoing Charges Figure Summary

(continued)

Fund	Share Class	March 2014	March 2013
European Bond Fund	Class 1 – Net income shares	1.19%	1.21%
	Class 1 – Gross accumulation shares	1.19%	1.21%
	Class 2 – Gross accumulation shares	0.57%	0.57%
	Class Z – Net income shares	0.64%	0.64%
European Corporate Bond Fund	Class 1 – Net accumulation shares	1.22%	1.24%
	Class 1 – Gross accumulation shares	1.22%	1.24%
	Class 2 – Gross accumulation shares	0.60%	0.60%
	¹ Class Z – Net accumulation shares	0.67%	–
European High Yield Bond Fund	Class 1 – Net accumulation shares	1.43%	1.46%
	Class 1 – Gross income shares	1.43%	1.46%
	Class 1 – Gross accumulation shares	1.43%	1.47%
	Class 2 – Gross income shares	0.81%	0.82%
	Class 2 – Gross accumulation shares	0.81%	0.82%
	Class 2 – Hedged gross accumulation shares	0.81%	0.82%
	Class X – Gross accumulation shares	0.06%	0.07%
	Class Z – Gross income shares	0.74%	0.75%
	¹ Class Z – Net accumulation shares	0.74%	–
Strategic Bond Fund	Class Z – Gross accumulation shares	0.74%	0.75%
	Class 1 – Net income shares	1.43%	1.45%
	Class 1 – Gross income shares	1.43%	1.45%
	Class 2 – Net income shares	0.81%	0.81%
	Class 2 – Gross income shares	0.81%	0.81%
	Class 2 – Gross accumulation shares	0.81%	0.81%
	Class Z – Net income shares	0.74%	0.73%
American Fund	Class Z – Gross income shares	0.74%	0.73%
	Class Z – Gross accumulation shares	0.74%	0.73%
	Class 1 – Net income shares	1.66%	1.68%
	Class 1 – Net accumulation shares	1.66%	1.68%
	Class 1 – Hedged net accumulation shares	1.66%	1.68%
	Class 2 – Net accumulation shares	1.04%	1.04%
	Class X – Net accumulation shares	0.04%	0.04%
American Select Fund	Class Z – Net income shares	0.86%	0.86%
	Class Z – Net accumulation shares	0.86%	0.86%
	Class 2 – Net accumulation shares	1.04%	1.04%
	Class 2 – Hedged net accumulation shares	1.04%	1.04%
	Class 1 – Hedged net accumulation shares	1.66%	1.68%
American Smaller Companies Fund (US)	Class Z – Hedged net accumulation shares	0.87%	–
	Class 1 – Net income shares	1.66%	1.68%
	Class 1 – Net accumulation shares	1.66%	1.68%
	Class 1 – Hedged net accumulation shares	1.66%	1.68%
	Class 2 – Net accumulation shares	1.04%	1.04%
	Class 2 – Hedged net accumulation shares	1.04%	1.04%
Dollar Bond Fund	Class Z – Net income shares	0.86%	0.86%
	Class Z – Net accumulation shares	0.86%	0.86%
	Class 2 – Net accumulation shares	1.04%	1.04%
	Class 2 – Hedged net accumulation shares	1.04%	1.04%
	Class 1 – Hedged net accumulation shares	1.66%	1.68%
	Class 1 – Net accumulation shares	1.66%	1.68%
Japan Fund	Class Z – Hedged net accumulation shares	0.83%	–
	Class 1 – Net income shares	1.70%	1.72%
	Class 1 – Net accumulation shares	1.70%	1.72%
	Class 2 – Net accumulation shares	1.08%	1.08%
	Class X – Net accumulation shares	0.08%	0.08%
Asia Fund	⁵ Class Z – Net income shares	0.90%	–
	Class Z – Net accumulation shares	0.90%	0.91%
	Class 1 – Net income shares	1.21%	1.22%
	Class 1 – Gross accumulation shares	1.21%	1.22%
Asia Fund	Class Z – Net income shares	0.66%	0.66%
	Class Z – Gross accumulation shares	0.66%	–
	Class 2 – Net accumulation shares	1.09%	1.09%
	Class 1 – Net accumulation shares	1.71%	1.73%
Asia Fund	Class 2 – Net accumulation shares	1.09%	1.09%
	Class Z – Net accumulation shares	0.91%	0.91%
	Class 1 – Net accumulation shares	1.69%	1.71%

Ongoing Charges Figure Summary

(continued)

Fund	Share Class	March 2014	March 2013
Latin America Fund	Class 1 – Net accumulation shares	1.75%	1.75%
	Class 2 – Net accumulation shares	1.13%	1.11%
	Class X – Net accumulation shares	0.13%	0.11%
	Class Z – Net accumulation shares	0.96%	0.94%
Emerging Market Bond Fund	Class 1 – Net income shares	1.70%	1.69%
	Class 1 – Gross income shares	1.69%	1.69%
	Class 1 – Gross accumulation shares	1.69%	1.69%
	⁸ Class 2 – Net income shares	1.07%	–
	Class 2 – Gross accumulation shares	1.07%	1.05%
	Class X – Gross accumulation shares	0.07%	0.05%
	Class Z – Net income shares	0.75%	0.73%
	Class Z – Gross income shares	0.75%	0.73%
High Yield Bond Fund	¹⁰ Class Z – Gross accumulation shares	0.75%	–
	Class 1 – Net income shares	1.44%	1.46%
	Class 1 – Gross income shares	1.44%	1.47%
	Class 2 – Net income shares	0.82%	0.83%
	Class 2 – Gross income shares	0.82%	0.82%
	Class 2 – Gross accumulation shares	0.82%	0.82%
	Class Z – Net income shares	0.74%	0.74%
Global Select Fund	¹¹ Class Z – Gross income shares	0.74%	–
	Class Z – Gross accumulation shares	0.74%	0.75%
	Class 1 – Net accumulation shares	1.67%	1.70%
	Class 2 – Net accumulation shares	1.05%	1.06%
Global Bond Fund	Class X – Net accumulation shares	0.05%	0.06%
	Class Z – Net accumulation shares	0.87%	0.88%
	Class 1 – Net income shares	1.43%	1.45%
	Class 1 – Net accumulation shares	1.43%	1.45%
	Class 1 – Gross income shares	1.43%	1.45%
	Class 1 – Gross accumulation shares	1.43%	1.45%
	Class 2 – Net income shares	0.81%	0.81%
	Class 2 – Gross accumulation shares	0.81%	0.81%
UK Institutional Fund	Class Z – Net income shares	0.64%	0.63%
	Class Z – Gross income shares	0.64%	0.63%
	¹² Class Z – Gross accumulation shares	0.64%	–
	Class 1 – Net accumulation shares	1.65%	1.69%
	Class 2 – Net accumulation shares	0.78%	0.80%
UK Overseas Earnings Fund	Class 2 – Net income shares	1.56%	1.57%
	¹³ Class Z – Net income shares	0.89%	–

The OCF is the European standard method of disclosing the charges of a share class of a fund 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 ordinarily excludes the costs of buying or selling assets for the fund (unless these assets are shares of another fund). The KIID and the Report and Accounts contain the current OCF. For a more detailed breakdown please visit threadneedle.com/fees.

If the fund invests in other funds, the calculation includes the funds share of the expenses of the underlying funds less any fee rebates received. The share of the costs of the underlying funds may fluctuate due to changes in investments decisions, which may be required as a result of changes in market conditions.

¹Class Z – Net accumulation shares commenced 26 September 2013

²Class 2 – Net income shares commenced 24 September 2013

³Class Z – Net income shares commenced 20 September 2013

⁴Class 1 – Hedged net accumulation shares commenced 10 October 2013

⁵Class Z – Net income shares commenced 18 September 2013

⁶Class Z – Net income shares commenced 26 September 2013

⁷Class Z – Hedged net accumulation shares commenced 20 September 2013

⁸Class Z – Gross accumulation shares commenced 18 September 2013

⁹Class 2 – Net income shares commenced 20 September 2013

¹⁰Class Z – Gross accumulation shares commenced 20 September 2013

¹¹Class Z – Gross income shares commenced 24 September 2013

¹²Class Z – Gross accumulation shares commenced 24 September 2013

¹³Class Z – Net income shares commenced 24 September 2013

Risk and Reward Profiles

Fund	Share Class	SRRI*
UK Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net income shares	6
	Class Z – Net accumulation shares	6
UK Select Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class Z – Net income shares	6
UK Smaller Companies Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class Z – Net income shares	6
	¹ Class Z – Net accumulation shares	6
UK Growth & Income Fund	Class 1 – Net income shares	6
	Class 2 – Net income shares	6
	Class Z – Net income shares	6
UK Equity Income Fund	Class 1 – Net income shares	5
	Class 1 – Net accumulation shares	5
	Class 2 – Net income shares	5
	Class Z – Net income shares	5
	Class Z – Net accumulation shares	5
UK Monthly Income Fund	Class 1 – Net income shares	5
	² Class 2 – Net income shares	6
	Class Z – Net income shares	6
Monthly Extra Income Fund	Class 1 – Net income shares	5
	Class Z – Net income shares	5
UK Corporate Bond Fund	Class 1 – Net income shares	4
	Class 1 – Gross income shares	4
	Class 2 – Net income shares	4
	Class 2 – Gross accumulation shares	4
Sterling Bond Fund	Class 1 – Net income shares	4
	Class 1 – Gross accumulation shares	4
	Class Z – Net income shares	4
	Class Z – Gross accumulation shares	4
Sterling Fund	Class 1 – Net income shares	1
European Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	³ Class Z – Net income shares	6
	Class Z – Net accumulation shares	6
European Select Fund	Class 1 – Net accumulation shares	6
	⁴ Class 1 – SGD Hedged net accumulation shares	6
	Class 2 – Net income shares	6
	Class 2 – Net accumulation shares	6
	⁵ Class Z – Net income shares	6
European Smaller Companies Fund	Class Z – Net accumulation shares	6
	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	⁶ Class Z – Net income shares	6
Pan European Smaller Companies Fund	Class Z – Net accumulation shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
Pan European Fund	Class Z – Net accumulation shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class 2i – Net accumulation shares	6
	Class X – Net accumulation shares	6
	³ Class Z – Net income shares	6
Class Z – Net accumulation shares	6	

Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
European Bond Fund	Class 1 – Net income shares	4
	Class 1 – Gross accumulation shares	5
	Class 2 – Gross accumulation shares	5
	Class Z – Net income shares	4
European Corporate Bond Fund	Class 1 – Net accumulation shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Gross accumulation shares	4
	¹ Class Z – Net accumulation shares	4
European High Yield Bond Fund	Class 1 – Net accumulation shares	5
	Class 1 – Gross income shares	5
	Class 1 – Gross accumulation shares	5
	Class 2 – Gross income shares	5
	Class 2 – Gross accumulation shares	5
	Class 2 – CHF Hedged gross accumulation shares	5
	Class X – Gross accumulation shares	5
	Class Z – Gross income shares	5
	¹ Class Z – Net accumulation shares	5
Class Z – Gross accumulation shares	5	
Strategic Bond Fund	Class 1 – Net income shares	3
	Class 1 – Gross income shares	3
	Class 2 – Net income shares	3
	Class 2 – Gross income shares	3
	Class 2 – Gross accumulation shares	3
	Class Z – Net income shares	3
	Class Z – Gross accumulation shares	3
American Fund	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 1 – EUR Hedged net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	Class Z – Net income shares	6
	Class Z – Net accumulation shares	6
⁷ Class Z – EUR Hedged net accumulation shares	6	
American Select Fund	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 1 – EUR Hedged net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class 2 – EUR Hedged net accumulation shares	6
	Class Z – Net income shares	6
	Class Z – Net accumulation shares	6
⁷ Class Z – EUR Hedged net accumulation shares	6	
American Smaller Companies Fund (US)	Class 1 – Net income shares	6
	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	⁵ Class Z – Net income shares	6
	Class Z – Net accumulation shares	6
Dollar Bond Fund	Class 1 – Net income shares	5
	Class 1 – Gross accumulation shares	5
	Class Z – Net income shares	5
	⁸ Class Z – Gross accumulation shares	5
Japan Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net accumulation shares	6
Asia Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class Z – Net accumulation shares	6

Risk and Reward Profiles

(continued)

Fund	Share Class	SRRI*
Latin America Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	Class Z – Net accumulation shares	6
Emerging Market Bond Fund	Class 1 – Net income shares	5
	Class 1 – Gross income shares	5
	Class 1 – Gross accumulation shares	5
	⁹ Class 2 – Net income shares	5
	Class 2 – Gross accumulation shares	5
	Class X – Gross accumulation shares	5
	Class Z – Net income shares	5
	Class Z – Gross income shares	5
	¹⁰ Class Z – Gross accumulation shares	5
High Yield Bond Fund	Class 1 – Net income shares	4
	Class 1 – Gross income shares	4
	Class 2 – Net income shares	4
	Class 2 – Gross income shares	4
	Class 2 – Gross accumulation shares	4
	Class Z – Net income shares	4
		¹¹ Class Z – Gross income shares
	Class Z – Gross accumulation shares	4
Global Select Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
	Class X – Net accumulation shares	6
	Class Z – Net accumulation shares	6
Global Bond Fund	Class 1 – Net income shares	4
	Class 1 – Net accumulation shares	4
	Class 1 – Gross income shares	4
	Class 1 – Gross accumulation shares	4
	Class 2 – Net income shares	4
	Class 2 – Gross accumulation shares	4
	Class Z – Net income shares	4
	Class Z – Gross income shares	4
		¹² Class Z – Gross accumulation shares
UK Institutional Fund	Class 1 – Net accumulation shares	6
	Class 2 – Net accumulation shares	6
UK Overseas Earnings Fund	Class 2 – Net income shares	6
		¹³ Class Z – Net income shares

* As at 7 September 2013 the synthetic risk and reward indicator (SRRI) is explained in the table overleaf:

¹Class Z – Net accumulation shares commenced 26 September 2013

²Class 2 – Net income shares commenced 24 September 2013

³Class Z – Net income shares commenced 20 September 2013

⁴Class 1 – Hedged net accumulation shares commenced 10 October 2013

⁵Class Z – Net income shares commenced 18 September 2013

⁶Class Z – Net income shares commenced 26 September 2013

⁷Class Z – Hedged net accumulation shares commenced 20 September 2013

⁸Class Z – Gross accumulation shares commenced 18 September 2013

⁹Class 2 – Net income shares commenced 20 September 2013

¹⁰Class Z – Gross accumulation shares commenced 20 September 2013

¹¹Class Z – Gross income shares commenced 24 September 2013

¹²Class Z – Gross accumulation shares commenced 24 September 2013

¹³Class Z – Net income shares commenced 24 September 2013

Risk and Reward Profiles

(continued)

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.

Historical data may not be a reliable indication of the future risk profile of the funds.

The SRRI category shown is not guaranteed to remain unchanged and that the categorisation of the funds may shift over time.

The lowest category does not mean a risk-free investment.

No form of capital protection or capital guarantee applies to any of the funds.

The risk and reward profile of the UK Equity Income Fund changed from 6 to 5 for all share classes on 12 March 2014.

The risk and reward profile of the UK Monthly Income Fund changed from 6 to 5 for Class 1 – Net income shares on 12 March 2014.

The risk and reward profile of the European Corporate Bond Fund changed from 5 to 4 for all share classes on 12 March 2014.

The risk and reward profile of the Strategic Bond Fund changed from 4 to 3 for all share classes on 7 February 2014.

The risk and reward profile of the Latin America Fund changed from 7 to 6 for all share classes on 12 March 2014.

The risk and reward profile of the Global Bond Fund changed from 5 to 4 for all share classes on 22 February 2014.

Shares Issued and Redeemed Summary

for the accounting period 8 March 2013 to 7 March 2014

Fund	Number Issued	Number Redeemed	Net Conversion
UK Fund	654,274,368	(292,279,563)	(10,242,364)
UK Select Fund	20,167,702	(64,131,562)	(455,578)
UK Smaller Companies Fund	29,493,552	(37,118,126)	224,994
UK Growth & Income Fund	101,253,376	(64,877,195)	(1,377,459)
UK Equity Income Fund	471,309,959	(70,936,825)	(57,707,790)
UK Monthly Income Fund	27,776,498	(47,146,142)	(8,906,886)
Monthly Extra Income Fund	54,927,286	(27,762,615)	(4,207,686)
UK Corporate Bond Fund	58,851,043	(187,286,430)	(17,994)
Sterling Bond Fund	20,045,958	(96,989,731)	(315,653)
Sterling Fund	79,531,621	(68,331,755)	–
European Fund	81,259,672	(75,973,311)	531,446
European Select Fund	434,521,589	(341,438,569)	12,307,823
European Smaller Companies Fund	195,714,705	(146,677,677)	14,889,683
Pan European Smaller Companies Fund	494,988,437	(291,430,712)	2,664,578
Pan European Fund	138,318,740	(112,419,097)	(5,966)
European Bond Fund	55,253,996	(31,515,079)	(96,854)
European Corporate Bond Fund	25,646,846	(14,598,146)	(1,962)
European High Yield Bond Fund	243,057,909	(215,817,268)	474,354
Strategic Bond Fund	45,187,882	(105,237,193)	(14,807,322)
American Fund	377,108,458	(621,803,745)	18,245,820
American Select Fund	638,357,578	(750,937,747)	27,005,065
American Smaller Companies Fund (US)	201,104,088	(115,880,359)	1,920,023
Dollar Bond Fund	4,716,723	(10,966,763)	(4,015,148)
Japan Fund	511,115,020	(345,434,648)	(99,119)
Asia Fund	30,842,013	(247,790,312)	117,282
Latin America Fund	10,478,482	(58,329,774)	6,483,398
Emerging Market Bond Fund	11,831,624	(985,666,223)	(26,337,265)
High Yield Bond Fund	161,340,616	(286,235,344)	(73,078,598)
Global Select Fund	198,043,435	(202,234,831)	11,870
Global Bond Fund	25,642,989	(75,636,321)	(713,579)
UK Institutional Fund	97,769,763	(231,160,948)	(46,696)
UK Overseas Earnings Fund	11,495,559	(22,797,525)	345

Further Information

Threadneedle 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.

The Company is an umbrella company in that different sub-funds (funds) may be established from time to time by the Authorised Corporate Director (ACD) with the approval of the Financial Conduct Authority (FCA) and the agreement of the Depository.

Prospectus

A prospectus (the Prospectus), which describes each fund in detail, is available from Threadneedle Investment Services Limited, International Financial Data Services, PO Box 10033, Chelmsford CM99 2AL and from the Paying Agents and Distributors in the countries where the funds are distributed.

The funds are segregated portfolios of assets and, accordingly, the assets of a fund belong exclusively to that fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the umbrella, or any other fund, and shall not be available for any such purpose.

Each fund has the investment powers equivalent to those of a UCITS scheme (as defined in the FCA rules).

Other funds may be launched in the future.

Key Investor Information Document (KIID) – Subscription requirements

The KIID is a pre contractual document and investors have to confirm that they have read the latest KIID before making a subscription. Threadneedle Investments 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 get the latest KIID from threadneedle.com.

Advance notification of a change to the American Smaller Companies Fund (US)

With effect from 1 August 2014, the definition of 'smaller companies' in the Prospectus will be amended from "companies with a market capitalisation of less than USD \$5 billion" to "companies with a market capitalisation typically ranging from USD \$500 million to USD \$10 billion at the time of purchase".

Advance notification of a change affecting all funds of the Company

With effect from 1 August 2014, the ACD may defer redemptions from a fund in excess of 10% of the relevant fund's value at any valuation point to the next valuation point where redemption requests exceed 10% of the relevant fund's value. This enables the ACD to more easily match the sale of a fund's investments to the level of redemptions received, and should reduce the impact of dilution (i.e. costs of dealing) on the fund.

Changes to the Prospectus

During the period 8 March 2013 to 7 March 2014 the following changes were made to the Prospectus of the Company:

- change in Transfer Agent from BNY Mellon to International Financial Data Services (UK) Limited and to contact details for the Company;
- removal of references to the Japan Smaller Companies Fund following closure of the Fund;

- insertion of wording regarding Ongoing Charges Figure;
- improved disclosure on the Registration Fees that are payable, and reduction of the registration fee payable for Class 1 Shares of certain Funds;
- inclusion of Portfolio Currency Hedged Share Classes;
- amendment of definition of Gross Paying Shares and Net Paying Shares;
- removal of Crispin Henderson as Chairman and Chief Executive Officer and appointment of Campbell Fleming as Chairman and Chief Executive Officer of the ACD;
- inclusion of ability to convert shares;
- anti-money laundering wording amended for greater clarity;
- insertion of enhanced conflicts of interest wording;
- update to list of countries in which shares may be offered;
- introduction of the ability to limit the issue of shares of the funds in the future;
- update that Columbia Management Investment Advisers, LLC will be making investment recommendations to the Investment Manager and therefore providing investment advice supported by research to the Investment Manager in respect of certain funds;
- inclusion of a definition of "Valuation Point";
- amendments due to Protected Cell Company legislation to reflect segregation of assets and allow investment by the funds in other funds of the Company;
- enhancement of description of investors that may invest in Class Z Shares;
- enhanced description of the ACD's fair value pricing policy and of the circumstances in which dealing in shares of the Company may be suspended;
- clarification of the use of derivatives for efficient portfolio management to comply with regulatory requirements;
- update to the Taxation section to indicate that Stamp Duty Reserve Tax is expected to be abolished during 2014.

Changes to the Instrument of Incorporation

The instrument of incorporation of the Company was amended on 4 June 2013 to permit the introduction of limited issue funds of the Company and on 20 December 2013 to comply with protected cell company legislation to confirm segregated assets and allow cross sub-fund investment as well as to remove any references to the Japan Smaller Companies Fund following its closure.

Characteristics of Shares

The Company is structured as an umbrella company and currently consists of 32 different sub-funds. Several classes of share may be issued in respect of each fund, distinguished by their criteria for subscription and fee structure.

Share Class	Minimum Investment	Eligibility
GBP (Class 1)	GBP 2,000	Retail investors
EUR (Class 1)	EUR 2,500	Retail investors
USD (Class 1)	USD 3,000	Retail investors
JPY (Class 1)	JPY 280,000	Retail investors
GBP (Class 2)	GBP 0.5 million	Non retail investors
EUR (Class 2)	EUR 0.75 million	Non retail investors
USD (Class 2)	USD 0.8 million	Non retail investors
JPY (Class 2)	JPY 70 million	Non retail investors
GBP (Class Z)*	GBP 1 million	Eligible investors only
EUR (Class Z)*	EUR 1.5 million	Eligible investors only
USD (Class Z)*	USD 1.5 million	Eligible investors only
JPY(Class Z)*	JPY 140 million	Eligible investors only
GBP (Class X)	GBP 3 million	Eligible investors only

Further Information

(continued)

Share Class	Minimum Investment	Eligibility
EUR (Class X)	EUR 5 million	Eligible investors only
USD (Class X)	USD 5 million	Eligible investors only
JPY (Class X)	JPY 420 million	Eligible investors only
EUR (Class 1 Hedged Share Class)	EUR 2,500	Retail investors
USD (Class 1 Hedged Share Class)	USD 3,000	Retail investors
CHF (Class 2 Hedged Share Class)	CHF 1.2 million	Non retail investors
EUR (Class 2 Hedged Share Class)	EUR 0.75 million	Non retail investors
USD (Class 2 Hedged Share Class)	USD 0.8 million	Non retail investors
AUD (Class X Hedged Share Class)	AUD 5 million	Eligible investors only
EUR (Class Z Hedged Share Class)*	EUR 1,500,000	Eligible investors only
CHF (Class Z Hedged Share Class)*	CHF 1.5 million	Eligible investors only
GBP (Class Z Hedged Share Class)*	GBP 1 million	Eligible investors only
SGD (Class 1 Hedged Share Class)	SGD 4,000	Retail investors
USD (Class 2i)	USD 0.8 million	Non retail investors
GBP (Class 2i)	GBP 0.5 million	Non retail investors
Euro (Class 2i)	EUR 0.75 million	Non retail investors
JPY (Class 2i)	JPY 70 million	Non retail investors

*Class Z Shares are available at the ACD's discretion to eligible distributors that have entered into separate fee arrangements with their clients.

The limits for minimum initial investment, minimum subsequent investment and minimum holding of shares may be waived at the discretion of the ACD. The level of net income attributable to each share class will differ. For further information please refer to the Prospectus.

Hedged Share Classes (HSCs)

HSCs use currency hedging transactions to try to 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;
- "Hedged Currency" is the currency in which the Hedged Share Class is denominated.

These HSCs should not be confused with other share classes that may be denominated in other currencies but will not be hedged. For full details of the HSCs available, including details of the Reference Currency or Portfolio Currency of each fund for which HSCs are available, please refer to the latest version of the Prospectus.

Income Equalisation

For those funds which operate equalisation, the first allocation made after the acquisition of shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which should be deducted from the cost of shares in arriving at any capital gain realised on their subsequent 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 Threadneedle Investment Funds ICVC twice a year. The reports received will be short form versions and reports containing the full accounts will be available from Threadneedle Investment Services Limited, 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 7 March and the interim reporting period shall end on 7 September.

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

Threadneedle Investment Services Limited
Delegated to:
International Financial Data Services (UK) Limited
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 and PRA

Head Office

Chaseside
Bournemouth
Dorset BH7 7DA

Registered Office

25 Bank Street
Canary Wharf
London E14 5JP

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 Residents

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 Residents

Address: Threadneedle Investment Services Limited
International Financial Data Services 47, avenue JF Kennedy
L-1855 Luxembourg

Telephone (dealing & customer enquiries): +852 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): +352 464 010 7020*

Fax (dealing): +352 2452 9807

Email (enquiries): questions@service.threadneedle.co.uk

Website: threadneedle.com

Please note that the Sterling Fund is currently registered for public offer in the UK only and it is not intended to be registered outside the UK unless otherwise decided by the ACD. Shares in the Sterling Fund must not be marketed to the public in any other jurisdiction.

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
Jungthofstrasse 14
60311 Frankfurt am Main
Germany

Paying and Information Agent in Hong Kong

HSBC Institutional Trust Services (Asia) Limited
Services Transfer Agency, Fund Services
1 Queen's Road Central
Hong Kong

Representative and Paying Agent in Ireland

J.P. Morgan Bank Administration Services (Ireland) Limited
J.P. Morgan House, International Financial Services Centre
Dublin 1
Ireland

Paying and Information Agents in Italy

State Street Bank S.p.A.
Via Ferrante Aporti, 10
20125 Milan
Italy

Allfunds Bank S.A.
Via Santa Margherita, 7
20121 Milan
Italy

Societe Generale Securities Services S.p.A.
via Benigno Crespi 19/A – MAC2
20159 Milan
Italy

BNP Paribas Securities Services
Via Ansperto 5
20123 Milan
Italy

*Calls may be recorded

Directory

(continued)

Paying and Information Agent in Luxembourg

State Street Bank Luxembourg S.A.
49 avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of 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

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 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.

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 overleaf.

Funds/Key risks	Investment	Currency	Investor Currency	Volatility	High Volatility	Effect of Portfolio Concentration	Issuer	Liquidity	Shareholder Concentration	Political and Financial	Inflation	Interest Rate	Valuation	Short Selling	Leverage	Investment in Derivatives	No Capital Guarantee	Investment in Deposits
UK Fund	X		X		X				X									
UK Select Fund	X		X		X	X			X									
UK Smaller Companies Fund	X		X		X			X	X									
UK Growth & Income Fund	X		X		X				X									
UK Equity Income Fund	X		X		X				X									
UK Monthly Income Fund	X		X		X				X									
Monthly Extra Income Fund	X		X	X			X		X									
UK Corporate Bond Fund	X		X				X	X	X		X	X						
High Yield Bond Fund	X		X	X			X	X	X		X		X					
Strategic Bond Fund	X	X	X				X	X	X		X	X	X	X	X	X		
Sterling Bond Fund	X		X				X	X	X		X	X						
Sterling Fund	X								X								X	X
European Fund	X		X		X				X									
European Select Fund	X	X	X		X	X			X									
European Smaller Companies Fund	X	X	X		X			X	X									
Pan European Smaller Companies Fund	X	X	X		X			X	X									
Pan European Fund	X	X	X		X				X									
European Bond Fund	X	X	X				X	X	X		X	X						
European Corporate Bond Fund	X	X	X				X	X	X		X	X						
European High Yield Bond Fund	X		X	X			X	X	X				X					
American Fund	X		X		X				X									
American Select Fund	X		X		X	X			X									
American Smaller Companies Fund (US)	X		X		X			X	X									

Important Information

(continued)

Funds/Key risks	Investment	Currency	Investor Currency	Volatility	High Volatility	Effect of Portfolio Concentration	Issuer	Liquidity	Shareholder Concentration	Political and Financial	Inflation	Interest Rate	Valuation	Short Selling	Leverage	Investment in Derivatives	No Capital Guarantee	Investment in Deposits
Dollar Bond Fund	X		X				X	X	X		X	X						
Japan Fund	X	X	X		X				X									
Asia Fund	X	X	X		X			X	X	X								
Latin America Fund	X	X	X		X				X	X								
Emerging Market Bond Fund	X	X	X	X			X	X	X	X	X	X						
Global Select Fund	X	X	X		X	X			X									
Global Bond Fund	X	X	X				X	X	X		X	X						
UK Institutional Fund	X		X		X				X									
UK Overseas Earnings Fund	X		X		X				X									

Description of the Key Risks:

Investment Risk: The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Currency Risk: Where investments are made in assets that are denominated in foreign currency, changes in exchange rates may affect the value of the investments.

Investor Currency Risk: Where investments in the fund are in currencies other than your own, changes in exchange rates may affect the value of your investments.

Volatility Risk: The fund may exhibit significant price volatility.

High Volatility Risk: The fund typically carries a risk of high volatility due to its portfolio composition or the portfolio management techniques used. This means that the fund's value is likely to fall and rise more frequently and pronounced than with other funds.

Effect of Portfolio Concentration Risk: The fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) 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 or perceived to be 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.

Shareholder Concentration Risk: A fund with high shareholder concentration may have compounded funding liquidity risks.

Political and Financial Risk: The fund invests in markets where economic and regulatory risk can be significant. These factors can affect liquidity, settlement and asset values. Any such event can have a negative effect on the value of your investment.

Inflation Risk: Most bond funds offer limited capital growth potential and an income that is not linked to inflation. Inflation is likely to 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.

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 intends to make a profit from falling prices. However if the value of the underlying investment increases, the value of the short position will decrease. The potential losses are unlimited as the prices of the underlying investments can increase very significantly in a short space of time.

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, including losses in excess of the amount invested.

Investment in Derivatives Risk: The Investment Policy of the fund allows it to invest materially in derivatives.

No Capital Guarantee Risk: Positive returns are not guaranteed and no form of capital protection applies.

Investment in Deposits Risk: The Investment Policy of the fund allows it to invest principally in deposits.

Further risks applicable to the funds can be found in the Prospectus.

TO FIND OUT MORE
visit **threadneedle.com**